

# PROSPECTUS

## Preval Funds SICAV

(a Luxembourg société d'investissement à capital variable)

March 2017

### PREVAL FUNDS SICAV

is an umbrella fund composed of one or more Sub-Fund(s). Subscription of Shares can only be validly made on the basis of the information contained in the current Prospectus and the Key Investor Information accompanied by a copy of the latest annual report and a copy of the latest semi-annual report if this is published after the last annual report. These reports are an integral part of this Prospectus. No person is authorized to give third parties any information other than that contained in this Prospectus or the documents mentioned herein. Capitalised terms have the meaning assigned to them in the Section headed "Definitions".

VISA 2017/107496-8494-0-PC

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

Luxembourg, le 2017-05-02

Commission de Surveillance du Secteur Financier



## IMPORTANT INFORMATION

The Fund is registered in the Grand Duchy of Luxembourg as a UCITS with multiple compartments pursuant to Part I of the 2010 Law and the UCITS Directive. However, this registration does not require an approval or disapproval of the CSSF as to the suitability or accuracy of this Prospectus or any KIID generally relating to the Fund or specifically relating to any Sub-Fund. Any declaration to the contrary should be considered as unauthorised and illegal. Further, such registration does not imply a positive assessment by the CSSF of the contents of this Prospectus or of the quality of the Shares offered for sale. Any representation to the contrary is unauthorised and unlawful.

The Fund has appointed the Management Company in accordance with Part I of the 2010 Law, as further detailed below.

This Prospectus should be read in its entirety before making any application to subscribe for Shares. If you are in any doubt about the contents of this Prospectus or of any document referred to herein you should consult your financial or other professional adviser.

Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein.

Neither the delivery of this Prospectus nor the offer, placement, subscription or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. It cannot be used for the purpose of offering and promoting sales in any country or any circumstances where such offers or promotions are not authorised. Investors wishing to apply for Shares are advised to inform themselves and seek professional advice so that they are fully informed of the possible legal, administrative or tax consequences and the possible effects of foreign exchange restrictions, controls or operations which might be required in connection with the subscription, purchase, holding, redemption, conversion and sale of Shares under the laws in force in their countries of residence, domicile or establishment. Accordingly, no person receiving a copy of this Prospectus and/or an application form or subscription agreement in any territory may treat the same as constituting an invitation to purchase or subscribe for Shares nor should this person in any event use such an application form or subscription agreement unless in the relevant territory such an invitation could lawfully be made without compliance with any registration or other legal requirement.

This Prospectus does not constitute an offer or solicitation by anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Investors should note that not all of the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

The Fund also publishes a KIID that includes appropriate information about the essential characteristics of the Fund and its Sub-Funds. The KIID is to be provided to Investors so that they are reasonably able to understand the nature and the risks of the investment product that is being offered to them and, consequently, to take investment decisions on an informed basis. The KIID provides information on the following essential elements:

- (a) identification of the Fund and the respective Sub-Fund;
- (b) a short description of its investment objectives and investment policy;
- (c) past-performance presentation or, where relevant, performance scenarios;
- (d) costs and associated charges; and
- (e) risk/reward profile of the investment, including appropriate guidance and warnings in relation to the risks associated with investments in the Fund and/or the respective Sub-Fund.

This Prospectus and the KIID may be updated from time to time. Consequently, Investors are advised to ask the Fund for the most recent issue of the Prospectus and the KIID.

### **Marketing in Switzerland**

The Shares shall be distributed in Switzerland exclusively to qualified investors as defined by Article 10 § 3 of the Collective Investment Scheme Act 2006, as amended, (CISA) and Article 6 of the Collective Investment Scheme Ordinance 2006, as amended, (CISO) (Qualified Investors). The Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA).

The representative of the Fund in Switzerland is Hugo Fund Services SA, 6, Cours de Rive, CH-1204 Geneva (the "Representative"). The Prospectus, Articles and audited financial statements can be obtained free of charge from the Representative. The place of performance for Shares offered or distributed in or from Switzerland is the registered office of the Representative. The courts of the canton of Geneva shall have jurisdiction in relation to any disputes arising out of the duties of the Representative. Any dispute related to the distribution of Shares in and from Switzerland shall be subject to the jurisdiction of the registered office of the Distributor.

The paying agent in Switzerland is Banque Heritage SA, 61 Route de Chêne, CH-1207 Geneva, Switzerland. Shares may be subscribed and/or redeemed with the paying agent in Switzerland. A handling commission will be charged by the paying agent in Switzerland. If a subscription or redemption is made through the paying agent in Switzerland, instructions and money must be received by the paying agent in Switzerland at least 24 hours before the appropriate dealing cut-off time.

The fees and expenses associated with the representation, paying agency and other distribution items may be charged to the Fund. As applicable, the actual amount of such fees and expenses will be disclosed in the audited financial statements.

In distributing Shares in Switzerland, the Fund is authorised to pass on distribution fees to the Distributors and sales partners listed below:

- (a) Distributors subject to authorisation as defined in Article 19 al. 1 of the CISA (Swiss or foreign distributors regulated in their home jurisdiction);
- (b) Distributors that are not required to obtain an authorisation as defined under Article 19 al 1 of the CISA and Article 8 of CISO (financial intermediaries regulated by FINMA, banks, insurance companies, fund managers, representatives);
- (c) Sales partners who place shares in the Fund with their customers exclusively through a written commission-based investment management or advisory mandate (e.g. independent asset managers or advisors).

When a retrocession payment may give rise to a conflict of interest, the recipient of the retrocession must ensure transparent disclosure and inform investors, unsolicited and free of charge, of the

amount of retrocession it may receive for distribution. Upon request, the recipient must disclose the actual amount of retrocession received for distributing the Fund to the investor requiring information.

The Fund does not grant rebates to Investors.

## **Data Protection**

The Fund, the Management Company and other service providers collect, store, and process by electronic or other means the data supplied by Investors at the time of their subscription for the purpose of fulfilling the services required by the Shareholders and complying with their respective legal obligations.

The Investor may, at his/her/its discretion, refuse to communicate the Personal Data to the Fund and its services providers. In this case, however, the Fund and/or the Management Company, as the case may be, may, in their sole discretion, reject his/her/its request for subscription of Shares.

In particular, the data supplied by Investors is processed for the purpose of (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules.

The Fund and/or the Management Company, as the case may be, can delegate to another entity, the Processors, located in the European Union, the processing of the Personal Data.

Each Shareholder has a right to access his/her/its Personal Data and may ask for a rectification thereof in cases where such data is inaccurate and/or incomplete. In relation thereto, each Shareholder has the right to ask for a rectification by a letter addressed to the Fund.

The Shareholder has a right of opposition regarding the use of its Personal Data for marketing purposes. This opposition can be made by a letter addressed to the Fund.

## **Investor Responsibility**

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

Prospective Investors should review this Prospectus and each relevant KIID carefully in its entirety and consult with their legal, tax and financial advisors in relation to (i) the legal requirements within their own countries for the subscription, holding, redemption or disposal of Shares; (ii) any foreign exchange restrictions to which they are subject in their own country in relation to the subscription, holding, redemption or disposal of Shares; and (iii) the legal, tax, financial or other consequences of subscribing for, holding, redeeming or disposing of Shares. Prospective investors should seek the advice of their legal, tax and financial advisors if they have any doubts regarding the contents of this Prospectus and each KIID.

## FATCA Requirements

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

On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with such Luxembourg IGA, as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA, and notably the FATCA Law, places upon it.

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

- a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder's FATCA status;
- b) report information concerning a Shareholder and his account holding in the Fund to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution;
- d) deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e) divulge any such personal information to any immediate payer of certain US source income as may be required for withholding and reporting to occur with respect to the payment of such income.

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The distribution of this Prospectus in certain countries may require it to be translated into the languages specified by the regulatory authorities of those countries. Should any inconsistency arise between the translated and the original English versions of this Prospectus, the English version shall always prevail.

**The price of the Shares and their income may go down as well as up and each Investor may not get back the amount invested.**

Copies of this Prospectus can be obtained from, and enquiries regarding the Fund should be addressed to, the registered office of the Fund.

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## DEFINITIONS

<b>"2010 Law"</b>	Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended and/or replaced from time to time.
<b>"1915 Law"</b>	Luxembourg law of 10 August 1915 on commercial companies, as amended and/or replaced from time to time.
<b>"Accumulation Shares" or "Acc Shares"</b>	Shares which accumulate their income so that the income is included in the price of the Shares.
<b>"Appendix"</b>	An appendix to the Prospectus.
<b>"Auditor"</b>	Deloitte Audit, acting as approved statutory auditor to the Fund.
<b>"Article"</b>	An article of the Articles.
<b>"Articles"</b>	The articles of association of the Fund, as may be amended and restated from time to time.
<b>"Board"</b>	The board of directors of the Fund.
<b>"Business Day"</b>	A complete week day on which banks are normally open for business in Luxembourg, unless otherwise defined for a Sub-Fund in Appendix III.
<b>"Calculation Day"</b>	The Business Day on which the Net Asset Value is determined, as specified in Appendix III with regard to each specific Sub-Fund.
<b>"Commitment Approach"</b>	A risk measurement tool to determine the global exposure risk of the Fund.
<b>"Central Administration Fee"</b>	The fee which is paid by the Fund to the Central Administration Agent to meet the administrative and certain operating costs of the Fund as well as costs of certain distribution arrangements.
<b>"Central Administration Agent"</b>	Credit Suisse Fund Services (Luxembourg) S.A., Luxembourg, acting as central administration agent, registrar and transfer agent.



<b>"CSSF"</b>	<i>Commission de Surveillance du Secteur Financier</i> or its successor in charge of the supervision of undertakings for collective investment in the Grand Duchy of Luxembourg.
<b>"Dealing Currency"</b>	The currency or currencies in which Investors may subscribe for Shares in any Share Class as indicated in Section 1.3. and in Appendix III with regard to each specific Sub-Fund.
<b>"Dealing Day"</b>	The Business Day on which subscription, redemption and conversion requests of the relevant Share Class in a Sub-Fund must be received by the Central Administration Agent, as specified in Appendix III with regard to each specific Sub-Fund.
<b>"Depository Bank"</b>	Credit Suisse (Luxembourg) S.A., acting as depository bank.
<b>"Depository Bank Agreement"</b>	The written agreement between the Depository Bank and the Fund which provides for the rights and duties of the Depository Bank and of the Fund.
<b>"Depository Bank Fee"</b>	The fee which is paid by the Fund to the Depository Bank
<b>"Director"</b>	A member of the Board.
<b>"Distributor"</b>	Any person or entity duly appointed from time to time to distribute or arrange for the distribution of Shares.
<b>"Distribution Period"</b>	The period from one date, on which dividends are paid by the Fund, respectively the relevant Sub-Fund, to the next. This may be annual or shorter, where dividends are paid more regularly.
<b>"Distribution Shares" or "Dist Shares"</b>	Shares which distribute their income.
<b>"Domiciliary Agent"</b>	Credit Suisse Fund Services (Luxembourg) S.A., acting as domiciliary agent to the Fund.
<b>"EEA"</b>	The European Economic Area.
<b>"Eligible Market"</b>	An official stock exchange or another Regulated Market.
<b>"Eligible State"</b>	Any Member State, any member state of the OECD, and any other state which the Board deems appropriate with regard to the investment objective of each Sub-Fund.
<b>"EMU"</b>	The Economic and Monetary Union.
<b>"EU"</b>	The European Union.
<b>"EUR"</b>	The European currency unit (also referred to as the Euro).

<b>"FATCA"</b>	The Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act enacted in March 2010 US Foreign Account Tax Compliance Act.
<b>"Feeder Fund"</b>	A Sub-Fund which has been approved to invest at least 85 % of its assets in units or shares of another UCITS or sub-funds thereof (i.e., the Master Fund).
<b>"Fund"</b>	Preval Funds SICAV, which term shall, where appropriate, include any Sub-Fund from time to time thereof.
<b>"Fund Agreement"</b>	The written agreement between the Management Company and the Fund which provides for the rights and duties of the Management Company and the Fund.
<b>"Fund Currency"</b>	The currency in which each Sub-Fund is denominated, as outlined in Appendix III.
<b>"Hedged Share Class"</b>	The Share Class(es) for which the Fund in relation to a specific Sub-Fund engages in one or more hedging transaction(s).
<b>"(H)"</b>	Share Classes with "(H)" as a part of their name are Share Classes whose Dealing Currency is hedged against the relevant Fund Currency.
<b>"Initial Issue Date"</b>	For each Share Class, the Business Day on which the Shares, which have been subscribed for during the Initial Subscription Period, will be issued at the Initial Issue Price, as further outlined in Appendix III.
<b>"Initial Issue Price"</b>	The monetary amount at which Shares will first be issued, i.e. on the Initial Issue Date after the end of the Initial Subscription Period, as outlined in Appendix III.
<b>"Initial Subscription Period"</b>	The time period during which Shares in relation to a Sub-Fund or Share Class may be subscribed for at the Initial Issue Price, as specified in Appendix III.
<b>"Institutional Investor"</b>	Means an institutional investor as defined from time to time by the CSSF within the framework of the Luxembourg law, guidelines and administrative practice.
<b>"Investor"</b>	A subscriber for or holder of Shares, as the case may be. This term includes, where appropriate, a Shareholder.
<b>"Key Investor Information Document" or "KIID"</b>	The key investor information document that includes information on each Class of Shares in the relevant Sub-Fund and essential characteristics of the Fund.

<b>"Management Company"</b>	Preval acting as management company of the Fund.
<b>"Management Fee"</b>	The fee paid by the Fund out of the assets of the relevant Sub-Fund to the Management Company, and which is based on the Net Asset Values of the respective Sub-Fund.
<b>"Master Fund"</b>	A UCITS, or a sub-fund thereof, in which one or more Feeder Fund(s) invest at least 85% of their assets.
<b>"Member State"</b>	A member state of the EU.
<b>"Mémorial"</b>	The <i>Mémorial C, Recueil des Sociétés et Associations</i> , the official gazette of the Grand Duchy of Luxembourg.
<b>"Minimum Additional Subscription Amount"</b>	Has the meaning as defined in Appendix III for each Sub-Fund.
<b>"Minimum Subscription Amount"</b>	Has the meaning as defined in Appendix III for each Sub-Fund.
<b>"Money Market Instruments"</b>	Instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
<b>"Net Asset Value"</b>	In relation to any Share Class in a Sub-Fund, the value of the net assets of that Sub-Fund attributable to that Share Class and calculated in accordance with the Section headed "Calculation of Net Asset Value".
<b>"OECD"</b>	The Organisation for Economic Co-operation and Development.
<b>"Paying Agent"</b>	Credit Suisse (Luxembourg) S.A., the Depositary Bank, acting as the Fund's paying agent in Luxembourg.
<b>"Payment Day"</b>	The Business Day on which payments for subscriptions and redemptions have to be made, as outlined in Appendix III with regard to each specific Sub-Fund.
<b>"Personal Data"</b>	The data including <i>inter alia</i> the name, address and invested amount of each Investor.
<b>"Processors"</b>	Entities in the EU (such as the Administrator, the Paying Agent and the Promoter) which process Personal Data.
<b>"Prospectus"</b>	This document.
<b>"Record Date"</b>	The fifth day prior to a general meeting of Shareholders at midnight (CET) with reference to which the quorum and the

majority requirements shall be determined according to the Shares issued and outstanding.

**"Reference Currency"**

The currency of the Fund, i.e. the EUR.

**"Regulated Market"**

Any market which is regulated, operates regularly and is recognised and open to the public according to the Directive 2004/39/EC of 21 April 2004 on markets in financial instruments, as amended and/or replaced from time to time.

**"RESA"**

The *recueil électronique des sociétés et associations*.

**"Retail Investor"**

An investor which does not qualify as an Institutional Investor.

**"Section"**

A section of the Prospectus.

**"Service Agreement"**

The written agreement between the Central Administration Agent and the Management Company, with the approval of the Fund, which provides for the rights and duties of the Administrator and of the Management Company and whereby the Management Company delegates central administration functions to the Administrator.

**"Share Class"**

A class of Shares with a specific fee structure or other distinctive feature(s).

**"Share"**

A share of no par value in any one Share Class in the capital of the Fund.

**"Shareholder"**

A holder of Share(s) entitled to an undivided co-ownership of the assets and liabilities comprising the relevant Sub-Fund and to participate and share in the gross income of the relevant Sub-Fund, registered by the Management Company, respectively the register and transfer agent appointed by the Management Company, in the Shareholder register as the owner of the Shares.

**"Sub-Fund"**

A separate portfolio of assets for which a specific investment policy applies and to which specific liabilities, income and expenditure will be applied. The assets of a Sub-Fund are exclusively available to satisfy the rights of Shareholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of that Sub-Fund.

**"UCITS"**

An "undertaking for collective investment in transferable securities" within the meaning of article 1(2) letters (a) and (b) of the UCITS Directive.

<b>"UCITS Directive"</b>	The European directive 2009/65/EC on undertakings for collective investment in transferable securities, as amended and/or replaced from time to time.
<b>"UCI"</b>	An "undertaking for collective Investment" as defined under Luxembourg law.
<b>"USA" or "US"</b>	The United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.
<b>"USD"</b>	The United States currency unit (also referred to as the United States Dollar).
<b>"US Person"</b>	Any citizen or resident of the United States of America (including any corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof) or any estate or trust and any US person that would fall within the ambit of the FATCA provisions that is subject to United States federal income taxation regardless of the source of its income.
<b>"Valuation Day"</b>	Unless otherwise provided for in Appendix III with regard to each specific Sub-Fund, each Business Day which does not fall within a period of suspension of the calculation of the Net Asset Value per Share of the relevant Sub-Fund and such other Business Day as the Board may decide from time to time.
<b>"VaR"</b>	Value at Risk, a risk measurement tool to determine the global exposure risk of the Fund.

**All references herein to time are to Central European Time (CET) unless otherwise indicated. Words importing the singular shall, where the context permits, include the plural and vice versa.**

## BOARD OF DIRECTORS

<b>Thierry Flecchia</b>	Conducting Officer Preval 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg
<b>Laurent Pluchard</b>	Conducting Officer Dynasty AM S.A. 16, Avenue Marie-Thérèse L- 2132 Luxembourg Grand Duchy of Luxembourg
<b>Benoni Dufour</b>	Independent director 15, Op der Sank L 5713 Aspelt Grand Duchy of Luxembourg

## ADMINISTRATION

<b>Registered Office of the Fund</b>	5, rue Jean Monnet L-2180 Luxembourg Grand Duchy of Luxembourg
<b>Management Company and investment manager</b>	Preval 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg
<b>Depositary Bank</b>	Credit Suisse (Luxembourg) S.A. 5, rue Jean Monnet L-2180 Luxembourg Grand Duchy of Luxembourg
<b>Central Administration Agent</b>	Credit Suisse Fund Services (Luxembourg) S.A. 5, rue Jean Monnet

L-2180 Luxembourg  
Grand Duchy of Luxembourg

**Auditor**

Deloitte Audit  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

**Legal Advisers as to matters of Luxembourg  
law**

Elvinger Hoss Prussen, société anonyme  
2, Place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

# 1. THE FUND

## 1.1 STRUCTURE

The Fund is an open-ended 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") under part I of the 2010 Law. The Fund operates separate Sub-Funds, each of which is represented by one or more Share Class(es). The Sub-Funds are distinguished by their specific investment policy or any other specific features.

The Fund constitutes a single legal entity, but the assets of each Sub-Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund, in accordance with article 181 of the 2010 Law.

The Board may at any time resolve to set up new Sub-Funds and/or create within each Sub-Fund one or more Share Class(es) and this Prospectus will be updated accordingly. The Board may also at any time resolve to close a Sub-Fund, or one or more Share Class(es) within a Sub-Fund, to further subscriptions. The Board may choose to assert such right in respect of all Investors, or just new Investors or accept subscriptions from some Investors but not others.

The Fund has appointed Preval as management company to the Fund. In this capacity, the Management Company shall perform investment management, administration and marketing functions as described in annex II of the 2010 Law. The Management Company is authorised to further delegate to third parties functions entrusted to it. The details thereof and of the services rendered by the Management Company may be found in Section 3.1 of this Prospectus.

## 1.2 INVESTMENT OBJECTIVES AND POLICIES

The exclusive purpose of the Fund is to invest the funds available to it in transferable securities and other assets permitted by law with the aim of spreading investment risks and affording its Shareholders the results of the management of its assets. The Fund may take any measures and carry out any transaction which it may deem useful for the fulfilment and development of its purpose to the largest extent permitted under the 2010 Law.

Moreover, the Board may adopt, for one or more Sub-Fund(s), master-feeder strategies in view of pooling its assets and achieving economies of scale between European-domiciled UCITS within the meaning of article 1, paragraph 2 (a) and (b) of the UCITS Directive. The relevant Feeder Fund can thus derogate from the standard diversification limits in order to invest its assets in only one Master Fund or compartment thereof. The Feeder Fund will have to invest at least 85% of its assets in the Master Fund with the 15% remaining assets being invested in other eligible assets. A Feeder Fund may either cease to be a Feeder Fund or replace its Master Fund, Shareholders will then be informed accordingly and both, the Prospectus and the relevant KIID will be adapted accordingly after the prior approval of the CSSF.

Any Sub-Fund may further invest its assets in Shares issued by another Sub-Fund in accordance with Luxembourg laws, regulations and administrative practice. Within the Fund it is hence possible to create Sub-Funds with fund of funds investment policies which may invest its monies in Shares issued by other Sub-Fund(s), without the Fund being subject to the relevant provisions of the 1915 Law.



However, not more than 10% of the assets of the target Sub-Fund can then be invested in other Sub-Funds. The voting rights of the Shares in the target Sub-Fund are suspended during the period of investment. In this context Management Fees may only be charged once.

The specific investment objectives and policies of each Sub-Fund are described in Appendix III.

The investments of each Sub-Fund shall at any time comply with the restrictions set out in Appendix I, and Investors should, prior to any subscription being made, take due account of the investment risks set out in Appendix II.

### **1.3 SHARE CLASSES**

The Board may decide to issue within each Sub-Fund one or more Share Class(es) whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but where a specific fee structure, currency of denomination, dividend policy or other specific feature applies. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Share Class. The Share Classes available at the date of this Prospectus in each relevant Sub-Fund and the particular features are disclosed in Appendix III.

Shares may be differentiated between Accumulation Shares and Distribution Shares. Investors may enquire at the Administrator or their Distributor whether any Accumulation or Distribution Shares are available within each Share Class and Sub-Fund.

Shares will be issued in registered form only and ownership of Shares will be evidenced by entry in the Shareholders register. Shareholders will receive a confirmation of their shareholding as soon as reasonably practicable after the relevant Valuation Day.

Fractional entitlements will be rounded down to three decimal places. Shares may also be held and transferred through accounts maintained with clearing systems. Shares do not carry any preferential or pre-emptive rights and each whole Share is entitled to one vote at all general meetings of Shareholders.

In each Sub-Fund, one or more Share Class(es) may be hedged against different currency risks through the use of financial instruments as further specified in Appendix III, if any.

Investors are informed that not all Distributors offer all Share Classes and Sub-Funds.

In case of the creation of additional Share Classes, this Prospectus and the relevant KIID will be updated accordingly.

#### **Minimum Subscription Amount and Minimum Additional Subscription Amount (as indicated or equivalent in any freely convertible currencies)**

The Minimum Subscription Amount and Minimum Additional Subscription Amount that may be applied can vary according to the Sub-Fund and the Share Class, and are provided for in Appendix III.

The Board may in its absolute discretion from time to time waive any Minimum Subscription Amount and/or Minimum Additional Subscription Amount.

## 1.4 LISTING

The Shares of each Sub-Fund and/or Class of Shares of the Fund can, if so decided by the Board, be listed on a stock exchange.

## 2. SHARE DEALING

### 2.1. ISSUE OF SHARES

#### Subscription Procedure

The Fund may for each Sub-Fund issue shares at a price calculated as of each Dealing Day (see section "Calculation of Net Asset Value").

For each Class of Shares, the subscription price shall be equal to the Net Asset Value of a Share as of the relevant Dealing Day, plus any charges as described for each Sub-Fund in the Appendix.

The Board may impose a minimum subscription and minimum holding requirement for each registered Shareholder in the different Sub-Funds and/or different Classes of Shares within each Sub-Fund as set out in the Appendix. The Board may also impose subsequent minimum subscription requirements. It may decide to waive, at its discretion, any such minimum subscription, minimum holding and subsequent minimum subscription amounts.

Investors wishing to subscribe for Shares in the Fund must make an irrevocable subscription request by sending such request to the Registrar and Transfer Agent or the Fund.

Shares will be allotted as of the relevant Calculation Day.

The subscription price will be payable in the Reference Currency of the Shares being subscribed.

Shares may be issued, at the discretion of the Board, against contributions in kind. However, assets so contributed have to comply with the investment policies of the Sub-Fund concerned as disclosed in the present Prospectus. The assets contributed to the Sub-Funds at the conditions mentioned above will be subject, if required by applicable laws and regulations, to a special report of the approved statutory auditor of the Fund.

Any fees relating to such contributions in kind including the aforementioned report are borne by the relevant Investor or by a third party, but will not be borne by the Fund unless the Board considers that the subscription in kind is in the interest of the Fund or made to protect the interests of the Fund.

Unless otherwise provided in the Appendix III, the subscription price for each Share must be available to the Fund on an account of the Depositary Bank within two Business Days following the relevant Calculation Day applicable to such subscription, otherwise the subscription may be cancelled. Subscription proceeds will in principle be paid in the Dealing Currency specified in Appendix III with regard to each specific Sub-Fund.

No shares of a given Sub-Fund will be issued in case the calculation of the Net Asset Value per Share of this Sub-Fund is temporarily suspended by the Fund.

As detailed in Appendix III, the sale of Shares of certain Classes of Shares may be restricted to Institutional Investors and the Fund will not issue or give effect to any transfer of Shares of such Classes to any Investor who may not be considered an Institutional Investor.

The Fund may, at its discretion, delay the acceptance of any subscription for Shares of a Class reserved to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor.

Instructions to subscribe, once given, are irrevocable, except in the case of a suspension or deferral of dealing. The Fund in its absolute discretion reserves the right to reject any application, either in whole or in part. If an application is rejected, any subscription money received will be refunded at the cost and risk of the Investor without interest. Prospective Investors should inform themselves as to the relevant legal, tax and exchange control regulations in force in the countries of their respective citizenship, residence or domicile.

### **Ineligible Investors**

The Fund requires each prospective Investor for Shares to represent and warrant to the Fund that, among other things, he is able to acquire and hold shares without violating applicable laws and that he/she/it fulfils any eligibility requirements in relation to such Shares as detailed in the Appendix for each Sub-Fund.

The Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Board, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable foreign (including US) securities laws.

Subject as mentioned above, Shares are freely transferable. The Board may refuse to register a transfer which would result in (i) a breach of the applicable sale and transfer restrictions (including not fulfilling the relevant eligibility requirements of a Class of Shares), or (ii) either the transferor or the transferee remaining or being registered (as the case may be) as the holder of shares in a Sub-Fund valued at less than the minimum holding requirement.

The Fund will require from each registered Shareholder acting on behalf of other Investors that any assignment of rights to Shares be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the applicable sale and transfer restrictions and minimum holding requirement.

**Different procedures may apply if subscriptions are made through Distributors, as outlined in Appendix III with regard to each specific Sub-Fund, if any.**

**All applications to subscribe for Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for the relevant Dealing Day.**

### **Anti-Money Laundering Procedures**

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended) as well as regulations and circulars of the CSSF, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for

money laundering and financing of terrorism purposes. As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment must ascertain the identity of the Investor unless the subscription order has already been verified by an eligible professional subject to identification requirements equivalent to those imposed by Luxembourg laws and regulations. The Central Administration Agent in its function as registrar and transfer agent may require Investors to provide acceptable any document it deems necessary to effect such identification.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons.

In case of delay or failure by an Investor to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. In addition, no distributions will be made to any such Investor. Neither the Fund, the Management Company nor the Administrator have any liability for delays or failure to process deals as a result of the Investor providing no or only incomplete documentation.

From time to time, Shareholders may be requested to provide additional or updated identification documents pursuant to on-going client due diligence requirements under relevant laws and regulations.

### **Restrictions applying to certain Investors**

#### **General**

Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each Investor must represent on demand from the Administrator and warrant to the Administrator and/or the Fund that, amongst other things, he/she/it is able to acquire Shares without violating applicable laws. Power is reserved in the Articles to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

#### **US Investors**

### **Shares are not offered in the United States and may not be offered to or purchased by a citizen or resident thereof.**

None of the Shares have been, nor will be registered under the United States Securities Act of 1933 and the Shares may not be publicly offered or sold directly or indirectly in the United States of America, or in any of its territories subject to its jurisdiction or to or for the benefit of a US Person, as this term is defined by the Regulation S under the Securities Act of 1933. In addition, the Shares may not be offered or sold to any corporation controlled by, or a majority of whose shares are held by, US Persons. Applicants for Shares will be required to certify that they are not US Persons, unless US tax-exempt. All Shareholders are required to notify the Fund and the Management Company of any change in their status as non-US person.

## **2.2. REDEMPTION OF SHARES**

### **Redemption Procedure**

Pursuant to the Articles and subject as provided below, each Shareholder of the Fund has the right at

any time to request the Fund to redeem all or some of the Shares he/she/it holds.

Shareholders who wish all or some of their shares to be redeemed by the Fund must make an irrevocable redemption request by sending such request to the Administrator or the Fund.

The Redemption Price for each Class of Shares is equal to the Net Asset Value per Share as of the applicable Dealing Day less any charges set forth in the Appendix for the relevant Sub-Fund.

Unless otherwise provided for in the Appendix, the Redemption Price will in principle be paid in Luxembourg within two Business Days following the relevant Calculation Day by bank transfer.

The Redemption Price will be paid in the Reference Currency of the relevant Class of Shares.

With the consent of or upon request of the Shareholder(s) concerned, the Board may (subject to the principle of equal treatment of shareholders) satisfy redemption requests in whole or in part in kind by allocating to the redeeming Shareholders investments from the portfolio in value equal to the Net Asset Value attributable to the Shares to be redeemed.

Such redemption will, if required by law or regulation, be subject to a special audit report by the statutory approved auditor of the Fund confirming the number, the denomination and the value of the assets which the Board will have determined to be allocated in counterpart of the redeemed Shares. The costs for such redemptions in kind, in particular the costs of the special audit report, will be borne by the Shareholder requesting the redemption in kind or by a third party, but will not be borne by the Fund unless the Board considers that the redemption in kind is in the interest of the Fund or made to protect the interests of the Fund.

If, because of applications for redemption or conversion, it is necessary on a given Dealing Day to repurchase or convert more than 10% of the Shares issued in a particular Sub-Fund, the Board may decide that redemptions or conversions exceeding such threshold have to be postponed to the next Dealing Day for that Sub-Fund. On that Dealing Day, applications for redemption or conversion which had been postponed shall be given priority over applications for redemption or conversion received in relation to that Dealing Day (and which had not been postponed).

### **Compulsory Redemptions**

The Board has the right to require the compulsory redemption of all Shares held by or for the benefit of a Shareholder if the Board determines that the shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described below. The Fund also reserves the right to require compulsory redemption of all Shares held by a Shareholder in a Sub-Fund if the Net Asset Value of the shares held in such Sub-Fund by the Shareholder is less than the applicable minimum holding requirement, as specified in the Appendix, or where the Shareholder does not provide necessary information requested by the Board in order to comply with the applicable legal and/or regulatory rules, such as, but not limited to, the FATCA provisions.

Shareholders are required to notify the Fund immediately if at any time they become US Persons, hold Shares for the account or benefit of US Persons or otherwise become

### **Ineligible Applicants**

When the Board becomes aware that a Shareholder (A) is a US Person or is holding shares for the

account or benefit of a US Person; (B) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Fund or its Shareholders; or (C) has failed to provide any information or declaration required by the Board within ten days of being requested to do so, the Board will either (i) direct such shareholders to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold such shares or (ii) redeem the relevant Shares.

If it appears at any time that a holder of Shares of a Class restricted to Institutional Investors is not an Institutional Investor or that a holder of Shares does not fulfill the eligibility requirements for the relevant Class of Shares, the Fund will either redeem the relevant Shares in accordance with the above provisions or convert such Shares into Shares of a Class which is not restricted to Institutional Investors or into a Class of Shares for which the holder of Shares fulfills the eligibility requirements (provided there exists such a Class with similar characteristics) and notify the relevant Shareholder of such conversion.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his shares pursuant to the above provisions shall indemnify and hold harmless the Management Company, each of the Directors, the Fund, the Depository Bank, the Administrator, the Investment Adviser (if any), the Investment Manager and the Shareholders of the Fund (each an "**Indemnified Party**") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

**Different procedures may apply if redemptions are made through Distributors, as outlined in Appendix III with regard to each specific Sub-Fund, if any.**

### **2.3. CONVERSION OF SHARES**

#### **Conversion Procedure**

Pursuant to the Articles and the provisions below, each Shareholder has the right to request the Fund to convert the Shares it holds in one given Class of Shares to Shares of another Class within the same Sub-Fund or in another Sub-Fund (except if provided otherwise in Appendix III for the relevant Share Class and/or Sub-Fund), provided that the Shareholders satisfies the conditions for subscription and holding of the relevant Class of Shares.

Acceptance by the Administrator of conversion instructions will be subject to the availability of the new Share Class and/or Sub-Fund and to the compliance with any eligibility requirements and/or other specific conditions attached to the new Share Class and/or Sub-Fund (such as minimum subscription and holding amounts, if any). The conversion procedure is processed as a redemption followed by a new subscription. A Shareholder may therefore realise a taxable gain or loss or cause other taxable events in connection with this conversion under the laws of the country of the Shareholder's citizenship, residence or domicile. Shareholders should seek advice from their local tax advisers to be informed on the local tax consequences of such transaction.

Shares may be converted as of each Dealing Day in the relevant Class of Share or Sub-Fund.

The conditions and notice formalities applicable to redemption of Shares shall apply *mutatis mutandis* to the conversion of Shares.

A conversion fee of up to a maximum of 2,5% of the Net Asset Value of the relevant Shares in which the Shares shall be converted may be charged to Shareholders. In case the conversion fee shall be for the benefit of a Sub-Fund, the conversion fee shall be identical for all conversion requests received on the same Dealing Day of that Sub-Fund.

### **General**

Confirmations of transactions will normally be dispatched by the Administrator on the Business Day following the Calculation Day on which the Net Asset Value for the Shares to be converted has been computed. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Delay in providing the relevant documents may cause the instruction to be delayed or lapse and/or be cancelled. Due to the settlement period necessary for redemptions, conversion transactions will normally not be completed until the proceeds from the redemption are available.

Conversion requests are binding and irrevocable and will, at the discretion of the Management Company, only be executed where the relevant Shares have been duly issued.

Conversions may not be completed until such time as the original subscription has been settled in full.

**Different conversion procedures may apply if instructions to convert Shares are communicated via Distributors, as outlined in Appendix III with regard to each specific Sub-Fund, if any.**

**All instructions to convert Shares shall be dealt with on an unknown Net Asset Value basis, i.e. before the determination of the respective Net Asset Value(s) per Share for the Dealing Day concerned.**

## **2.4. CALCULATION OF NET ASSET VALUE**

### **Currencies**

The Net Asset Value per Share is expressed in the Dealing Currency set for each Share Class. The Net Asset Value of each Sub-Fund is expressed in the Fund Currency. The Net Asset Value of the Fund is expressed in the Reference Currency, i.e. the EUR, and consolidation of the various Sub-Funds is obtained by translating the Net Asset Value of all Sub-Funds into EUR and adding them up.

### **Calculation of the Net Asset Value per Share**

- (A) The Net Asset Value per Share of each Share Class will be calculated on each Calculation Day in the Dealing Currency of the relevant Share Class. It will be calculated by dividing the total net asset value attributable to each Share Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Share Class then in issue. The resulting Net Asset Value per Share shall be rounded to the nearest three decimal places.
- (B) In valuing total assets, the following rules will apply:
  - (1) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed 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 may consider appropriate in such case to reflect the true value thereof.

- (2) The value of such securities, financial derivative instruments and assets will be determined on the basis of the closing or last available price on the stock exchange or any other Regulated Market as defined by the 2010 Law on which these securities or assets are traded or admitted for trading. Where such securities or other assets are quoted or dealt in one or more than one stock exchange or any other Regulated Market, the Board shall make regulations for the order of priority in which stock exchanges or other Regulated Markets shall be used for the provisions of prices of securities or assets.
- (3) If a security is not traded or admitted on any official stock exchange or any Regulated Market, or in the case of securities so traded or admitted the last available price of which does not reflect their true value, the Board is required to proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith.
- (4) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market 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. The reference to fair value shall be understood as a reference to the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction. The reference to reliable and verifiable valuation shall be understood as a reference to a valuation, which does not rely only on market quotations of the counterparty and which fulfils the following criteria:
  - (a) The basis of the valuation is either a reliable up-to-market value of the instrument, or, if such value is not available, a pricing model using an adequate recognised methodology.
  - (b) Verification of the valuation is carried out by one of the following:
    - (i) an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate frequency and in such a way that the Fund is able to check it;
    - (ii) a unit Fund or the Management Company which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.
- (5) Units or shares in undertakings for collective investments shall be valued on the basis of their last available net asset value as reported by such undertakings.
- (6) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner.
- (7) If any of the aforesaid valuation principles do not reflect the valuation method com-



monly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Fund's assets, the Board may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.

- (8) Any assets or liabilities in currencies other than the Reference Currency of the Sub-Funds will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

The Board is authorised to apply other appropriate valuation principles for the assets of the Sub-Funds and/or the assets of a given Share Class if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

## **2.5. SUSPENSIONS AND DEFERRALS**

- (A) The Fund reserves the right not to accept instructions to redeem or convert on any one Dealing Day more than 10% of the total net asset value of Shares of any Sub-Fund. In these circumstances, the Board may decide that the redemption of part or all Shares in excess of 10% for which a redemption or conversion has been requested will be deferred for a period that the Board consider to be in the best interest of the relevant Sub-Fund, but normally not exceeding 15 Dealing Days. On the Dealing Day immediately following such period, deferred requests will be dealt with in priority to subsequent requests and in the order in which requests were initially received by the Administrator.
- (B) The Fund reserves the right to defer the payment of the redemption proceeds for so long as shall be necessary to repatriate the proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of a Sub-Fund are invested or in exceptional circumstances in which the liquidity of a Sub-Fund is not sufficient to meet the redemption requests.
- (C) The Fund may suspend or defer the calculation of the Net Asset Value per Share of any Share Class in any Sub-Fund and/or the issue and/or redemption of any Share Class in any Sub-Fund, and/or the right to convert Shares of any Share Class in any Sub-Fund into Shares of the same Share Class of the same Sub-Fund or any other Sub-Fund:
  - (a) during any period when, according to the opinion of the Board, any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Fund's investments of the relevant Share Class for the time being are quoted, is closed, or during which dealings are restricted or suspended; or
  - (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Sub-Fund by the Fund is impracticable; or
  - (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the Fund's investments or the current prices or values on any market or stock exchange; or
  - (d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds

involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot, in the opinion of the Board, be effected at normal rates of exchange; or

- (e) if the Fund, or the relevant Sub-Fund, is being, or may be wound-up, on or following the date on which notice is given to the relevant meeting of Shareholders to wind up the Fund; or
  - (f) when for any other reason the valuation of an investment of the Fund attributable to the relevant Sub-Fund cannot be promptly or accurately ascertained; or
  - (g) if the calculation of the share or unit price in the respective Master Fund, in which one or more Sub-Fund(s) invest in, has been suspended; or
  - (h) in the event of a merger or a similar event concerning the Fund and/or one or more Sub-Fund(s) if deemed necessary by the Board in the best interest of the Shareholders concerned; or
  - (i) in case of the suspension of the calculation of an index underlying a financial derivative investment material to a Sub-Fund.
- (D) The suspension of the calculation of the Net Asset Value per Share of any Sub-Fund shall not affect the valuation of other Sub-Funds, unless these Sub-Funds are also affected.
- (E) During a period of suspension or deferral, a Shareholder may withdraw his/her/its request in respect of any Shares not yet redeemed or converted by notice in writing received by the Administrator before the end of such period.

Shareholders will be informed of any suspension or deferral as deemed appropriate by the Board.

## **2.6. MARKET TIMING AND LATE TRADING**

The Board will not knowingly authorise any practice associated with *market timing* and *late trading*, and reserves the right to reject any request for the subscription, redemption or conversion of shares received from investors that the Board suspects of employing these practices or practices associated with the same and, where applicable, to take any measures necessary to protect other investors in the Fund.

*Market timing* refers to the arbitrage technique whereby an investor systematically subscribes to and redeems or converts shares in the Fund over a short period of time by exploiting time differences and/or imperfections or deficiencies of a system for calculating the Net Asset Value of shares in the Fund.

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

The Fund and/or the Management Company also have the power to mandatorily redeem all Shares held by a Shareholder who is or has been engaged in excessive trading in accordance with the relevant provisions of the Articles. Both the Fund and the Management Company will not be held

liable for any loss resulting from rejected orders or mandatory redemptions.

### 3. GENERAL INFORMATION

#### 3.1 ADMINISTRATION DETAILS, CHARGES AND EXPENSES

##### Management Company, investment manager and Domiciliary Agent

The Board has appointed Preval as the Fund's Management Company to perform investment management, administration and marketing functions as described in annex II of the 2010 Law.

Preval, a *société anonyme* (public limited liability company) existing under Luxembourg laws, was incorporated on 22 August 2014. Its articles of association were published in the Mémorial on 19 September 2014. The Management Company has its registered office at 11, Boulevard Royal in L-2449 Luxembourg and is registered with the *Registre de Commerce et des Sociétés* under number B0190081. The issued capital of the Management Company is EUR 250,000.-.

Board members of the Management Company:

<b>Thierry Flecchia</b>	Conducting Officer Preval 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg
<b>Dimitri Boismare</b>	Conducting Officer Preval 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg
<b>Olivier Ferrari</b>	Independent Director 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg

Conducting Officers of the Management Company:

<b>Thierry Flecchia</b>	Conducting Officer Preval 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg
<b>Dimitri Boismare</b>	Conducting Officer Preval 11, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg

The Management Company is authorized under chapter 15 of the Law 2010 and fulfils the own funds requirements of this law. The corporate object of the Management Company consists in the management of one or several undertakings for collective investment in transferable securities authorised according to the UCITS Directive as well as, as the case may be, of one or more undertakings for collective investment not subject to such directive.

The Management Company has adopted various procedures and policies in accordance with Luxembourg laws and regulations (including but not limited to CSSF Regulation 10-04 and CSSF Circular 12/546). Shareholders may, in accordance with Luxembourg laws and regulations, obtain a summary and/or more detailed information on such procedures and policies upon request and free of charge.

#### Remuneration policy

In compliance with the provisions of Articles 111 bis, 111 ter and 151 of the 2010 Law, the Management Company establishes implements and maintains a remuneration policy which 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 UCITS that the Management Company manages. Such remuneration policy is aligned with the strategy of the Management Company, its objectives, its values and its long-term interests, such as sustainable growth prospects, complies with principles governing client and investor protection when providing services and does not interfere with the obligation of the Management Company to act in the best interests of the UCITS it manages.

The remuneration policies and practices apply to categories of staff, including senior management, risk takers, employees with oversight functions and any employees whose overall remuneration places them in the same income bracket as senior management and risk takers, whose activities have a material impact on the risk profiles of the Management Company or the UCITS under its management.

The Management Company updates the structure of the remuneration policy regularly to ensure that it remains suitable in light of any developments in the Management Company and satisfy the duty of supervision. Such remuneration policy is in line with business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the shareholders of these UCITS. The governance structure of the remuneration policy aims at preventing conflicts of interest.

The remuneration policies and practices include fixed and variable portions of salaries. Where remuneration includes a variable element or a bonus, awarded based on performance criteria, the remuneration policy is structured in such a way as to achieve a fair balance between the fixed and variable elements and so as to ensure that the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component. This balance of the various elements of remuneration can vary according to the employee concerned, employees' commitment and achievements of objectives and contribution towards the Management Company's added value but also taking into account the market conditions and the specific environment in which the Management Company operates. A maximum limit has been set by the Management Company for the variable element.

The aim of the remuneration policy is to align the employees' personal objectives with the long-term goals of the Management Company. The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and their investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

Performance measurement, where it is used as a basis for the calculation of bonuses, is adjusted according to current and future risks associated with the underlying performance, and takes into account the cost of capital used and the liquidity required.

The implementation of the remuneration policy is at least subject to an annual internal, centralised and independent analysis.

The latest remuneration policy of the Management Company, including but not limited to the description of how the remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits is available from the Management Company's website ([www.preval.lu](http://www.preval.lu)) and a hard copy thereof is made available free of charge upon request of the Investors at the registered office of the Management Company.

#### Conflict of Interests

The Fund adheres to an effective policy to manage conflicts of interest created, implemented and maintained by the Management Company. This policy identifies, in relation to the collective portfolio management, the situations which cause, or could cause, a conflict of interest that represents a significant risk affecting the interests of all UCITS/UCIs managed by the Management Company.

In order to identify different types of conflicts of interest, the Management Company shall take into account, at the very least, situations in which the Management Company, one of its employees or an individual associated with it is involved and over which it has direct or indirect control. Such conflicts of interest may come in different forms. The different types of situations which could *inter alia* cause a conflict of interest are as follows:

- The possibility to achieve a financial gain or avoid a financial loss for the Management Company (including its managers and/or employees) at the expense of an UCI or investors;
- The Management Company receives a benefit with regard to portfolio collective management activities supplied to the UCITS;
- The interests of the Management Company (including its managers, employees and tied agents) in providing a service to an UCI or investors, not coinciding with the interests of the UCI/investors;
- The possibility that the Management Company (including its managers and staff) would favour the interests of one UCI or group of UCIs over another, or the interests of one investor or group of investors over another, for financial or other reasons;
- The possibility that the Management Company (including its managers and staff) would obtain a benefit from a third party in relation to the services provided, other than the commission or fees normally charged for this service;
- The introduction of shares of UCIs managed by the Management Company into other UCIs also managed by the Management Company;
- The nomination of directors, members of management, or staff of the Management Company as members of the board of directors of UCIs;
- The introduction into UCIs managed by the Management Company of securities / funds related to the directors or managers of UCIs managed by the Management Company;
- The nomination of board members of UCIs managed by the Management Company, to positions on the boards of other UCIs also managed by the Management Company;
- Receipt of commissions from UCIs underlying those managed by the Management Company.

In the event of a conflict of interest being detected, the Management Company will consider the interests of the Management Company, the interests of the Investors and the obligations of the Management Company with respect to the Fund.

For this reason, the Management Company appropriately anticipates and manages conflicts of interest that could result from the different services offered by the Management Company to avoid them prejudicing the interests of its clients even those that might result from the management of the assets, should this activity be delegated.

The Management Company has been permitted by the Fund to delegate certain administrative, distribution and/or advisory functions to specialised service providers. In that context, the Management Company has delegated certain administration functions to Credit Suisse Fund Services (Luxembourg) S.A. and may delegate certain marketing functions to the Distributors.

The Management Company will monitor the activities of the third parties to which it has delegated functions on a continued basis in accordance with applicable law and regulations. The agreements entered between the Management Company and the relevant third parties provide that the Management Company can give further instructions to such third parties and that it can withdraw their mandate at any time with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Fund is not affected by the fact that it has delegated certain functions to third parties.

The Fund pays Management Fees as specified in Appendix III to the Management Company *per annum* based on the Net Asset Value of the Fund respectively the Sub-Funds and/or the Share Classes. The level of Management Fees may vary at the Boards' discretion, as agreed with the Management Company, across Sub-Funds and Share Classes. Management Fees accrue on each Calculation Day (with respect to the Share Class concerned), are based on the Net Asset Value of the relevant Share Class and are paid monthly based on the last available Net Asset Value of the relevant Share Class. Management Fees comprise, without limitation, all operation costs and expenses incurred by the Fund and the Management Company, with the exception of the Central Administration Fee, the fees of the Depositary Bank, and any taxes thereon. In addition, taxes payable by the Fund such as subscription taxes, withholding taxes, legal expenses and certain Investor relations expenses remain payable by the Fund. The KIID provides information on costs and associated charges with regard to the Fund.

The Management Company shall also ensure compliance with the investment restrictions and oversee the implementation of the Sub-Funds' strategies and investment policies.

The Management Company may act as management company for other investment funds. The names of these other funds will be available upon request at the registered office of the Management Company.

The Fund has appointed Credit Suisse Fund Services (Luxembourg) S.A. as Domiciliary Agent.

The Domiciliary Agent is responsible for all 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 hereinafter.

### **Investment Advisor**

With the consent of the Board, the Management Company may appoint investment advisors to one or more Sub-Funds. The investment advisor would be entitled to receive an investment advisory fee as remuneration for its services under an investment advisory agreement. The fee would be paid out of the Management Fee and be outlined in Appendix III (if any).

## Performance Fee

The Management Company may, in addition to the Management Fee, be entitled to a performance fee. Details of such a performance fee, if applicable, are set out in Appendix III.

## Depositary Bank

Pursuant to a depositary and paying agent services agreement (the "Depositary Bank Agreement"), Credit Suisse (Luxembourg) S.A. has been appointed as depositary bank of the Fund (the "Depositary Bank"). The Depositary Bank will also provide paying agent services to the Fund.

Credit Suisse (Luxembourg) S.A. is a public limited company (*société anonyme*) under the laws of Luxembourg incorporated for an unlimited duration. Its registered and administrative office is at 5, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. It is licensed to engage in all banking operations under Luxembourg law.

The Depositary Bank has been appointed for the safe-keeping of the assets of the Fund in the form of custody of financial instruments, the record keeping and verification of ownership of other assets of the Fund as well as for the effective and proper monitoring of the Fund's cash flows in accordance with the provisions of the 2010 Law and the Depositary Bank Agreement.

In addition, the Depositary Bank shall also ensure that:

- (i) the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law and the Articles;
- (ii) the value of the Shares is calculated in accordance with Luxembourg law and the Articles;
- (iii) the instructions of the Management Company or the Fund are carried out, unless they conflict with applicable Luxembourg law and/or the Articles;
- (iv) in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (v) the Company's incomes are applied in accordance with Luxembourg law and the Articles.

In compliance with the provisions of the Depositary Bank Agreement and the 2010 Law, the Depositary Bank may, subject to certain conditions and in order to more efficiently conduct its duties, delegate part or all of its safe-keeping duties in relation to financial instruments that can be held in custody and that are duly entrusted to the Depositary Bank for custody purposes to one or more sub-custodian(s), and/or in relation to other assets of the Fund all or part of its duties regarding the record keeping and verification of ownership to other delegates, as they are appointed by the Depositary Bank from time to time.

The Depositary Bank shall exercise all due skill, care and diligence as required by the 2010 Law in the selection and the appointment of any sub-custodian and/or other delegate to whom it intends to delegate parts of its tasks and has to continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-custodian and/or other delegate to which it has delegated parts of its tasks as well as of the arrangements of the sub-custodian and/or other delegate in respect of the matters delegated to it. In particular, any delegation of custody tasks may only occur when the sub-custodian, at all times during the performance of the tasks delegated to it, segregates the assets of the Fund from the Depositary Bank's own assets and from assets belonging to the sub-custodian in accordance with the 2010 Law.

As a matter of principle the Depositary Bank does not allow its sub-custodians to make use of delegates for the custody of financial instruments unless further delegation by the sub-custodian has been agreed by the Depositary Bank. To the extent, sub-custodians are accordingly entitled to use further delegates for the purpose of holding financial instruments of the Fund or Sub-Funds that can be held in custody, the Depositary Bank will require the sub-custodians to comply for the purpose of



such sub-delegation with the requirements set forth by applicable laws and regulations, e.g. namely in respect of asset segregation.

Prior to the appointment and/ or the use of any sub-custodian for the purposes of holding financial instruments of the Fund or Sub-Funds, the Depositary Bank analyses - based on applicable laws and regulations as well as its conflict of interests policy - potential conflicts of interests that may arise from such delegation of safekeeping functions. As part of the due diligence process applied prior to the appointment of a sub-custodian, this analysis includes the identification of corporate links between the Depositary Bank, the sub-custodian, the Management Company and/or the investment manager. If a conflict of interest was identified between the sub-custodians and any of the parties mentioned before, the Depositary Bank would – depending on the potential risk resulting on such conflict of interest – either decide not to appoint or not to use such sub-custodian for the purpose of holding financial instruments of the Fund or require changes which mitigated potential risks in an appropriate manner and disclose the managed conflict of interest to the Fund's Investors. Where a conflict of interest arises, the Depositary Bank will have regard to its obligations to the Fund and will treat the Fund and the other funds it manages fairly and such that, so far as practicable, transactions are effected on terms which are not materially less favourable to the Fund than if the conflict of interest had not existed.

Such analysis is subsequently performed on all relevant sub-custodians on a regular basis as part of its ongoing due diligence procedure. Furthermore, the Depositary Bank reviews, via a specific committee, each new business case for which potential conflicts of interest may arise between the Depositary Bank, the Fund, the Management Company and the investment manager(s) from the delegation of the safekeeping functions. As of the date of this Prospectus, the Depositary Bank has not identified any potential conflict of interest that could arise from the exercise of its duties and from the delegation of its safekeeping functions to sub-custodians.

As per the date of this Prospectus, the Depositary Bank does not use any sub-custodian which is part of the Credit Suisse Group and thereby avoids conflicts of interests which might potentially result thereof.

An up-to-date list of these sub-custodians along with their delegate(s) for the purpose of holding in custody financial instruments of the Fund or Sub-Funds can be found on the webpage <https://www.credit-suisse.com/media/pb/docs/lu/privatebanking/services/list-of-credit-suisse-lux-sub-custodians.pdf> and will be made available to Shareholders and Investors upon request.

The Depositary Bank's liability shall not be affected by any such delegation to a sub-custodian unless otherwise stipulated in the 2010 Law and the Depositary Bank Agreement.

The Depositary Bank is liable to the Fund or its Shareholders for the loss of a financial instrument held in custody by the Depositary Bank and/or a sub-custodian. In case of loss of such financial instrument, the Depositary Bank has to return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay. In accordance with the provisions of the 2010 Law, the Depositary Bank will not be liable for the loss of a financial instrument, if such loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary Bank shall be liable to the Fund and to the Shareholders for all other losses suffered by them as a result of the Depositary Bank's negligent or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the 2010 Law and/or the Depositary Bank Agreement.

The Fund and the Depositary Bank may terminate the Depositary Bank Agreement at any time by giving ninety (90) days' notice in writing. In case of a voluntary withdrawal of the Depositary Bank or of its removal by the Fund, the Depositary Bank must be replaced at the latest within sixty (60) days after



the expiry of the aforementioned termination period by a successor depositary bank to whom the Fund's assets are to be delivered and who will take over the functions and responsibilities of the Depositary Bank. If the Fund does not name such successor depositary bank in time the Depositary Bank may notify the CSSF of the situation. The Fund will take the necessary steps, if any, to initiate the liquidation of the Fund, if no successor depositary bank has been appointed within sixty (60) days after the expiry of the aforementioned termination notice of ninety (90) days.

### **Central Administration Agent**

With the consent of the Fund, the Management Company has appointed Credit Suisse Fund Services (Luxembourg) S.A. as Central Administration Agent.

The Central Administration Agent is responsible for handling the processing of subscriptions for Shares, dealing with requests for redemptions and conversions and accepting transfers of funds, for the safekeeping of the register of Shareholders, redemption or conversion, and for computing the Net Asset Value of the Fund, the Sub-Funds and the relevant Shares and Classes of Shares in compliance with the provisions of, and as more fully described in, the agreement mentioned hereinafter.

The Central Administration Agent receives a fee from and out of the assets of the Fund in relation to its Central Administration Agent services. Such fee is in accordance with usual practice in Luxembourg paid on a monthly basis and calculated and accrued at the end of the month considered. This fee may be subject to review by the Central Administration Agent and the Fund and the Management Company from time to time.

The rights and duties of Credit Suisse Fund Services (Luxembourg) S.A. acting as Central Administration Agent are governed by a written Service Agreement.

### **Paying Agent**

With the consent of the Fund, the Management Company has appointed Credit Suisse (Luxembourg) S.A., the Depositary Bank as Paying Agent responsible for the payment of distributions to Shareholders. The Fund may appoint additional paying agents in the future. In this case, the Prospectus and the KIID will be updated accordingly.

The Paying Agent receives a fee from the Fund in relation to its services. Such fee is in accordance with usual practice in Luxembourg paid on a monthly basis and calculated and accrued at the end of the month considered. This fee may be subject to review by the Paying Agent and the Fund from time to time.

The rights and duties of the Depositary Bank acting as Paying Agent are governed by the relevant section in the Depositary Bank Agreement.

In certain countries, Investors may be charged additional monetary amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

### **Subscription and redemption fees**

The Fund may levy subscription and/or redemption fees for each Share Class as outlined in Appendix III.

### **Formation and launching expenses of the Fund and of Sub-Funds**

The costs and expenses of establishing the Fund will be borne by, and payable out of the assets of, the Sub-Funds existing at the launch of the Fund and may be amortized over a period not exceeding five years.

The expenses incurred by the Fund in relation to the launch of new Sub-Fund(s) will be borne by and payable out of the assets of those Sub-Fund(s) and may be amortized over a period not exceeding five years.

### **Other Charges and Expenses**

The Fund will pay all charges and expenses incurred in the operation of the Fund including, without limitation, taxes, expenses for legal and auditing services, brokerage, governmental duties and charges, stock exchange listing expenses and fees due to supervisory authorities in various countries, including the costs incurred in obtaining and maintaining registrations so that the Shares may be marketed in different countries; costs of advertising; expenses incurred in the issue, conversion and redemption of Shares and payment of dividends, registration fees, insurance, interest and the costs of computation and publication of Share prices and postage, telephone, facsimile transmission and the use of other electronic communication; costs connected with the technical establishment of methods for measuring and analysing the performance and the risk of the Sub-Fund; costs of printing proxies, statements, Share certificates or confirmations of transactions, Shareholders' reports, prospectuses and supplementary documentation, explanatory brochures and any other periodical information or documentation for Investor relation purposes.

The Fund may indemnify any director, authorized officer, employee or agent, their heirs, executors and administrators, to the extent permitted by law, for all costs and expenses borne or paid by them in connection with any claim, action, law suit or proceedings brought against them in their capacity as Director, authorized officer, employee or agent of the Fund, except in cases where they are ultimately sentenced for gross negligence. In the case of an out of court settlement, such indemnification will only be granted if the Fund's legal adviser is of the opinion that the Director, authorized officer, employee or agent in question did not fail in their duty and only if such an arrangement is approved beforehand by the Board. The right to such indemnification does not exclude other rights to which the director, authorized officer, employee or agent are entitled. The rights to indemnification provided herein are separate and do not affect the other rights to which a Director, authorized officer, employee or agent may now or later be entitled and shall be maintained for any person who has ceased their activity as director, authorized officer, employee or agent.

The KIID provides information on these costs and associated charges.

### **Soft Commission Arrangements**

The Management Company may enter into soft commission arrangements with brokers under which certain business services are obtained for third parties and are paid for by the brokers out of the commissions they receive from transactions of the Fund. Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Fund may be directed by the Management Company to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers.

The Management Company shall comply with the following conditions when entering into soft com-

mission arrangements: (i) it will act at all times in the best interest of the Fund; (ii) brokerage commissions on portfolio transactions for the Fund will be directed to broker-dealers that are entities and not to individuals; and (iii) agreements concerning soft commissions will be disclosed in the annual report.

### **Authorisation of and Indemnification for Instructions**

By giving any instructions by facsimile, or any other communication medium acceptable to the Administrator, Shareholders irrevocably authorise the Management Company and the Administrator to act upon such instructions and shall fully indemnify the Fund, Management Company and Administrator on demand against any liability of any nature whatsoever arising to any of them as a result of them acting on such instructions. The Management Company and the Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.

## **3.2 FUND INFORMATION**

The Fund is an umbrella structured open-ended investment company with limited liability, organised as a *société anonyme* and qualifies as a *société d'investissement à capital variable* ("**SICAV**") under part I of the 2010 Law. The Fund was incorporated on 11 February 2015 and its Articles were published in the *Mémorial* on 27 February 2015.

The Fund is registered under number B 194732 with the *Registre de Commerce et des Sociétés* of Luxembourg, where the Articles have been filed and are available for inspection. The Fund exists for an indefinite period.

The minimum capital of the Fund required by Luxembourg law is EUR 1,250,000.-. The share capital of the Fund is represented by fully paid Shares of no par value and is at any time equal to its Net Asset Value. Should the capital of the Fund fall below two thirds of the minimum capital, an extraordinary general meeting of Shareholders to be held without quorum requirements must be convened to consider the liquidation of the Fund. Any decision to liquidate the Fund must be taken by a simple majority of the votes cast.

Where the share capital falls below one quarter of the minimum capital, the Board must convene an extraordinary general meeting of Shareholders to be held without quorum requirements to decide upon the liquidation of the Fund. At that Meeting, the decision to liquidate the Fund may be taken by Shareholders holding together one quarter of the votes cast.

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into:

- Depositary Bank Agreement;
- Service Agreement;
- Management Company Agreement; and
- Domiciliary Agreement.

The material contracts listed above may be amended from time to time by agreement between the parties thereto.

### 3.3 DIVIDENDS

#### Dividend Policy

The distribution policy of each Sub-Fund is laid down in Appendix III. In addition, the Board may declare interim dividends in respect of Distribution Shares.

In principle, Distribution Shares give their owners the right to receive distributions. Following each distribution, the proportion of the net assets to be attributed to such Distribution Shares shall be reduced by an amount equal to the amount of the distribution thus resulting in a reduction of the net assets attributable to such Distribution Shares.

With respect to Accumulation Shares, the investment income attributable to the relevant Shares will not be paid to the Investors but will be retained in the Share Class, thus increasing the Net Asset Value per Share.

No distribution shall reduce the net assets of the Fund to an amount less than the minimum provided by the 2010 Law.

In the event that a dividend is declared but is not claimed by the beneficiary within five years from the date of declaration, it may no longer be claimed and shall be returned to the relevant Sub-Fund for the benefits of the relevant Class of Shares. No interest is payable on any dividend declared by the Fund and held at the disposal of the beneficiary.

### 3.4 TAXATION

The following summary is based on the law and administrative practice in force in the Grand Duchy of Luxembourg as at the date of the Prospectus and may be subject to any future modification thereof.

The Fund is not subject to any taxes in Luxembourg on income, profits or capital gains. The only taxes to which the Fund in Luxembourg is subject is (i) the fixed subscription duty of EUR 75.- that was paid upon incorporation of the Fund and which is also due if the Articles are modified, and (ii) the "*taxe d'abonnement*" at a rate of 0,05% *per annum* based on the Net Asset Value of each Sub-Fund at the end of the relevant quarter, calculated and paid quarterly. In respect of any Share Class which is reserved for Institutional Investors (within the meaning of Article 174 of the 2010 Law), the tax levied will be at the rate of 0,01% *per annum*.

In case the Fund invests in other Luxembourg investment funds, which in turn are subject to the *taxe d'abonnement*, the aforementioned tax is not due from the Sub-Fund on the portion of assets invested therein. Other taxes on the Fund, for example on income, capital gains or distributions, are not levied in Luxembourg. However, income, capital gains or distributions of the Fund may be subject to non-refundable withholding taxes or other taxes in countries in which the Fund's assets are invested. Neither the Management Company nor the Depositary Bank will obtain receipts for such withholding taxes for individual or all Shareholders.

Income, capital gains or distributions of the Fund are not subject to any capital gains, income or withholding tax in Luxembourg if received by non-Luxembourg residents (i.e. exceptions may apply to Shareholders who are domiciled, resident or have a permanent establishment in Luxembourg). Prospective Investors should consult their tax advisers regarding tax laws and regulations of any other jurisdiction which may be applicable to them. The tax and others items described in this Prospectus

should not be considered as tax advice to prospective Investors.

The OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. The Euro-CRS Directive was implemented into Luxembourg law by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement.

Accordingly, the Fund may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Fund in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding an Investor and his/her/its account will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such an account is deemed a CRS reportable account under the CRS Law.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

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

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

Prospective Investors should inform themselves of, and where appropriate take advice on, the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription, purchase, holding and redemption of Shares in the country of their citizenship, residence or domicile.

**Investors should therefore remain informed about and obtain professional advice on current legislation and regulations applying to the purchase, ownership or redemption of Shares in the Fund.**

Details on the interest withholding tax levied on distributed and accumulated income of the Fund are contained in the Annual Report and in the announcements on the Fund's taxation basis.

### **3.5 MEETINGS AND REPORTS**

#### **Meetings**

The annual general meeting of Shareholders shall be held on the 3<sup>rd</sup> Wednesday of May of each year at either the registered office of the Fund or any address specified in the convening notice of the meeting. If such a day is not a Business Day, the annual general meeting shall be held on the next following Business Day.

The convening notices to general meetings of Shareholders may provide that the quorum and the majority at the respective general meeting shall be determined according to the Shares issued and outstanding at midnight (CET) on the fifth day prior to the general meeting. The rights of a Shareholder to attend a meeting and to exercise the voting rights attaching to his/her/its Shares are determined in accordance with the Shares held by this Shareholder at the Record Date. The Fund is not required to send the annual accounts and the report of the Auditor, the management report to the Shareholders at the same time as the convening notice to the annual general meeting. The convening notice shall indicate the place and the practical arrangements for providing these documents to the Shareholders and shall specify that each Shareholder may request that they are sent to him/her/it. Notices of all general meetings are sent by registered mail to all registered Shareholders at their address, if communicated by the Shareholder to the Management Company and any other relevant service provider of the Fund, at least eight (8) calendar days prior to such meeting. Such notice will indicate the time and place of such meeting and the conditions of admission thereto, will contain the agenda and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities at such meeting. The legal requirements as to notice, quorum and voting at all general, Sub-Fund or Share Class meetings are provided for in the Articles. Meetings of Shareholders of any given Sub-Fund or Share Class shall decide upon matters relating exclusively to that Sub-Fund or Share Class.

#### **Financial year and reports to the Shareholders**

The financial year of the Fund ends on the 31<sup>st</sup> day of December in each calendar year.

The audited annual report of the Fund shall be published before or on the 30<sup>th</sup> day in April of the following calendar year. This annual report encloses the report of the Board, a statement of the net assets of the Sub-Funds and statistical information, a statement of operations and of changes in net assets of the Sub-Funds, notes to the financial statements and the Auditors' report.

The unaudited half-yearly report of the Fund shall be published before or on the 30<sup>th</sup> day in August of each calendar year.

Copies of the annual and/or semi-annual reports may be obtained free of charge at the registered office of the Management Company.

#### **Publications and Documents of the Fund**

The Management Company will ensure that information intended for the Shareholders is either published or communicated to them in an appropriate manner.

The following documents will be available for inspection during ordinary business hours at the registered office of the Fund and/or Management Company:

1. Prospectus;
2. Articles;
3. KIID;
4. Depositary Bank, Management Company, Service and Domiciliary Agreements; and
5. Latest annual and semi-annual reports of the Fund.

The Prospectus and the KIID may be delivered in durable medium or by means of a website. A hard copy shall, in any case, be supplied to Investors on request and free of charge. This also includes the publication of the Share prices in those countries in which Shares are offered for sale to the public. The issue and redemption prices can also be obtained from the Management Company, the Depositary Bank and the Paying Agent(s). The annual and semi-annual reports as well as the Prospectus, the KIID and the Articles are also available free of charge from these parties, upon request by the Investor.

In addition, the material contracts referred to above are available for inspection during normal business hours at the registered office of the Fund.

### **3.6 SHAREHOLDER RIGHTS, MERGER, REORGANISATION OF A SUB-FUND, DISSOLUTION AND LIQUIDATION**

#### **Shareholder rights**

(A) The Shares are freely transferable and entitled to participate equally in the profits, and, in case of Distribution Shares, dividends of the Share Class to which they relate, and in the net assets of such Share Class upon liquidation. The Shares carry no preferential and preemptive rights.

(B) Voting:

At general meetings, each participant has the right to one (1) vote for each whole Share he/she/it holds.

In the case of a joint holding, only the first named person may vote.

(C) Compulsory redemption:

The Board may impose or relax restrictions on any Shares and, if necessary, require the compulsory redemption of Shares to ensure that they are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or government or regulatory authority or which might have adverse taxation or other pecuniary consequences for the Fund including a requirement to register under the laws and regulations of any country or authority. The Board may in this context require each Shareholder to provide it with such information as it may consider necessary to establish whether the Shareholder is the beneficial owner of the Shares which they hold.

If, at any time, it shall come to the attention of the Board that Shares are beneficially owned by any person prohibited from holding Shares pursuant to the Section headed "US Investors"



above, the Fund will have the right to compulsorily redeem such Shares.

- (D) The Fund draws the Shareholders' attention to the fact that any Shareholder will only be able to fully exercise his/her Shareholder rights directly against the Fund, notably the right to participate in general meetings of Shareholders' if the Shareholder has communicated / is registered himself/herself/itself and in his/her/its own name the relevant details to the Management Company / in the register of Shareholders of the Fund. In cases where a Shareholder invests in the Fund through an intermediary investing into the Fund in his/her own name, but on behalf of the Shareholder, it may not always be possible for the Shareholder to exercise certain Shareholder rights directly against the Fund. Shareholders are advised to take advice on their rights.

### **Merger and reorganisation of a Sub-Fund**

In the event that for any reason the value of the net assets in any Sub-Fund or Share Class has decreased to an amount determined by the Board to be the minimum level for such Sub-Fund or Share Class to be operated in an economically efficient manner, or if a change in the economic or political situation relating to any Sub-Fund or Share Class would have material adverse consequences on the investments of that Sub-Fund or Share Class or in order to proceed to an economic rationalization, or if the agreement with the investment manager and/or Investment Advisor has been terminated and such investment manager and/or Investment Advisor has not been replaced by a replacement investment manager or investment advisor (as the case may be), the Board may decide to compulsorily redeem all the Shares of the relevant Shares Class(es) at the Net Asset Value per Share (taking into account actual realization prices of investments and realization expenses) as of the Dealing Day on which such decision takes effect. The decision of the Board will be published in such newspaper(s) as determined by the Board prior to the effective date and the publication will indicate the reasons for, and the procedures of, the compulsory redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders concerned may continue to request redemption or conversion of their Shares without redemption or conversion charges (but taking into account actual realization prices of investments and realization expenses) prior to the effective date.

Notwithstanding the powers conferred to the Board by the preceding paragraph, the Shareholders of any one or all Share Class(es) may, at a general meeting of Shareholder upon proposal of the Board resolve to redeem all the Shares of the relevant Share Class(es) and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realization prices of investments and realization expenses) as of the Dealing Day on which such decision shall take effect. There shall be no quorum requirement for such general meeting of Shareholders which shall decide by a resolution taken by simple majority of the votes validly cast.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the *Caisse de Consignations* on behalf of the persons entitled thereto and the corresponding rights shall lapse in accordance with applicable law.

Any merger of a Sub-Fund with another Sub-Fund of the Fund or with another UCITS (whether subject to Luxembourg law or not) shall be decided by the Board unless the Board decides to submit the decision for the merger to the meeting of Shareholders of the concerned Sub-Fund. In the latter case, no quorum is required for this meeting and the decision for the merger is taken by a simple majority of the votes validly cast. In the case of a merger of one or more Sub-Fund(s) where, as a result, the Fund ceases to exist, the merger shall, notwithstanding the foregoing, be decided by a



meeting of shareholders for which no quorum is required and that may decide with a simple majority of votes validly cast. In addition, the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation shall apply.

In the event that the Board determines that it is required in the interests of the Shareholders of the relevant Sub-Fund or that a change in the economic or political situation relating to the Sub-Fund concerned has occurred which would justify the reorganisation of one Sub-Fund by means of either a split or a consolidation into two or more Sub-Funds (followed, if necessary, by the payment of the amount corresponding to any fractional entitlement to the Shareholders), such resolution may be resolved upon by the Board, subject to regulatory approval (if required). To the extent required by Luxembourg law, such decision will be published in the same manner as described above and, in addition, the publication and/or notification will contain information in relation to the proposed split or consolidation. Such publication will be made no less than one (1) month before the date on which the reorganisation becomes effective in order to enable the Shareholders to request, during that period of time, the redemption of same or all of their Share(s) without redemption charges. The Board may also decide to submit the question of the consolidation or split of Share Classes to a meeting of holders or such Share Class(es). No quorum is required for this meeting and decisions are taken by the simple majority of the votes validly cast.

All redeemed Shares shall be cancelled.

### **Dissolution**

The Fund may at any time be dissolved by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements applicable for the amendments to the Articles.

Whenever the share capital falls below two thirds of the minimum capital indicated in Article 5, the question of the dissolution of the Fund shall be referred to the general meeting of Shareholders by the Board. The general meeting of Shareholders, for which no quorum shall be required, shall decide by simple majority of the votes validly cast.

The question of the dissolution of the Fund shall further be referred to a general meeting of Shareholders whenever the share capital falls below one fourth of the minimum capital set by Article 5; in such an event, the general meeting of Shareholders shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one fourth of the Shares represented and validly cast.

The meetings must be convened so that they are held within a period of forty (40) calendar days from the determination that the net assets of the Fund have fallen below two thirds or one fourth of the legal minimum, as the case may be.

### **Liquidation**

The Fund has been established for an unlimited period of time. However, the Fund and/or one or more of its Sub-Fund(s) may be liquidated at any time by a resolution adopted by an extraordinary general meeting of Shareholders in accordance with Luxembourg law. At such meeting one or several liquidator(s) will be appointed and their powers defined. Liquidation will be carried out in accordance with the provisions of Luxembourg law. The net liquidation proceeds corresponding to each Sub-Fund shall be distributed by the liquidators to the Shareholders in the relevant Sub-Fund in proportion to the value of their holding of Shares.

The decision to liquidate a Sub-Fund may also be taken at a meeting of Shareholders of the particular Sub-Fund concerned. The liquidation of one Sub-Fund does not entail the automatic liquidation of the other Sub-Fund(s).

The liquidation of the Fund and/or any of its Sub-Fund(s) shall in principle be completed within nine (9) months. Any liquidation proceeds of a Sub-Fund or of the Fund shall be deposited in escrow at the *Caisse de Consignation* at the close of the liquidation. Amounts not claimed from escrow within the period fixed by law shall be forfeited in accordance with the provisions of Luxembourg law.

## APPENDIX I: INVESTMENT RESTRICTIONS

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

The investment restrictions imposed by Luxembourg law must be complied with by each Sub-Fund. The restrictions in Section 1(D) below are applicable to the Fund as a whole.

### 1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

(A) The Fund will invest in:

- (i) transferable securities and money market instruments admitted to an official listing on a stock exchange in an Eligible State; and/or
- (ii) transferable securities and money market instruments dealt in on another Regulated Market; and/or
- (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is achieved within one year of the issue; and/or
- (iv) units or shares of UCITS and/or of other UCI whether situated in an EU member state or not, provided that:
  - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Law, and that cooperation between authorities is sufficiently ensured,
  - the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; and/or
  - no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated can, according to their management regulations or in-

struments of incorporation, be invested in aggregate in shares or units of other UCITS or other UCIs;

- (v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU member state or, if the registered office of the credit institution is situated in a non-EU member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law; and/or
- (vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
  - the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;

the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative; and/or

- (vii) money market instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments are themselves 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 an EU member state, the European Central Bank, the EU or the European Investment Bank, a non-EU member 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 EU member states belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in EU law; or
  - issued by other bodies belonging to categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts 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.

In addition, the Fund may invest a maximum of 10% of the Net Asset Value of any Sub-Fund in transferable securities and money market instruments other than those referred to under (i) to (vii) above.

- (B) Each Sub-Fund may hold ancillary liquid assets. Liquid assets used to back-up financial derivative exposure are not considered as ancillary liquid assets.
- (C) (i) Each Sub-Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivative instruments, both the issuer of the structured financial instruments and the issuer of the underlying securities). Each Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Sub-Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1(A)(v) above or 5% of its net assets in other cases.
- (ii) Furthermore, where any Sub-Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the Net Asset Value of such Sub-Fund, the total value of all such investments must not account for more than 40% of the Net Asset Value of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (C)(i), 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.

- (iii) The limit of 10% laid down in paragraph (C)(i) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU member state, its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members.
- (iv) The limit of 10% laid down in paragraph (C)(i) above shall be 25% in respect of debt securities which are issued by highly rated credit institutions having their registered office in an EU member state and which are subject by law to a special public super-

vision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

If a Sub-Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Sub-Fund.

- (v) The transferable securities and money market instruments referred to in paragraphs (C)(iii) and (C)(iv) are not included in the calculation of the limit of 40% referred to in paragraph (C)(ii).

The limits set out in paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or financial derivative instruments made with this body, effected in accordance with paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) may not, in any event, exceed a total of 35% of each Sub-Fund's Net Asset Value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

A Sub-Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

- (vi) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or debt instruments issued by the same body when the aim of a Sub-Fund's investment policy is to replicate the composition of a certain stock or debt instrument index which is recognised by the Luxembourg supervisory authority, provided:

- 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 laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- (vii) Where any Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities or money market instruments issued or guaranteed by an EU member state, by its local authorities or by an OECD member state or other state

as approved by the regulator, or by public international bodies of which one or more EU member states are members, the Fund may invest 100% of the Net Asset Value of any Sub-Fund in such securities provided that such Sub-Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the Net Asset Value of the Sub-Fund.

Subject to having due regard to the principle of risk spreading, a Sub-Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its launch.

- (D) (i) The Fund may not normally acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body.
- (ii) The Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body and/or (c) 10% of the money market instruments of the same issuing body. However, the limits laid down in (b) and (c) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(i) and (ii) above shall not apply to:

- (i) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members; or
  - (iv) Shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Sub-Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in articles 43, 46 and 48 (1) and (2) of the 2010 Law. This derogation, however, shall only apply if the company from the non-EU member State complies with the limits laid down in Articles 43, 46 and 48, paragraphs (1) and (2) of the 2010 Law. Where the limits set in articles 43 and 46 are exceeded of the 2010 Law, article 49 thereof shall apply *mutatis mutandis*.
- (E) If a Sub-Fund is limited to investing only 10% of its net assets in units or shares of UCITS or other UCIs this will be specifically provided for in Appendix III. The following applies generally to investment in units or shares of UCITS or of the UCIs:
- a) The Fund may acquire units or shares of the UCITS and/or other UCIs referred to in paragraph 1. (A) (iv), provided that no more than 20% of a Sub-Fund's net assets be invested in units or shares of a single UCITS or other UCI.

For the purpose of the application of the investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments *vis-à-vis* third parties is ensured.

- b) Investments made in units or shares of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Sub-Fund.
- c) The above investment restrictions do not apply for those Sub-Fund(s) which are Feeder Fund(s) of UCITS qualifying as a Master Fund.

In addition, the following limits shall apply:

- (i) When a Sub-Fund invests in the units or shares of other UCITS and/or other UCIs linked to the Fund by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting rights, or managed by a Fund linked to the Management Company, no subscription or redemption fees may be charged to the Fund on account of its investment in the units or shares of such other UCITS and/or UCIs.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, there shall be no Management Fee charged to that portion of the assets of the relevant Sub-Fund. The Fund will indicate in its annual report the total Management Fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- (ii) The Fund may acquire no more than 25% of the units or shares of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units or shares in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units or shares issued by the UCITS/UCI concerned, all sub-funds combined.
- (iii) The underlying investments held by the UCITS or other UCIs in which the Sub-Funds invest do not have to be considered for the purpose of the investment restrictions set forth under paragraph 1(C) above.

(F) In addition, a Sub-Fund (the "**Investing Sub-Fund**") may subscribe, acquire and/or hold Share(s) of one more Sub-Fund(s) (each, a "**Target Sub-Fund**") without it being subject to the requirement of the 1915 Law with respect to the subscription, acquisition and/or holding by a Fund of its own shares provided that:

- the Target Sub-Fund does not, in turn, invest in the Investing Sub-Fund invested in this Target Sub-Fund; and
- no more than 10% of the net assets of the Target Sub-Funds whose acquisition is contemplated may, pursuant to their Articles, be invested in aggregate in Shares of other Target Sub-Funds of the Fund; and



- voting rights, if any, attaching to the relevant Shares of the Target Sub-Fund(s) are suspended for as long as they are held by the Investing 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 Shares are held by the Investing Sub-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 2010 Law.

## 2. INVESTMENT IN OTHER ASSETS

- (A) The Fund will neither make direct investments in precious metals, commodities or certificates representing these. In addition, the Fund will not enter into financial derivative instruments on precious metals or commodities. This does not prevent the Fund from gaining exposure to precious metals or commodities by investing into financial instruments backed by precious metals or commodities or financial instruments whose performance is linked to precious metals or commodities.
- (B) The Fund will not purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (C) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in Sections 1(A)(iv), (vi) and (vii).
- (D) The Fund may not borrow for the account of any Sub-Fund, other than amounts which do not in aggregate exceed 10% of the Net Asset Value of the Sub-Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.
- (E) The Fund will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Sub-Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10 % of the Net Asset Value of each Sub-Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- (F) The Fund will not underwrite or sub-underwrite securities of other issuers.
- (G) The Fund will on a Sub-Fund by Sub-Fund basis comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

## 3. FINANCIAL TECHNIQUES AND INSTRUMENTS

### 3.1 General provisions

For efficient management of the portfolio and/or with the aim of protecting its assets and liabilities, in each Sub-Fund the Fund may use techniques and instruments which relate to transferable securities or money market instruments.

To that end, each Sub-Fund or category is authorised in particular to carry out transactions which have as their object the sale or purchase of future foreign exchange contracts, the sale or purchase of future contracts on currencies and the sale of call options and the purchase of put options on currencies, with the aim of protecting its assets against exchange rate fluctuations or of optimising its return, for efficient management of the portfolio.

Financial derivative instruments may include (but are not limited to) futures (including currency futures, stock index futures, interest rate futures), forwards, non-derivable forwards, swaps such as interest rate swaps and credit default swaps and complex options structures (such as straddles and ratio spreads). In addition, financial derivative instruments may incorporate derivatives on derivatives (i.e. forward dated swaps, swap options).

Sub-Funds may enter into swap transactions on eligible investments in pursuit of their objective. Such swap transactions can be entered into without limitation but will at all times adhere to the investment and borrowing powers as laid down in this Appendix 1 and in the relevant Appendix for a given Sub-Fund. A Sub-Fund will enter into a swap transaction where, this is in line with its investment policy.

Where a Sub-Fund uses such techniques and instruments, the relevant Appendix for such Sub-Fund shall disclose such fact, as well as a detailed description of the risks involved in these activities, including counterparty risk and potential conflicts of interest (to the extent not covered in this general part of the Prospectus), and the impact they will have on the performance of the relevant Sub-Fund. The use of these techniques and instruments shall be in line with the best interests of the relevant Sub-Fund.

The policy regarding direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the relevant Sub-Fund are disclosed in the relevant Appendix. These costs and fees shall not include hidden revenue. The identity of the entity(ies) to which the direct and indirect costs and fees are paid are also set out in the relevant Appendix for each Sub-Fund, as well as the indication as to whether these are related parties to the Management Company or the Depositary Bank.

The techniques and instruments used for the purposes of efficient management of the portfolio and/or with the aim of protecting its assets and liabilities shall fulfil the following criteria:

- a) they are economically appropriate in that they are realised in a cost-effective way;
- b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the relevant Sub-Fund with a level of risk which is consistent with the risk profile of the relevant Sub-Fund and the applicable risk diversification rules, as set out in the 2010 Law;

- c) their risks are adequately captured by the risk management process of the Management Company.

Techniques and instruments which comply with the criteria set out hereabove and which relate to money market instruments shall be regarded as techniques and instruments relating to money market instruments for the purpose of efficient portfolio management as referred to in the 2010 Law.

In applying techniques and instruments for the purposes of efficient management of the portfolio and/or with the aim of protecting its assets and liabilities, the Fund shall at all times comply with the CSSF Circular 13/559, the CSSF Circular 14/592 and the ESMA Guidelines ESMA/2014/937EN on ETFs and other UCITS issues, as published on 1 August 2014.

In particular, techniques and instruments relating to transferable securities and money market instruments should not:

- a) result in a change of the declared investment objective of the Fund, respectively the Sub-Fund; or
- b) add substantial supplementary risks in comparison to the original risk policy as described herein and/or the relevant Appendix for the Sub-Fund.

All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, shall be returned to the relevant Sub-Fund.

The Management Company shall take into account the operations effected by the Fund entering into efficient portfolio management transactions, when developing its liquidity risk management process in order to ensure the Fund is able to comply at any time with its redemption obligations.

When these transactions relate to the use of derivatives, the conditions and limits fixed previously in section A, point (7), in Section C, points (1), (9), (10), (11), (13) and (14) and in Section D, point (1) must be respected.

In no case the use of financial derivatives instruments or other financial techniques and financial instruments may lead the Fund to diverge from its investment objectives as expressed in the Prospectus.

The Fund's annual report shall contain details of the following:

- a) the exposure obtained through efficient portfolio management techniques;
- b) the identity of the counterparty(ies) to these efficient portfolio management techniques;
- c) the type and amount of collateral received by the Fund, respectively the relevant Sub-Fund, to reduce counterparty exposure; and
- d) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

**As at the date of this Prospectus, the Fund does not make use of securities financing transactions nor total return swaps covered by Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/2012. Should the Fund make use of such financial instruments, the Prospectus will be amended accordingly.**

## **Risks - Warning**

With a view to optimising the return on their portfolio, all the Sub-Funds are authorised to use the derivative techniques and instruments described above (in particular swap contracts on rates, currencies and other financial instruments, future contracts, options on transferable securities, on rates or on future contracts), observing the conditions mentioned above.

Investors' attention is drawn to the fact that market conditions and the regulations in force may restrict the use to these instruments. No guarantee may be given as to the success of these strategies. The Sub-Funds using these techniques and instruments bear risks and costs associated with such investments which they might not have been borne if they had not followed such strategies. Investors' attention is further drawn to the increased risk of volatility arising from Sub-Funds using these techniques and instruments other than for hedging purposes. If the forecasts of managers and delegate managers as to the movements of markets in securities, currencies and interest rates prove to be inaccurate, the Sub-Fund affected might find itself in a worse situation than if those strategies had not been followed.

When using derivatives, each Sub-Fund may carry out over-the-counter transactions on future and cash contracts on indices or other financial instruments as well as on swaps on indices or other financial instruments with first-class banks or stockbrokers specialising in this matter acting as counterparts. Although the corresponding markets are not necessarily deemed more volatile than other futures markets, operators are less well protected against insolvency in their transactions on these markets since the contracts traded there are not guaranteed by a clearing house.

### **3.2 Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques**

- (1) All assets received by a relevant Sub-Fund in the context of efficient portfolio management techniques are considered as collateral for the purpose of these provisions and shall comply with the criteria laid down in the paragraph below.
- (2) Where the Fund, in relation to a Sub-Fund, enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:
  - a) **Liquidity** – any collateral received other than cash shall be 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. Collateral received shall also comply with the provisions of the 2010 Law.
  - b) **Valuation** – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place. Where a Sub-Fund uses this possibility, the relevant Appendix shall indicate such haircuts.
  - c) **Issuer credit quality** – collateral received shall be of high quality.
  - d) **Correlation** – the collateral received by the Fund in relation to a Sub-Fund shall 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.

- e) **Collateral diversification (asset concentration)** – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund in relation to a Sub-Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Fund in relation to a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
  - f) **Risks linked to the management of collateral** – such as operational and legal risks, shall be identified, managed and mitigated by the risk management process of the Management Company.
  - g) **Where there is a title transfer** – the collateral received shall be held by the Depositary Bank. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
  - h) **Collateral received shall be capable of being fully enforced** – by the Fund at any time without reference to or approval from the counterparty.
  - i) **Non-cash collateral** – received shall not be sold, re-invested or pledged.
  - j) **Cash collateral** – received shall only be:
    - placed on deposit with entities prescribed in the 2010 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;
    - invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).
- (3) Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.
- (4) Where the Fund receives, in relation to a Sub-Fund, collateral for at least 30% of the Sub-Fund's assets, the Fund shall have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy shall at least prescribe the following:
- a) design of stress test scenario analysis including calibration, certification & sensitivity analysis;
  - b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - c) reporting frequency and limit/loss tolerance threshold/s; and
  - d) mitigation actions to reduce loss including haircut policy and gap risk protection.

- (5) The Fund shall have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, the Fund shall take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph (4) hereabove. This policy shall be documented and shall justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.
- (6) The Fund shall not receive any assets as collateral in the context of OTC financial derivative transactions and efficient portfolio management techniques. Should this change in the future, this Prospectus shall be updated prior to the Fund receiving any such collateral in order to clearly inform investors of its collateral policy. This shall include permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, re-investment policy (including the risks arising from the re-investment policy).

## 4. RISK MANAGEMENT PROCESS

The Management Company will employ a risk management process, in particular with regard to the 2010 Law and CSSF circular 11/512, which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an Investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. This supplementary information includes the VaR levels set for the Sub-Funds using such risk measure.

The risk management framework is available upon request at the Management Company's registered office.

The Management Company will use the commitment method for determining the global exposure risk of the Fund as mentioned on a case-by-case basis in their appendix. The global exposure of the Fund may also be measured by the Value at Risk (VaR) methodology as mentioned in the relevant appendices. Please refer to Appendix III - Sub-Fund details.

## 5. MISCELLANEOUS

- (A) The Fund may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A)(i), (ii) and (iii) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Fund shall not be prevented from acquiring such securities above which are not fully paid.
- (B) The Fund does not need to comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.
- (C) The Management Company, the Investment Advisor, the Distributor(s), the Depositary Bank

and any authorised agents or their associates may have dealings in the assets of the Fund provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:

- i) a certified valuation of such transaction is provided by a person approved by the Board as independent and competent;
- ii) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or  
where neither i) or ii) is practical;
- iii) where the Board is satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

## APPENDIX II: RISKS OF INVESTMENT

### General

The following statements are intended to inform Investors of the uncertainties and risks associated with investments and transactions in transferable securities, money market instruments, structured financial instruments and other financial derivative instruments.

Past performance is not necessarily a guide to future performance and Shares should be regarded as a medium to long-term investment. The value of investments and the income generated by them, if any, may go down as well as up and Shareholders may not get back the amount initially invested.

Where the Fund Currency varies from the Investor's home currency, or where the Fund Currency varies from the currencies of the markets in which the Sub-Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to the Investor greater than the usual risks of investment.

### Investment Objective Risk

Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macroeconomic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Sub-Fund.

### Regulatory Risk

The Fund is domiciled in Luxembourg and Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally, Sub-Funds may be registered in non-EU jurisdictions. As a result of such registrations these Sub-Funds may be subject to more restrictive regulatory regimes. In such cases these Sub-Funds will abide by these more restrictive requirements. This may prevent these Sub-Funds from making the fullest possible use of the investment limits.

### General Investment Risks

It should be remembered that the price of the Shares and the income from them can go down as well as up and that Shareholders may not receive, on sale or cancellation or redemption of their Shares, the amount that they invested. Movements in foreign exchange rates can impact the level of income received and the capital value of the investment. Shares should generally be regarded as medium to long-term investments (5 years to 10 years). Any tax treatment may change in the future and any implied tax benefits will vary between investors depending on their personal circumstances. Where income is insufficient to pay charges the residual is taken from capital which will reduce the rate of capital growth. Losses may be made due to adverse movements in equity, bond, commodity, currency and other market prices and to changes in the volatility of any of these. This may be a contributory factor to an investor not receiving back the amount of their original investment on redemption of Shares.



### **Risk of Suspension of Share dealings**

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be suspended (see Section 2.4, "*Suspensions or Deferrals*").

### **Cash Flow Risk**

If a Sub-Fund has insufficient cash to meet a margin call to maintain a derivative contract position, the Sub-Fund may have to close the position, or sell securities to raise the cash. This may lead to capital losses due to timing and market conditions.

### **Charges to Capital Risk**

If a Sub-Fund does not have sufficient income to cover its charges and expenses, the capital of the Sub-Fund may be used to offset those charges and expenses instead leading to a lower rate of capital growth.

### **Class Hedging Risk**

The Fund may engage in currency hedging transactions with regards to certain Share Class(es). Hedged Share Classes are designed (if and when disclosed in relation to a particular Class) (i) to reduce exchange rate fluctuations between the Dealing Currency of the Hedged Share Class and the Fund Currency of the Sub-Fund or (ii) to reduce exchange rate fluctuations between the Dealing Currency of the Hedged Share Class and other material currencies within the Sub-Fund's portfolio.

The hedging will be undertaken to reduce exchange rate fluctuations in case the Fund Currency of the Sub-Fund or other material currencies within the Sub-Fund (such as the Dealing Currency/ies is/are declining or increasing in value relative to the hedged currency. The hedging strategy employed will seek to reduce as far as possible the exposure of the Hedged Share Classes and no assurance can be given that the hedging objective will be achieved. In the case of a net flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the net asset value of the Hedged Share Class until the following or a subsequent Business Day following the Dealing Day on which the instruction was accepted.

Investors should be aware that the hedging strategy may substantially limit Shareholders of the relevant Hedged Share Class from benefiting from any potential increase in value of the Share Class expressed in the Dealing Currency/ies, if the Hedged Share Class currency falls against the Dealing Currency/ies. Additionally, Shareholders of the Hedged Share Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. The gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Hedged Share Class.

Any financial instruments used to implement such hedging strategies with respect to one or more Class(es) of a Sub-Fund shall be assets and/or liabilities of such Sub-Fund as a whole, but will be attributable to the relevant Share Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Share Class. However, due to the lack of segregated liabilities between Share Classes of the same Sub-Fund, costs which are principally attributed to a specific Share Class may be ultimately charged to the Sub-Fund as a whole.

Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Sub-Fund. The currency exposure of the assets attributable to a Share Class may not be allocated to other Share Classes. No intentional leveraging should result from currency hedging transactions of a Share Class although hedging may exceed 100% for short periods between redemption instructions and execution of the hedge trade.

### **Interest Rate Risk**

The values of debt instrument and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a Sub-Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

### **Credit Risk**

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Sub-Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one recognised statistical rating organisation the Management Company may consider the highest rating for the purposes of determining whether the security is to be considered as investment grade. A Sub-Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Management Company will consider whether the security continues to be an appropriate investment for the Sub-Fund. Some of the Sub-Funds will invest in securities which will not be rated by a recognised statistical rating organisation, the credit quality will then be determined by the Management Company.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

### **Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. A Sub-Fund's investment in illiquid securities may reduce the returns of the Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or

securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

### **Financial Derivative Instrument Risk**

For Sub-Funds that use financial derivative instruments to meet their specific investment objectives, there is no guarantee that the performance of the financial derivative instruments will result in a positive effect for the respective Sub-Fund and its Shareholders.

### **Warrants Risk**

Warrants are considered as financial derivative instruments. When the Fund invests in warrants, the values of these warrants are likely to fluctuate more than the prices of the underlying securities because of the greater volatility of warrant prices.

### **Credit Default Swaps Risk**

A credit default swap allows the transfer of default risk. This allows a Sub-Fund to effectively buy insurance on a reference obligation it holds (hedging the investment), or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Sub-Fund does not hold the underlying reference obligation, there may be a market risk as the Sub-Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Sub-Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the debt instrument markets. The Fund will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

### **Futures, Options and Forward Transactions Risk**

The Sub-Funds may use options, futures and forward contracts on currencies securities, indices, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Sub-Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Sub-Fund is fixed, the Sub-Fund may sustain a loss well in excess of that amount. The Sub-Fund will also be exposed to the risk of the purchaser exercising the option and the Sub-Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Sub-Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions, in particular those traded over-the-counter, have an increased counterparty risk. If a counterparty defaults, the Sub-Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

### **Credit Linked Note Risk**

There are particular risks associated with investments in credit linked notes. Firstly, a credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment: if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

### **Equity Linked Note Risk**

The return component of an equity linked note is based on the performance of a single security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

A Sub-Fund may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

### **Fund Legal Action Risk**

There is no certainty that any legal action taken by the Fund against its service providers, agents, counterparties or other third parties will be successful and Shareholders should be aware they may not receive compensation in full or at all for any losses incurred. Depending on the circumstances, the Fund may decide not to take legal action and may decide to enter into settlement negotiations which may or may not be successful.

### **Leverage Risk**

Where permitted in its mandate, a Sub-Fund may use derivatives to create aggregate exposure that is greater than its net assets, this causes the effect that the Sub-Fund will have greater exposure to certain risks that are associated with the use of derivatives such as counterparty risk and OTC derivative transactions risk.

### **Money Market Instrument Risk**

Money market instruments in which a Sub-Fund invests are subject to the solvency of the underlying issuer. Buying and selling of money market instruments may expose a Sub-Fund to liquidity con-

straints in the market. While every effort will be made to maintain the capital value of a Sub-Fund, there is no guarantee that this will be the case as a loss made on a money market instrument held by a Sub-Fund could reduce the capital value of the Sub-Fund.

### **OTC Derivative Transactions Risk**

Securities traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than securities principally traded on securities exchanges. Such securities may be less liquid than more widely traded securities. In addition, the prices of such securities may include an undisclosed dealer mark-up which a Sub-Fund may pay as part of the purchase price.

### **Counterparty Risk**

The Fund conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Fund will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

A Sub-Fund may invest into instruments such as notes, debt instruments or warrants the performance of which is linked to a market or investment to which the Sub-Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Sub-Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

The Sub-Funds will only enter into OTC derivatives transactions with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivative transactions entered into with first class institutions should not exceed 10% of the relevant Sub-Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

### **Depositary Risk**

Investors may enjoy a degree of protection when investing money with depositary banks in their home territory. This level of protection may be higher than that enjoyed by the Fund.

The Fund's securities are held for the benefit of the Shareholders generally off the Depositary Bank's or its sub-custodian's balance sheet(s) and are generally not co-mingled with the Depositary Bank's or its sub-custodian's assets. This provides protection for the Fund's securities in the event of the insolvency of either the Depositary Bank or its sub-custodian(s).

However, the Fund may be required to place assets outside of the Depositary Bank's safekeeping network in order for the Fund to trade in certain markets. In such circumstances the Depositary Bank remains in charge of monitoring where and how such assets are held. However, in the event of a loss neither the Depositary Bank, having fulfilled its monitoring function, and/or the sub-custodian(s) concerned shall be liable and the Sub-Fund's ability to receive back its cash and securities may be restricted and the Fund may suffer a loss as a result.

In such markets, Shareholders should note that there may be delays in settlement and/or uncertainty in relation to the ownership of a Fund's investments which could affect the Fund's liquidity and/or which could lead to investment losses.

In addition, a Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risks in circumstances where the Depository Bank will have no liability.

A Fund's cash account will usually be maintained on the Depository Bank's records, but the balances may be held by a sub-custodian and therefore exposed to the risk of default of both the Depository Bank and the sub-custodian.

### **Small Capitalisation Companies Risk**

A Sub-Fund which invests in smaller companies may fluctuate in value more than other Sub-Funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently, investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and the Sub-Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

### **Debt Securities Risk – Lower Rated, Higher Yielding Instruments**

A Sub-Fund may invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate Investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in such Sub-Fund is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

### **Defaulted Debt Securities Risk**

The Sub-Fund may invest in debt securities on which the issuer is not currently making interest payments (defaulted debt securities). The Sub-Fund may buy defaulted debt securities if, in the opinion of the Management Company, it appears likely that the issuer may resume interest payments or other advantageous developments appear likely in the near future. These securities may become illiquid.

The risk of loss due to default may also be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other creditors of the issuer. If the issuer of a security in the portfolio defaults, the Sub-Fund may have unrealised losses on the security, which may lower the Net Asset Value per Share. Defaulted securities tend to lose much of their value before they default. Thus, the Net Asset Value per Share may be adversely affected before an issuer defaults. In addition, the Sub-Fund may incur additional expenses if it must try to recover principal or interest payments on a defaulted security.

Included among the issuers of debt securities or obligations in which the Fund may invest are entities organised and operated solely for the purpose of restructuring the investment characteristics of various securities or obligations. These entities may be organised by investment banking firms, which receive fees in connection with establishing each entity and arranging for the placement of its securities.

### **Country Risk – Emerging and Less Developed Markets**

In emerging and less developed markets, in which some of the Sub-Funds will invest, the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks for Investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. Investments in emerging and less developed markets should be made only by sophisticated Investors or professionals who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

Countries with emerging and less developed markets include, but are not limited to (1) countries that have an emerging stock market in a developing economy as defined by the International Finance Corporation, (2) countries that have low or middle income economies according to the World Bank, and (3) countries listed in World Bank publication as developing. The list of emerging and less developed markets countries is subject to continuous change; broadly they include any country other than Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

### **Mortgage Backed Securities and Asset Backed Securities Risk**

Some Sub-Funds may invest in mortgage backed securities and asset backed securities. Mortgage backed securities differ from conventional debt securities because principal is paid back over the life of the security rather than at maturity. The Sub-Fund may receive unscheduled prepayments of principal before the security's maturity date due to voluntary prepayments, refinancing or foreclosure on the underlying mortgage loans. To the Sub-Fund this means a loss of anticipated interest, and a portion of its principal investment represented by any premium the Sub-Fund may have paid. Mortgage prepayments generally increase when interest rates fall.

Mortgage backed securities also are subject to extension risk. An unexpected rise in interest rates could reduce the rate of prepayments on mortgage backed securities and extend their life. This could cause the price of the mortgage backed securities to be more sensitive to interest rate changes. Issuers of asset backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect Investors in the event of default. Like mortgage backed securities, asset backed securities are subject to prepayment and extension risks.

### **Non-Regulated Markets Risk**

Some Sub-Funds may invest in securities of issuers in countries whose markets do not qualify as regulated markets due to their economic, legal or regulatory structure, and therefore these Sub-Funds may not invest more than 10% of their net assets in such securities.



### **Pre-Payment Risk**

Certain fixed income securities give an issuer the right to call its securities, before their maturity date. The possibility of such "pre-payment risk" may force the Sub-Fund to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the Sub-Fund's interest income.

### **Political and Economic Risks**

- Economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal / fiscal / regulatory / market reforms. Assets could be compulsorily re-acquired without adequate compensation.
- A country's external debt position could lead to sudden imposition of taxes or exchange controls.
- High interest can mean that businesses have difficulty in obtaining working capital.
- Local management may be inexperienced in operating companies in free market conditions.
- A country may be heavily dependent on its commodity and natural resource exports and is therefore vulnerable to weaknesses in world prices for these products.
- Inflation/Deflation Risk – Inflation is the risk that a Sub-Fund's assets or income from a Sub-Fund's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Sub-Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Sub-Fund's portfolio.

### **Accounting Practices Risk**

The accounting, auditing and financial reporting system may not accord with international standards. Even when reports have been brought into line with international standards, they may not always contain correct information. Obligations on companies to publish financial information may also be limited. This may cause uncertainty when establishing the true value of investments and may result in a loss of capital or income.

### **Market and Settlement Risks**

- The securities markets in some countries lack the liquidity, efficiency and regulatory controls of more developed markets.
- Lack of liquidity may adversely affect the ease of disposal of assets. The absence of reliable pricing information in a particular security held by a Sub-Fund may make it difficult to assess reliably the market value of assets.
- The share register may not be properly maintained and the ownership or interest may not be (or remain) fully protected.



- Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.
- The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Sub-Funds.
- Settlement procedures may be less developed and still be in physical as well as in dematerialised form.
- Limitations may exist with respect to the Sub-Funds ability to repatriate investment income, capital or the proceeds from the sale of securities by foreign investors. The Sub-Funds can be adversely affected by delays in, or refusal to grant, any required governmental approval for such repatriation.

### **Currency Risk**

- Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed.
- The value of the currency in some markets, in relation to other currencies, may decline such that the value of the investment is adversely affected.
- Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.

### **Taxation Risk**

Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries into which the Fund invests or may invest in the future (in particular emerging markets) is not clearly established. It is therefore possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. As a result, the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of this Prospectus or when investments are made, valued or disposed of.

### **Nomineeship Risk**

The legislative framework in some markets is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. Consequently, the courts in such markets may consider that any nominee or Depositary Bank as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.

### Potential Conflicts of Interest

The Directors, the Administrator, the Depositary Bank, and their affiliates may engage in activities, including financial advisory activities, that are independent from and may, from time to time, conflict with those of the Fund.

Each Director and service provider will at all times have regard to its obligations to act in the best interests of the Shareholders and they will each endeavour to ensure that any conflicts are resolved fairly. In the future, there might arise instances where the interests of the Management Company and/or Investment Advisor or their affiliates conflict with the interests of the Shareholders. Affiliates and their principals may engage in transactions with, and may provide services to, companies in which the Fund invests or could invest. The Management Company, the Investment Advisor and their affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager/investment advisor to investment vehicles and other persons or entities (including prospective Investors) which may have similar structures and investment objectives and policies to those of the Fund, may compete with the Fund for investment opportunities, and may co-invest with the Fund in certain transactions.

### Allocation of Trading Opportunities

The Management Company is *inter alia* required to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund, but has no specific obligation or requirement concerning the allocation of time, effort or investment opportunities to the Fund and it may manage other UCIs, including those with identical or similar investment policies as those of the Fund and the Sub-Funds (collectively, "**Other Accounts**"). The Management Company is not obligated to devote any specific amount of time to the affairs of the Fund, and it will not be required to accord exclusivity or priority to the Fund in the event of limited investment opportunities.

When the Management Company determines that it would be appropriate for both the Fund and any Other Account to participate in an investment opportunity, it will seek to execute orders for all of the participating accounts on an equitable basis in accordance with applicable laws and regulations. If the Management Company has determined to trade in the same direction in the same security at the same time for the Fund and any Other Account, it will be authorised to combine the Fund's order with orders for any Other Accounts and if all such orders are not filled at the same price, the Fund's order may be filled at an average price, which normally will be the same price at which contemporaneously entered orders are filled on that day. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Management Company will allocate the trades among the different accounts on a basis that it considers equitable. Situations may occur where the Fund could be disadvantaged because of the various other activities conducted by the Management Company or its affiliates. This allocation of opportunities will always be made under the control of the Board and in a manner preserving the interests of the Shareholders.

### Risks Associated with All Cap Equity Investment

The risks associated with all cap equity investments are based on the potential for a company's stock price to raise based upon anticipated changes in the market or within the company itself. As with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. Of course, other factors relating to a company or to general market conditions may also contribute to price declines. Value stocks have historically been sensitive to economic

cycles and investor sentiment that can affect volatility and risk. As with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. The biggest risk of equity investing is that returns can fluctuate and Investors can lose money. Not every investment opportunity will meet all of the stringent investment criteria mentioned to the same degree.

## APPENDIX III: SUB-FUND DETAILS

The Fund is designed to give Investors the flexibility to choose between separate Sub-Funds with differing investment objectives and levels of risk.

All Sub-Funds offer Share Classes specified hereafter.

At the date of this Prospectus, the following Sub-Fund(s) is/are offered to Investors for subscription:

- Preval Funds SICAV – World Winners

In respect of certain Share Classes, the Sub-Fund may hedge the Shares in such Share Classes in relation to the Dealing Currency or in relation to currencies in which the relevant Sub-Fund's underlying assets are denominated (as detailed in relation to each Sub-Fund).

Where undertaken, the effects of this hedging will be reflected in the Net Asset Value and, therefore, in the performance of such Share Class. Similarly, any expenses arising from such hedging transactions will be borne by the Share Class in relation to which they have been incurred.

It should be noted that these hedging transactions may be entered into whether the Dealing Currency is declining or increasing in value relative to the relevant Fund Currency and so, where such hedging is undertaken it may substantially protect Investors in the relevant Share Class against a decrease in the value of the Fund Currency relative to the Dealing Currency, but it may also preclude Investors from benefiting from an increase in the value of the Fund Currency.

In addition, the Sub-Fund may hedge the Fund Currency against the currencies in which the underlying assets of the Sub-Fund are denominated or the underlying unhedged assets of a target fund are denominated.

There can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the Dealing Currency.

The specific investment objectives and policies of the different Sub-Funds are as follows:

## SUB-FUND PREVAL FUNDS SICAV – WORLD WINNERS

### 1. Sub-Fund Name: Preval Funds SICAV – World Winners

### 2. Investment Objective & Policy

The Sub-Fund is actively managed and aims to outperform the MSCI All Countries World Index (MSCI ACWI Index). It can deviate from the benchmark. The Sub-Fund will primarily invest in listed equities and will at all times, under normal market conditions, have a 60%-100% exposure to international equities without being limited to a specific geographic scope or industry sector. Investments will be primarily in companies with a market capitalisation of at least 1 billion euro or equivalent in other currencies when the investment is made (at the investment date).

In order to achieve its investment objective, the Sub-Fund will base its investments on fundamental research in order to acquire undervalued securities issued by companies having the following criteria (which are decisive but not exclusive):

- Market leader with high barriers to entry which restrict entry of new firms into an industry or market and which therefore allow the relevant company to have high market share;
- a sound financial situation; and
- a good corporate governance.

The Sub-Fund will primarily invest in listed equities and may invest up to 40% in money market instruments, either directly or through investments in UCITS and/or UCIs which comply with the provisions set in Section 1. (A) (iv) of Appendix I "Investment Restrictions".

Investments in UCITS or UCI's will be limited to 10%.

There is no guarantee or capital protection that the Sub-Fund will achieve its investment objective and/or policy. Any investment in the Sub-Fund may hence result in a negative or lesser than expected performance.

Investments are subject to the limits laid down in Appendix I "Investment restrictions".

Investment in financial derivative instruments are subject to the limits laid down in Section 1.2 "Investment objectives and policies" of the Prospectus and in Appendix I. The Sub-Fund may use financial derivative instruments provided (a) they are economically appropriate in that they are realised in a cost-effective way, (b) they are entered into for one or more of (i) reduction of risk, (ii) reduction of cost and (iii) generation of additional capital or income for the Sub-Fund with a level of risk which is consistent with its risk profile and risk diversification rules, and (c) their risks are adequately captured by the risk management process of the Management Company.

Financial derivative instruments may include over-the-counter and/or exchange traded options, equity index (dealt in on a regulated market and complying with the conditions stated in article 9 of the Grand-Ducal Regulation of 8 February 2008) and single stock futures as well as currency derivatives (i.e. currency futures, forwards, swaps, and options).

Direct and indirect operational costs/fees payable to the relevant service provider(s) arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the Sub-Fund are agreed between the Fund, the Management Company and such service provider(s) and are available to Investors at the registered office of the Fund and of the Management Company upon request. They are also disclosed in the annual and semi-annual report.

These costs and fees shall not include hidden revenue.

For the avoidance of doubt, the Sub-Fund will not receive any assets as collateral in the context of these efficient portfolio management techniques.

The Sub-Fund may not borrow in excess of 10% of its net assets.

The Sub-Fund may hold on an ancillary basis cash and cash equivalents. In this respect, time deposits in depository institutions and money market instruments which are regularly negotiated and which have a residual maturity of 12 months or less from the acquisition date shall be deemed to be cash equivalents. Furthermore, in exceptional circumstances, when market conditions so require, the Sub-Fund may temporarily be fully invested in cash equivalents in order to protect the interests of the Shareholders.

The Fund Currency is the EUR and the Sub-Fund may partly hedge the assets of the Sub-Fund denominated in a currency other than the EUR at the discretion of the Management Company. Nevertheless, it is not the intention of the Board to hedge all the Sub-Fund's assets.

The Sub-Fund will use the commitment method to determine its global exposure risk and will comply with the relevant ESMA Guidelines in this regards.

### **3. Profile of typical Investor**

Investment in the Sub-Fund entails an above-average risk and is only appropriate for persons who can accept the possibility of major capital losses. The Management Company however seeks to minimise such risks by a strict risk management and an adequate spreading of the risks involved.

The Sub-Fund is designed for investment only by those Investors who understand the degree of risks involved and believe that the investment is suitable based upon their investment objectives and financial needs.

The time horizon for a typical Investor is about 5 years.

### **4. Special risk considerations**

Investors should refer both to the Section "Profile of the typical Investor" and to Appendix II "Risks of Investment" for a general outline of the risk considerations in relation to the Fund and the Sub-Fund.

In addition to the considerations related to above, Investors should be aware that:

- there is no limitation on international market, sector or industry exposure. The Sub-Fund is therefore not benchmark driven and the performance may differ significantly from market benchmarks;
- the ability to concentrate positions in specific markets, sectors or industries may lead to higher than expected levels of Fund volatility than experienced in the market as a whole;

- the Sub-Fund may enter into financial derivatives transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio; and
- the conflicts of interest that may potentially arise from a service provider providing services to the Fund in relation to the Sub-Fund in the context of efficient portfolio management techniques are described in Appendix II of this Prospectus.

## 5. Initial Subscription Period and Initial Issue Date

The Initial Subscription Period for all the Share Classes indicated below will start on 25 March 2015 or on the date on which the first subscription is received in the Sub-Fund.

The Initial Issue Date for all the Share Classes indicated below under Section 6 will be on 27 March 2015 or on a later date as determined by the Board.

## 6. Shares Classes, ISIN numbers, applicable fees and minimum investment

Initially, the following Share Classes are available:

1. Class I – ISIN number: LU1132347094
2. Class A – ISIN number: LU1132346872

Subscription to Share Classes A is open to all investors (including ultra-high net worth individuals). Subscription to Share Classes I is restricted to Institutional Investors.

<u>Share Classes</u>	<u>Dealing Currency</u>	<u>Management Fee</u>
I	EUR	1,2%
A	EUR	1,8%

The minimum investment in Class I-Shares is EUR 10 million. Subsequently, Institutional Investors may initiate additional subscriptions in Class I-Shares without such a minimum investment.

## 7. Initial Issue Price and Dealing Currency

<b>Class(es) I :</b>	EUR 100
<b>Class(es) A:</b>	EUR 100
<b>Dealing Currency (Classes I and A):</b>	EUR

## 8. Subscription, Redemption, Conversion and Performance Fees

<b>Subscription Fee:</b>	up to 2,5%
<b>Redemption Fee::</b>	none
<b>Conversion Fee:</b>	up to 2,5%

### Performance fee (applicable to the Share Classes I and A):

The Management Company is entitled to receive a performance fee. The performance fee shall be paid annually in arrears within 15 Business Days from the end of the relevant calendar year (each a "**Performance Fee Calculation Period**") and for the first time in 2015.

The performance fee may be levied provided that:

- (i) the performance of the relevant Share Class for the relevant Performance fee Calculation Period is positive as compared to the precedent Performance fee Calculation Period; and
- (ii) there is a difference in favour of the Shareholders in the relevant Share Class between the relative evolution of the NAV of such Share Class and the MSCI ACWI Index (i.e. an outperformance).

The performance fee by Class of Share outstanding will be equivalent to twenty per cent (20%) of the positive excess of the net return of the relevant Share Class over the MSCI ACWI Index (i.e. the outperformance) since the previous performance fee calculation period. If the performance of the NAV per Class of Share is lower than the return of the MSCI ACWI Index no performance fee shall be paid.

The performance fee is calculated and accrued at each Dealing Day for each Share Class on the basis of the current NAV per Class of share after deducting all expenses, the management fee (but not the performance fee) as at each dealing day and during the relevant Performance Fee Calculation Period.

In case of dividend distribution the NAV of the relevant Share Class (as described below) is adjusted. To perform this adjustment, the dividend per Class of Share is deducted from the Reference NAV.

For the purposes of the above, the Reference NAV is the NAV per Class of Share at the end of the preceding Performance Fee Calculation Period.

In the event that a Shareholder redeems Shares prior to the end of the Performance Fee Calculation Period, any accrued but unpaid performance fee in respect of such Shares will be kept and paid to the Management Company at the end of the relevant period. The performance fee amount kept into the Sub-Fund is equal to the product of the performance fee accruals at the redemption date by the proportion of the redeemed Shares to the total number of Shares at this date.

The first Performance Fee Calculation Period of any Share Class shall start on the date of the first subscription and will end at the completion of the relevant year end.



## **9. Fund Currency**

EUR

## **10. Dealing Day**

Subscription, redemption and conversation requests on any Share Class must be received by the Central Administration Agent in its function as registrar and transfer agent before 15:00 local time in Luxembourg on any Business Day preceding the Valuation Day.

Requests received after 15:00 local time in Luxembourg will only be accepted for the next Dealing Day.

## **11. Valuation Day**

The Net Asset Value of the Shares of the Sub-Fund shall be valued on a weekly basis as of each Friday or, should such Friday not be a Business Day, as of the Business Day following such Friday (the "**Sub-Fund's Valuation Day**"). The actual calculation shall take place one Business Day after the Sub-Fund's Valuation Day.

## **12. Calculation Day**

The Net Asset Value is computed every Monday that falls on a Business Day or otherwise the next Business Day, using the closing prices of the relevant Valuation Day.

## **13. Payment Day**

Payments for subscriptions and redemptions have to be made no later than two Business Days following the relevant Calculation Day. Shares will be subscribed and redeemed based on the Net Asset Value per Share determined at the relevant Calculation Day, based on the closing prices of the relevant Valuation Day.

## **14. Distribution policy**

All the Shares in the current Share Classes accumulate any income.

Interim dividends may however be paid at any time on one or more Share Class(es) upon decision of the Board in compliance with applicable laws and regulations.

## **15. Subscription Tax (*taxe d'abonnement*)**

Shares in Share Class I (institutional share class) are subject to a subscription tax at an annual rate of 0.01% of the relevant net assets which is calculated and payable quarterly at the end of the relevant quarter. However, this tax is not due for the part of the net assets invested in other Luxembourg UCIs, which are already subject to Luxembourg subscription tax.

Shares in Share Class A (non-institutional share class) are subject to a subscription tax at an annual rate of 0.05% of the relevant net assets which is calculated and payable quarterly at the end of the

relevant quarter. However, this tax is not due for the part of the net assets invested in other Luxembourg UCIs, which are already subject to Luxembourg subscription tax.