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d'argument de publicité

Luxembourg, le 2022-10-28

Commission de Surveillance du Secteur Financier

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## PROSPECTUS

**Montlake UCITS Platform (Lux) SICAV**

***Société d'investissement à capital variable.***

**Dated October 2022**

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## IMPORTANT INFORMATION

Montlake UCITS Platform (Lux) SICAV is an investment company organized under the laws of the Grand Duchy of Luxembourg as a *société d'investissement à capital variable* and qualifying as an Undertaking for Collective Investment in Transferable Securities. The Fund is organized pursuant to part I of the Law of 2010 as an umbrella fund offering Shares of several separate Sub-Funds.

Authorization does not imply approval by any Luxembourg authority of the contents of this Prospectus or the portfolio of securities held by the Fund. Any representation to the contrary is unauthorized and unlawful.

The Shares are currently not listed on any stock exchange; however, the Board reserves the right to list the Shares of a Sub-Fund in the future if it considers it to be in the best interest of that Sub-Fund.

The Board accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Board (who has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Board accepts responsibility accordingly.

The Shares represent an interest solely in the assets of the Fund. They do not represent interests in or obligations of, and are not guaranteed by any government, the Depositary, the Management Company (as defined hereinafter) or any other person or entity except as more fully described below.

The distribution of this Prospectus and the offering of the Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. Potential subscribers or purchasers of Shares should also inform themselves as to the possible tax consequences, the legal requirements and any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or sale of Shares. This Prospectus does not constitute (and may not be used for the purpose of) an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The most recent annual and semi-annual reports of the Fund will be available at the registered office of the Fund, of the Management Company, and of the Administrator and will be sent to investors upon request. This Prospectus and the KIIDs can also be obtained from the registered office of the Fund and of the Management Company.

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein.

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, the English language will prevail, except to the extent (but only to the extent) required by the laws of any jurisdiction including the regulations or requirements of the financial regulator of such

jurisdiction where the Shares are sold, that in any action based upon disclosure in the Prospectus in a language other than English, the language of the Prospectus on which such action is based shall prevail.

The Shares have not been, and will not be, registered under the 1933 Act, or qualified under any applicable state statutes, and the Shares may not be offered, sold or transferred in the United States or to or for the benefit of, directly or indirectly, any U.S. Person, except pursuant to registration or an exemption. The Fund is not, and will not be, registered under the 1940 Act, and investors will not be entitled to the benefit of such registration.

The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

The Shares are subject to restrictions on transferability and resale. Shares of certain Sub-Funds may not be sold, transferred or resold in the United States if explicitly stated in the relevant Supplement. Each person subscribing for Shares must agree that the Management Company may reject, accept or condition any proposed transfer or assignment of those Shares.

If it comes to the attention of the Management Company at any time that a U.S. Person unauthorized by the Management Company, either alone or in conjunction with any other person, owns Shares, the Management Company may compulsorily redeem such Shares. No person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Shares and, if given or made, such information or representations must not be relied on as having been authorized by the Management Company. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Fund since the date hereof.

A prospective investor should not subscribe for Shares unless satisfied that he and/or his investment representative have asked for and received all information which would enable him to evaluate the merits and risks of the proposed investment.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this document as legal or tax advice. Each investor should consult his own counsel and accountant for advice concerning the various legal, tax and economic considerations relating to his investment. Each prospective investor is responsible for the fees of his own counsel, accountants and other advisers.

No information herein contained shall constitute advice to a proposed investor in respect of his personal position. Any person interested in subscribing for Shares should consult his professional advisers on matters referred to in this Prospectus. Persons interested in subscribing for Shares should inform themselves as to (a) the legal requirements within the countries of their nationality, residence or domicile of such acquisition, (b) any foreign exchange restriction or exchange control requirements which they might encounter on the acquisition, holding, redemption or disposal of Shares and (c) the tax consequences which might be relevant to the acquisition, holding, redemption or disposal of Shares in the Fund.

Although the Fund or a Sub-Fund may be similar to one or more other investment vehicles or accounts advised by the Management Company, a relevant Investment Manager or any of their affiliates, the Fund and each Sub-Fund is managed as a separate vehicle with its own distinct investment objectives, policies, risks and expenses as explained in this Prospectus. The Fund or any Sub-Fund and any other investment vehicle or account advised by the Management Company, a relevant Investment Manager or adviser will have different investment results, and information about those other investment vehicles and accounts should not be assumed to apply to the Fund or any Sub-Fund.

**There can be no assurance that the Fund or any Sub-Fund will achieve its investment objective. The Funds' and each Sub-Fund's investments are subject to normal market fluctuations and the risks inherent in all investments and there can be no assurances that appreciation will occur. It will be the policy of the Fund and each Sub-Fund to maintain a diversified portfolio of investments so as to minimize risk. This Fund may not be suitable for investors who seek long-term capital growth. The Fund and the Sub-Funds target prudent investors who aim to preserve the value of the capital and of its assets they have invested and obtain the highest possible return. However, there can be no guarantee that the investor will get back all the capital invested because investments in this Fund are not guaranteed. Each prospective investor should carefully review this Prospectus and carefully consider the risks before deciding to invest. The attention of investors is also drawn to Sections 29 and 30 in this Prospectus.**

This Prospectus contains forward-looking statements, which provide current expectations or forecasts of future events. Words such as "may", "expects", "future" and "intends," and similar expressions, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include statements about the Fund's plans, objectives, expectations and intentions and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties and inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Prospective Shareholders should not unduly rely on these forward-looking statements, which apply only as of the date of this Prospectus.



## **DIRECTORY**

### **Registered office**

2-4, Rue Eugène Ruppert

L - 2453 Luxembourg

Grand-Duchy of Luxembourg

### **Board:**

Darren Gorman

Caoimhghin O'Donnell

Kevin Ryan

### **Management Company**

Waystone Management Company (IE) Limited,

Lower Baggot Street, Dublin 2, Ireland,

acting through its Luxembourg Branch

19, Rue de Bitbourg, L 1273, Luxembourg

### **Directors of the Management Company**

Caoimhghin O'Donnell

Conor MacGuinness

Tim Madigan

David McGeough

Denise Coughlan

### **Depositary**

The Bank of New York Mellon SA/NV, Luxembourg Branch

2-4, Rue Eugène Ruppert

L - 2453 Luxembourg

Grand Duchy of Luxembourg

**Administrator**

The Bank of New York Mellon SA/NV, Luxembourg Branch

2-4, Rue Eugène Ruppert

L - 2453 Luxembourg

Grand-Duchy of Luxembourg

**Auditor**

PricewaterhouseCoopers, société coopérative

2, rue Gerhard Mercator

L-2182 Luxembourg

Grand Duchy of Luxembourg

**Legal Advisors in the Grand Duchy of Luxembourg**

Arendt & Medernach S.A.

41A, avenue John F. Kennedy,

L-2082 Luxembourg,

Grand Duchy of Luxembourg

## DEFINITIONS

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

<b>Accumulation Classes</b>	Classes that capitalise their entire earnings;
<b>Administrator</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch;
<b>Administration Agreement</b>	the agreement entered into between the Administrator and the Management Company;
<b>Articles</b>	the articles of incorporation of the Fund;
<b>Base Currency</b>	the base currency of the Fund (being U.S. Dollar) or the base currency of each Sub-Fund and Class as specified in the relevant Supplement;
<b>Board</b>	the board of directors of the Fund;
<b>Business Day</b>	Unless otherwise indicated for a particular Sub-Fund any business day on which banks are open in the Grand Duchy of Luxembourg;
<b>Calculation Day</b>	a Business Day on which the previous day's closing Net Asset Value is calculated for the Fund, a Class and/or a Sub-Fund, as defined for each Sub-Fund in Part II. The Management Company may also take into account whether relevant local stock exchanges and/or Eligible Markets are open for trading and settlement, and may elect to treat such closures as non-Calculation Days for Sub-Funds which invest a substantial amount of their portfolio on these closed stock exchanges and/or Eligible Markets.
<b>CHF or Swiss Francs</b>	the Swiss Franc, the lawful currency of Switzerland;

<b>Circular 08/356</b>	CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to Transferable Securities and Money Market Instruments, as amended;
<b>Circular 14/592</b>	CSSF Circular 14/592 on Guidelines of the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues;
<b>Circular 02/77</b>	CSSF Circular 02/77 dated 27 November 2002 relating to the protection of investors in case of Net Asset Value calculation error and correction of the consequences resulting from non-compliance with the investment rules applicable to undertakings for collective investment or any repealing CSSF Circular;
<b>Class or Classes</b>	one or more separate classes of Shares of no par value in a Sub-Fund;
<b>CNPD</b>	CNPD means the <i>Commission National pour La protection des données</i> ;
<b>CRS</b>	Common Reporting Standard;
<b>CSSF</b>	the <i>Commission de Surveillance du Secteur Financier</i> ;
<b>Dealing Day</b>	any day on which a Sub-Fund processes orders in its Shares provided such Dealing Day must be a Calculation Day as defined for each Sub-Fund in Part II;
<b>Depository</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch;
<b>Depository Agreement</b>	the agreement made and entered into between the Fund, the Management Company and the Depository;

<b>Distribution Classes</b>	Classes that pay dividends;
<b>Disclosure Regulations SFDR</b>	or Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>Waystone Group</b>	as defined under 2.2;
<b>EEA</b>	means European Economic Area (European Union Member States and their overseas territories plus Iceland, Liechtenstein and Norway);
<b>Eligible Market</b>	a regulated market as defined in the MiFID II Directive or any other market established in the EEA or a G20 Member or any other state that the Board considers appropriate with regard to the investment objectives of each Sub-fund and as more particularly described in the Sub-fund's Supplement, which is regulated, operates regularly and is recognised and open to the public;
<b>ESMA</b>	the European Securities and Markets Authority (formerly the Committee of European Securities Regulators);
<b>ESMA Guidelines 10-049</b>	CESR's guidelines 10-049 dated 19 May 2010 on a common definition of European Money Market Funds, as amended;
<b>ESMA Guidelines 10-788</b>	CESR guidelines 10-788 dated 28 July 2010 on risk measurement and the calculation of global exposure and counterparty Risk for UCITS, as amended;
<b>ESMA Guidelines 2014/937</b>	ESMA Guidelines and Recommendations 2014/937 dated 1 August 2014 regarding Guidelines on ETFs and other UCITS issues, as amended;

<b>EU</b>	the European Union;
<b>EU Benchmark Regulation</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as may be amended from time to time;
<b>EUR or Euro</b>	the Euro, the lawful currency of the Member States that are part of the Euro Area;
<b>Euro Area</b>	the monetary union of 19 of the 28 Member States which have adopted the Euro as their common currency and sole legal tender;
<b>FATF</b>	the Financial Action Task Force established by the G-7 Summit in Paris in July 1989 to examine measures to combat money laundering;
<b>FATF State</b>	such country (as shall be reviewed and) deemed from time to time by the FATF to comply with the FATF regulations and criteria necessary to become a member country of FATF
<b>FDI</b>	a financial derivative instrument;
<b>Fixed Income Instrument</b>	any type of investment under which the borrower/issuer is obliged to make payments of a fixed amount on a fixed schedule;
<b>Fund</b>	Montlake UCITS Platform (Lux) SICAV;
<b>G20 Members</b>	the Group of Twenty, i.e. the 19 member states (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom and the United States) and the European Union that assemble in an

	international forum of governments and central bank governors of the members;
<b>Grand Ducal Regulation of 2008</b>	the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the Law of 2010;
<b>Initial Offering Period</b>	the date or period determined by the Management Company during which Shares are offered for subscription at a fixed price as shall be specified in the relevant Supplement;
<b>Institutional Investor</b>	an institutional investor within the meaning of articles 174, 175 and 176 of the Law of 2010;
<b>Investment Manager</b>	the investment manager, duly appointed, in relation to a relevant Sub-Fund;
<b>Investment Management Agreement</b>	the agreement entered into between the Fund, the Investment Manager and the Management Company;
<b>KIID</b>	a key investor information document produced in respect of each Class;
<b>Law of 2010</b>	the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time;
<b>Management Company</b>	Waystone Management Company (IE) Limited, Luxembourg Branch;
<b>Member State</b>	a member state of the EU from time to time;
<b>MiFID II Directive</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended;

<b>Net Asset Value or NAV</b>	the value of the assets less liabilities attributable to the Fund, a Sub-Fund, a Class or a Share, as applicable, calculated in accordance with the provisions of this Prospectus;
<b>Net Asset Value Date or NAV Date</b>	means in respect of each Calculation Day, the closing valuation point of the Business Day preceding each Calculation Day, unless otherwise determined by the Directors;
<b>OECD</b>	the Organization for Economic Co-operation and Development;
<b>OECD Member State</b>	a member state of the OECD;
<b>Other UCI</b>	other UCIs within the meaning of article 1(2) a) and b) of the UCITS Directive;
<b>Part I</b>	the general part of this Prospectus' applicable to all Sub-Funds;
<b>Part II</b>	the Supplements to Part I, each of which pertains only to a specific Sub-Fund and which must, for purposes of the relevant Sub-Fund, be read together with Part I;
<b>Prospectus</b>	the prospectus of the Fund, comprised of Part I and the relevant Supplement in relation to the Sub-Fund in question;
<b>RCSL</b>	<i>Registre de Commerce et des Sociétés;</i>
<b>Redemption Price</b>	unless otherwise provided herein, the Net Asset Value per Share of a Class, as specified in the relevant Supplement;
<b>SFT</b>	as set out under Section 9.2;
<b>SFTR</b>	as set out under Section 9.2;



<b>Share or Shares</b>	a registered unit or registered units of no par value of any Class;
<b>Share Distribution and Redemption Agreement</b>	each agreement entered into between a Distributor and the Management Company;
<b>Shareholder</b>	a holder of Shares of the relevant Sub- Fund;
<b>Sub-Fund</b>	a separate sub-fund established and maintained in respect of one or more Classes to which the assets and liabilities and income and expenditure attributable or allocated to each such Class or Classes of Shares will be applied or charged;
<b>Subscription Price</b>	unless otherwise provided herein, the Net Asset Value per Share for each Class;
<b>Supplement</b>	a supplement to this Prospectus in which the name and the specifications of each Sub-Fund and Class are described;
<b>Sustainability Factors</b>	environmental, social and employee matters, respect for human rights, anti--corruption and anti-bribery matters
<b>Sustainability Risk</b>	an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Fun
<b>Transferable Securities</b>	transferable securities within the meaning of the Law of 2010 and the Grand Ducal Regulation of 2008;
<b>TRS</b>	as set out under Section 9.2;
<b>UCI</b>	an undertaking for collective investment, including UCITS;

<b>UCITS</b>	an undertaking for collective investment in Transferable Securities authorized pursuant to the UCITS Directive;
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended from time to time;
<b>United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>USD or U.S. Dollars</b>	the United States Dollar, the lawful currency of the United States of America;
<b>U.S. Person</b>	as set out under Section 22.3;
<b>1915 Act</b>	the Luxembourg law of 10 August 1915 on commercial companies, as amended;
<b>1933 Act</b>	the United States Securities Act of 1933, as may be amended; and
<b>1940 Act</b>	the United States Investment Company Act of 1940, as may be amended.

## PART I

### 1. THE FUND

The Fund is an open-ended collective investment company incorporated under the laws of the Grand Duchy of Luxembourg as a *société d'investissement à capital variable* (SICAV), in the form of a public limited liability company (*société anonyme*). The Fund is an umbrella structure comprising different Sub-Funds.

The Fund is registered with the Luxembourg trade and companies register under number B228021. The Articles have been published in the *Recueil Électronique des Sociétés et Associations (RESA)* on October 2nd, 2018.

The registration of the Fund pursuant to the Law of 2010 constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various Sub-Funds.

In accordance with the Law of 2010, a subscription of Shares constitutes acceptance of all terms and provisions of the Prospectus and the Articles.

The minimum share capital of the Fund may not be less than EUR 1,250,000 (or equivalent in other currenc(y)(ies)) and must be reached within six (6) months (and may not be less than this amount thereafter). The Fund's share capital is at all times equal to its Net Asset Value. The Fund's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed, and no special announcements or publicity are necessary in relation thereto from the date of the authorization of the Fund.

The Fund is established for an indefinite period and authorised as a UCITS under Part I of the Law of 2010 and is further subject to the provisions of the 1915 Act insofar as the Law of 2010 does not derogate therefrom.

#### **Umbrella structure - Sub-Funds**

The Fund has an umbrella structure consisting of one or several Sub-Funds. A separate portfolio of assets is maintained for each Sub-Fund. Each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund. A Shareholder shall only be entitled to the assets and profits of that Sub-Fund in which he participates. The Fund shall be considered as one single legal entity. With regard to third parties, including the Fund's creditors, the Fund shall be responsible for all liabilities incurred by a Sub-Fund exclusively based on the assets of the relevant Sub-Fund. The liabilities of each Sub-Fund to its Shareholders shall only be incurred with respect to the relevant Sub-Fund.

The subscription proceeds of all Shares in a Sub-Fund are invested in one common underlying portfolio of investments. Each Share is, upon issue, entitled to participate equally in the assets of the Sub-Fund to which it relates on liquidation and in dividends and other distributions as declared for such Sub-Fund or Class.

The Board may, at any time, resolve on the creation of further Sub-Funds and / or Classes of Shares and in such case, the Supplement will be updated. Each Sub-Fund may have one or more Classes of Shares. There is no limit to the number of Shares which may be issued. Shares will be issued to subscribers in registered form. Shares shall have the same voting rights and shall have no pre-emptive subscription rights. In the event of the liquidation of the Fund, each Share is entitled to its proportionate share of the Fund's assets after payment of the Fund's debts and expenses, taking into account the Fund's rules for the allocation of assets and liabilities.

## 2. MANAGEMENT OF FUND

### 2.1 Board of Directors

The Board is responsible for the overall management of the Fund, including determining the creation, effective launch date and closing of Sub-Funds and Share Classes. The Board will also determine at its own discretion the price at which each Share Class will be launched.

Independent directors may receive a fee for their work on the Board, and all directors may be reimbursed for out-of-pocket expenses in connection with the performance of their duties as directors.

### 2.2 Management Company

#### 2.2.1 General

The Board has appointed Waystone Management Company (IE) Limited (formerly known as DMS Investment Management Services (Europe) Limited), Lower Baggot Street, Dublin 2, Ireland, acting through its Luxembourg branch at 19, Rue de Bitbourg, L 1273, Luxembourg. ("**Management Company**") to serve as its designated management company within the meaning of the Law of 2010 pursuant to a management company agreement dated September 26<sup>th</sup> 2018 ("**Management Company Agreement**"). The Management Company Agreement is concluded for an indefinite period of time and may be terminated by either party upon six (6) months' prior written notice or forthwith by notice in writing in the specific circumstances provided in such agreement.

The Management Company was incorporated in Ireland on 7 August 2012. It is a 100% subsidiary of Waystone (Ireland) Limited, a limited liability company incorporated in Ireland, which is a 100% subsidiary of Waystone Governance Limited, a Cayman incorporated private limited company which is regulated by the Cayman Islands Monetary Authority. The Management Company, Waystone Management Company (IE) Limited and Waystone Governance Limited are part of the Waystone group of companies ("**Waystone Group**").

The Management Company is authorised and regulated as a management company by the Central Bank under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and has the necessary permissions to manage UCITS. The Management Company is fully authorised and is therefore authorised to manage Luxembourg funds under article 119 sqq. of the Law of 2010.

The directors of the Management Company are Caoimhghin O'Donnell, Siobhan Moloney, Conor MacGuinness, Tim Madigan, Denise Coughlan and David McGeough. Specific responsibility for

monitoring the management functions of the Management Company has been allocated to certain persons (each a **"Designated Person"**) as set out below. While the board of directors of the Management Company is ultimately responsible, as a whole, for the business of the Management Company, the Designated Persons have responsibility for monitoring the respective management functions allocated to them.

<b>Management Function</b>	<b>Designated Person(s)</b>
Decision Making	All Directors
Capital and Financial Management	Darragh O'Neill
Operational Risk Management	Patrick Foley
Fund Risk Management	Andy Lamont
Investment Management	Keith Hazley
Distribution	Brian Riordan
Regulatory Compliance	Neville Pugh

The Management Company has an authorized share capital of EUR 100 million and an issued and fully paid-up share capital of EUR 2,790,000 comprising 2,790,000 shares of EUR 1.00 each, which is in excess of the minimum capital required by the Company.

The Waystone Group is a worldwide leader in fund governance, with the industry's largest team of more than 80 full-time directors, associate directors and associates, all utilising forensic governance techniques and leveraging industry-leading proprietary technologies. Based in Dublin, Waystone also has offices in Cashel, Cayman, Luxembourg, London, Hong Kong, Singapore and New York led by principals experienced in their specialist markets.

The Waystone Group has seen significant expansion beyond its initial focus of provision of independent directors to Cayman domiciled hedge funds to offering a full suite of complementary services to hedge fund clients. Expanded services include risk and regulatory reporting, Cayman compliance services, investment management and corporate services. From a European perspective, the DMS Group long and successful relationship with investment managers mean our European operations experiencing a rapid growth, significantly to support the client base in establishing new UCITS and AIFMD compliant funds across the continent.

Notwithstanding any delegation, the Management Company is ultimately responsible in respect of the Fund for the following functions:

(a) the investment management functions, which include portfolio management and risk management;

(b) the general administration functions, including:

- legal and fund management accounting services;
- response to customer queries;
- valuation and pricing of the assets, including tax returns;
- regulatory compliance monitoring;
- maintenance of the Shareholder register;
- distribution of income;
- issue and redemption of Shares;
- settlement of contracts, including certificates dispatch; and
- record keeping;
- the marketing functions.

The Fund retains the right to offer only one or more Classes of Shares for subscription by investors in any particular jurisdiction in order to conform to local law, custom or business practice or for any other reason. In addition, the Board may adopt standards applicable to classes of investors or transactions which permit, or limit investment to, the subscription of a particular Class of Shares by an investor.

### 2.2.2 Remuneration Policy

The Management Company is subject to remuneration policies, procedures and practices (together, the "**Remuneration Policy**"). The Remuneration Policy is consistent with and promotes sound and effective risk management. It is designed not to encourage risk-taking which is inconsistent with the risk profile

of the Fund. The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Fund and the Sub-Funds, and includes measures to avoid conflicts of interest. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the Fund, and ensures that no individual will be involved in determining or approving their own remuneration. The Remuneration Policy will be reviewed annually. Details of the up-to-date Remuneration Policy, including a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available via <https://www.waystone.com/waystone-policies/>. The Remuneration Policy summary will be made available for inspection and a paper copy may be obtained, free of charge, at the registered office of the Fund.

### 3. OTHER SERVICE PROVIDERS

#### 3.1 Depositary

Pursuant to the Depositary Agreement, The Bank of New York Mellon SA/NV, Luxembourg Branch has been appointed as Depositary of all of the Fund's assets, comprising securities, money market instruments, cash and other assets. All securities and other permitted assets in any of the Sub-Funds are to be held by or to the order of the Depositary. It may also entrust the physical custody of securities and other assets, mainly securities traded abroad, listed on a foreign stock market or accepted by clearing institutions for their transactions, to such institutions or to one or more of its banking correspondents, as appointed from time to time. The liability of the Depositary shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the Law of 2010.

The Depositary performs three types of core functions:

- i. The oversight duties, as defined in article 22.3 of the Directive 2009/65/EC, as amended;
- ii. The monitoring of the cash flows of the Fund, as set out in article 22.4 of the Directive 2009/65/EC, as amended;
- iii. The safekeeping of the Fund's assets.

Under its oversight duties, the Depositary must also:

- (1) ensure that the sale, issue, redemption and cancellation of Shares effected by or on behalf of the Fund are carried out in accordance with the Law of 2010, the Articles and the Prospectus;
- (2) ensure that the value of Shares is calculated in accordance with the Law of 2010, the Articles and the Prospectus;
- (3) carry out the instructions of the Fund, unless they conflict with the Law of 2010 the Articles and the Prospectus;

(4) ensure that in transactions involving the assets of the Fund, the consideration is remitted to it within the usual time limits;

(5) ensure that the income of the Fund is applied in accordance with the Law of 2010, the Articles and the Prospectus.

The Depositary shall not carry out activities with regard to the Fund or the Management Company on behalf of the Management Company that may create conflicts of interests between the Fund, the Shareholders, the Management Company and itself, unless the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks.

The overriding objective of the Depositary is to protect the interests of the Shareholders of the Fund, which will always prevail over any commercial interests. The Depositary has no decision-making discretion nor any advice duty relating to the Fund's investments. The Depositary is a service provider to the Fund and is not responsible for the preparation of this Prospectus and, therefore, accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Prospectus.

The Bank of New York Mellon SA/NV, Luxembourg Branch is a credit institution within the meaning of the Law dated 5 April 1993, as modified, whose purpose is to engage in all types of banking and financial operations and services, to take ordinary interests in businesses as well as to undertake commercial and other operations for its own account and on behalf of third parties. The Bank of New York Mellon SA/NV, Luxembourg Branch is regulated by Belgium's Financial Services and Markets Authorities (FSMA) and is also authorised by and under the additional supervision of the CSSF. The Bank of New York Mellon SA/NV is a Belgian public limited liability credit institution (*société anonyme/naamloze vennootschap*) with registered office at 46 Rue Montoyer, B-1000 Brussels, Belgium.

#### *Sub-delegation*

In order to provide custody services in a large number of countries allowing the Fund to meet their investment objective, the Depositary may appoint entities as delegates for sub-custody functions. A list of the delegates appointed is available, free of charge and upon request, at the registered office of the Depositary.

The above list may be amended from time to time. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that could arise following such appointment, in accordance with the principles aforementioned. The delegation of functions to the delegates shall, in any case, be performed in accordance and within the limits described in articles 34 and 34bis of the Law of 2010, as amended and supplemented.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties, including affiliates for the provision of safekeeping and related services and as a result, potential conflict of interest situations may, from time to time, arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and



has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the Company e.g. foreign exchange, securities lending, pricing or valuation services.

The Depositary has also policies and procedures in place in relation to the management of conflicts of interest between the Depositary, the Fund and the Management Company that may arise where a group link as defined in the applicable regulations exists between them. It may be the case for example where the Management Company has delegated certain administrative functions to an entity within the same corporate group as the Depositary.

In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws. Additionally, in order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, with the aim of (a) identifying and analysing potential situations of conflicts of interest; and (b) recording, managing and monitoring the conflict of interest situations by (i) relying on permanent measures to address conflicts of interest such as maintaining separate legal entities, segregating duties, separating reporting lines and maintaining insider lists for staff members; or (ii) implementing appropriate procedures on a case-by-case basis, such as establishing new information barriers, ensuring that operations are carried out at arm's length and/or informing the concerned Shareholders of the Fund.

The Depositary has established a functional and hierarchical separation between the performance of its UCITS depositary functions and the performance of other tasks on behalf of the Fund.

### 3.2 Administrator, Registrar, Domiciliation Agent and Transfer agent

The Bank of New York Mellon SA/NV, a credit institution organised and existing under the laws of Belgium, with company number 0806.743.159, whose registered office is at 46 Rue Montoyer, B-1000 Brussels, Belgium, acting through its Luxembourg Branch, located in the Grand-Duchy of Luxembourg, having its registered office at 2-4, Rue Eugène Rupper L-2453 Luxembourg, Grand-Duchy of Luxembourg registered with the Luxembourg Register of Commerce and Companies under number B105087 (hereinafter referred to as "**BNYM**" or the "**Administrator**").

BNYM has been appointed by the Management Company with the approval of the Fund as Administrative, Registrar and Transfer agent. In such capacity, BNYM will be responsible for all administrative duties required by Luxembourg laws and among others for handling the processing of subscriptions of Shares, dealing with requests for redemptions and transfer of Shares, for the safekeeping of the register of shareholders, for the bookkeeping, the maintenance of accounting records, the calculation of the Net Asset Value per Share as well as for the mailing of statements, reports, notice and other documents to the concerned Shareholders of the Fund, in compliance with the provisions of, and as more fully described in, the relevant agreement mentioned hereinafter.

The rights and duties of BNYM as administrative agent are governed by an agreement entered into on 16th April 2021. This Agreement may be terminated by either party with ninety (90) days prior written notice.

The fees and costs of the Administrative, Registrar, Domiciliation and Transfer agent for the above functions are paid by the Management Company out of the fee it receives from the Fund and conform to common practice in Luxembourg.

BNYM may, upon the Fund and/or the Management Company's prior approval and CSSF's prior notification, under its full responsibility, control and in compliance with any applicable laws, delegate, outsource and/or externalize to one or more third parties (each a "**Third Party Service Provider**") all or part of the services to be provided by it.

Shareholders may refuse to have their confidential, financial and personal information stored and processed outside of Luxembourg. In such a case, BNYM shall carry out all functions directly in Luxembourg.

### 3.3 Auditor

PricewaterhouseCoopers, *société coopérative* has been appointed as auditor of the Fund and will fulfil all obligations in accordance with the applicable laws and regulations.

### 3.4 Investment Manager

The Management Company may appoint an investment manager to act as investment manager to the relevant Sub-Fund. Details of the Investment Manager will be disclosed in the relevant Supplement.

The Investment Manager may delegate some of all of its investment management duties to a sub-investment manager in relation to one or more Sub-Funds. Such delegation is subject to the approval of the CSSF, the Management Company and the Board.

The Investment Manager's remuneration received in relation to each Sub-Fund will be disclosed in the relevant Supplement.

### 3.5 Investment Adviser(s)

The Management Company or an Investment Manager may appoint one or more Investment Advisers to provide advisory services in respect of a Sub-Fund as stipulated in the relevant Supplement.

If an Investment Adviser is entitled to receive a remuneration directly out of the assets of the relevant Sub-Fund, then such remuneration will be disclosed in the relevant Supplement.

### 3.6 Distributors and nominees

The Fund and the Management Company may enter into distribution agreement(s) to appoint Distributor(s) to distribute Shares of different Sub-Funds from time to time. The Distributor(s) may appoint one or more sub-distributors with the consent of the Management Company and the Fund.

The Fund and the Management Company expect that in relation to Shares to be offered to investors the relevant Distributor(s) may offer to enter into arrangements with the relevant investors to provide

nominee services to those investors in relation to the Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

All distributors and, if applicable, nominee service providers must be professionals of the financial sector of a FATF member country which are subject under their local regulations to anti money laundering rules equivalent to those required by Luxembourg law. Whilst and to the extent that such arrangements subsist, such underlying investors will not appear in the Register of the Fund and will have no direct right of recourse against the Fund.

Any Distributor or nominee service providers holding their Shares through Euroclear or Clearstream or any other relevant clearing system as an accountholder also will not be recognised as the registered Shareholder in the Register. The relevant nominee of Euroclear or Clearstream or the other relevant clearing system will be recognised as the registered Shareholder in the Register in such event, and in turn would hold the Shares for the benefit of the relevant accountholders in accordance with the relevant arrangements.

The terms and conditions of the distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who (i) has invested in the Fund through a nominee and (ii) is not a Restricted Person, may at any time, require the transfer in his name of the Shares subscribed through the nominee. After this transfer, the investor will receive evidence of his shareholding at the confirmation of the transfer from the nominee.

Investors may subscribe directly to the Fund without having to go through Distributor(s) or a nominee.

A copy of the various agreements between the Fund, the Management Company and the Distributor(s) or nominee(s) are available at the registered office of the Fund as well as at the registered office of the Administrative Agent or of the Distributor(s)/nominee(s) during the normal business hours on any Business Day.

The Management Company and any Investment Manager or Investment Adviser may enter into retrocession fee arrangements with any Distributor or sub-distributor in relation to their distribution services, provided that any such arrangement will be designed to enhance the quality of the service to the investors. Any such retrocession fee will be paid by the Management Company, Investment Manager or Investment Adviser out of its own remuneration.

Distributors, with regard to the distribution of certain Classes' are entitled to a distribution fee payable by the Fund and/or the Investment Manager, as specified in the relevant Supplement.

#### **4. SHARES AND CLASS STRUCTURE**

Under the Articles, the Board has the power to establish and issue one or more Classes, including Classes with different characteristics, including, but not limited to, different charging structures, minimum investment amounts, liquidity profiles or currencies of denomination.

Classes of Shares available for subscription in each Sub-Fund will be described in the Supplement relating to the relevant Sub-Fund.

In relation to the minimum initial investment, minimum additional investment, the Board may authorize some waivers. In addition, investors investing through a number of affiliates may be treated as one investor for the purposes of deeming if they have met the minimum initial investment amount subject, in the case of institutional class shares, to each such affiliate qualifying as an institutional investor.

## 5. **BASE CURRENCY**

The base currency of the Fund for accounting and reporting purposes is the U.S. Dollar. However, individual Sub-Funds and/or Classes may be denominated in a currency other than the U.S. Dollar. Furthermore, the Fund may publish net asset values in currencies other than the base currency for the convenience of Shareholders.

To the extent that a Sub-Fund and/or Class is denominated in a currency other than the U.S. Dollar, the Management Company may, at its discretion, engage in foreign exchange transactions for such Sub-Fund and/or Class. The profits, gains, losses, costs, income and expenditures in relation to these transactions will be allocated to the relevant Sub-Fund and/or Class.

## 6. **INVESTMENT OBJECTIVE AND STRATEGY**

### 6.1 Investment Objective

The Fund has been designed to offer investors a selection of securities and other permitted assets consistent with the limits and conditions set forth hereafter in the Prospectus, to provide investors with active and professional management, to diversify investment risk and to satisfy the financial needs of investors seeking various investment objectives.

The investment objective for each Sub-Fund is set out in the Supplement relating to the relevant Sub-Fund.

There is no guarantee that the Fund or any Sub-Fund will meet their investment objectives and losses may be incurred.

### 6.2 Investment Strategy

The investment strategy for each Sub-Fund is set out in the Supplement relating to the relevant Sub-Fund.

## 7. **INVESTMENT RESTRICTIONS**

The following investment restrictions apply, unless otherwise provided for in the Supplement of the relevant Sub-Fund.

### 7.1 Investments

Generally, the Fund and each Sub-Fund may (save to the extent otherwise provided for in the relevant Supplement) invest in:

- a) Transferable Securities and Money Market Instruments admitted to or dealt on an Eligible Market;
- b) 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 secured within one (1) year of the issue;
- c) units of UCITS and/or Other UCIs, whether situated in a Member State or not, provided that:
  - i. such UCIs have been authorized under the laws of any Member State, OECD Member State or under the laws of a G20 Member;
  - ii. 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;
  - iii. 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;
  - iv. no more than 10% of the assets of the UCITS or Other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of Other UCITS or Other UCIs;
- d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office and is authorized under the laws of any Member State, FATF State, OECD Member State or under the laws of a G20 Member;

FDIs, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or FDIs dealt in over-the-counter ("**OTC derivatives**"), provided that:

- a) the underlying consists of instruments covered by this Section, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
- b) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
- c) 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 their fair value at the Fund's initiative; and/or
- d) Money Market Instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- i. issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an OECD 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 Member States belong, or
- ii. issued by an undertaking any securities of which are dealt in on Eligible Markets, or
- iii. issued or guaranteed by a credit institution which has its registered office in a country which is an OECD Member State and a FATF State, or
- iv. issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that set forth 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 (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to above.

## 7.2 Ancillary liquid assets

The Fund and each Sub-Fund may hold ancillary cash, i.e. normally up to 20% of its net assets.

## 7.3 Transferable Securities or Money Market Instruments by the same issuing body.

The Fund will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities or Money Market Instruments issued by the same issuing body.

The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in sub-section d) of the first paragraph of Section 7.1 or 5% of its net assets in other cases.

The total value of Transferable Securities and Money Market Instruments held by a Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets shall not exceed 40% of the value of its net assets.

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

Notwithstanding the individual limits set forth above, the Fund may not combine, where this would lead to investment of more than 20% of the net assets of a Sub-Fund in a single body, any of the following:

- a) investments in Transferable Securities or Money Market Instruments issued by that body;
- b) deposits made with that body; and/or
- c) exposure arising from OTC derivative transactions undertaken with that body.

The limit of 10% set forth in this Section is increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by a Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more Member States are members.

The limit of 10% set forth in this Section is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

The Transferable Securities and Money Market Instruments referred to in this Section shall not be included in the calculation of the limit of 40% disclosed in this Section.

The limits set out in the above paragraphs may not be aggregated and, accordingly, investments in Transferable Securities or Money Market Instruments issued by the same issuing body, in deposits or in FDIs effected with the same issuing body, may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section.

The Fund may cumulatively invest up to 20% of its net assets in Transferable Securities and Money Market Instruments within the same group.

**Notwithstanding the above provisions, the Fund is authorized to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

#### 7.4 Investments in shares and/or bonds issued by the same issuing body

Without prejudice to the limits set forth in Section 7.5, the limits provided in Section 7.3 are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and is disclosed in the relevant Sub-Fund's investment policy.

The limit set forth in the above paragraph is raised to 35% where justified by exceptional market conditions, in particular on Eligible Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### 7.5 Limits to the acquisition of shares

The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

The Fund may acquire no more than:

- a) 10% of the non-voting shares of the same issuer;
- b) 10% of the debt securities of the same issuer; or
- c) 10% of the Money Market Instruments of the same issuer.

These limits under the second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of this Section shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-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 a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State complies with the limits set forth in Sections 7.3, 7.4 and 7.6.



## 7.6 Acquisition of UCITS and/or Other UCIs

The Fund may acquire units or shares of UCITS and/or other UCIs referred to in sub-section d) of the first paragraph of Section 7.1, provided that no more than 10% of a Sub-Fund's net assets be invested in the units or shares of UCITS or Other UCIs or in one single such UCITS or Other UCI. Exceptions may apply for specific sub-funds, as further detailed in the Sub-Fund Specific Supplements below.

The underlying investments held by the UCITS or Other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under Section 7.3.

When the Fund invests in the units or shares of UCITS and/or Other UCIs that are managed directly or by delegation by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company cannot charge subscription or redemption fees to the Fund on account of its investment in the units or shares of such UCITS and/or UCIs.

In respect of a Sub-Fund's investments in UCITS and Other UCIs, the total management fee (excluding any performance fee, if any) charged both to such a Sub-Fund and the UCITS and/or Other UCIs concerned shall not exceed 2% of the relevant assets. 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.

The Fund may not acquire more than 25% of the units or shares of the same UCITS 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 compartments, this restriction is applicable by reference to all units or shares issued by the UCITS or Other UCI concerned, all compartments combined.

The Management Company shall ensure for each Sub-Fund that the global exposure (global exposure calculation methodology set forth in the relevant Supplement) relating to FDIs does not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This standard shall also apply to the following subparagraphs.

If the Fund invests in FDIs, the exposure to the underlying assets may not exceed in aggregate the investment limits set forth in 7.4 above. When the Fund invests in index-based FDIs (such index to be compliant with CSSF Circular 14/592), these investments are not subject to the limits set forth in Section 7.3.

When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph.

## 7.7 Borrowing and loans

The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fund may acquire foreign currencies by means of back to back loans.

The Fund may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Fund from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in Section 7.1 which are not fully paid, and (ii) performing permitted securities lending activities, neither of which shall be deemed to constitute the making of a loan.

The Fund may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.

The Fund may not acquire movable or immovable property.

The Fund may not acquire either precious metals or certificates representing them.

## 7.8 Exceptions to the limits

The Fund needs not comply with the limits set forth in this Section when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from Sections 7.3, 7.4 and 7.5 for a period of six (6) months following the date of their launch.

If the limits referred to in the above paragraph are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders.

To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in Sections 7.3, 7.4, 7.5 and 7.6.

If provided for in the Supplement of a Sub-Fund, such Sub-Fund may, under the conditions set out under article 181(8) of the Law of 2010, subscribe, acquire and/or hold Shares to be issued or issued by one or more other Sub-Funds.

The Fund will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

## 8. RISK MANAGEMENT PROCESS

In accordance with ESMA Guidelines 10-788 and CSSF Circular 11/512, the Management Company will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Fund. The Management Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instrument.

The Management Company will determine for each Sub-Fund, as specified in the relevant Supplement, the global exposure determination methodology, the expected level of any leverage (in case the VaR approach is applied) and/or the reference portfolio (in case the relative VaR is applied).

Upon request of a Shareholder, the Management Company will provide supplementary information to such Shareholder 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.

## 9. TECHNIQUES AND INSTRUMENTS

### 9.1 General

Unless further restricted in the Supplement in respect of a specific Sub-Fund, the Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments. Such techniques and instruments may also be used for efficient portfolio management or hedging purposes.

When these operations concern the use of FDIs, these conditions and limits will conform to the provisions laid down in Section 7.

Under no circumstances will these operations cause a Sub-Fund to diverge from its investment objectives and policies.

### 9.2 SFTs and TRS

General provisions related to Securities Financing Transactions ("**SFTs**") and Total Return Swaps ("**TRS**").

To the extent permitted by, and within the limits of, the investment policy of the relevant Sub-Fund, the Law of 2010 and any related Luxembourg law or any other regulation in force, circulars and positions of the CSSF and, in particular, the provisions of (i) article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the amended Law of 20 December 2002 relating to undertakings for collective investment (ii) Circular 08/356 (iii) Circular 14/592 and (iv) EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse of 25 November 2015 ("**SFTR**"), each Sub-Fund can (as further detailed in the relevant Supplement), in order to generate capital or additional income or to reduce costs or risk (A) enter into repurchase, including reverse repurchase, transactions, either as a buyer or a seller, (B) engage in securities lending and borrowing transactions and/or TRS.

Each Sub-Fund, as further described in the relevant Supplement, can make use of TRS and of the following SFTs:

- securities lending and borrowing;
- repurchase, including reverse repurchase, transactions.

"Securities lending" or "securities borrowing" means a transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred.

"Repurchase, including reverse repurchase, transaction" means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them.

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

The Fund or any of its delegates will report the details of any SFT and TRS concluded to a trade repository or ESMA, as the case may be in accordance with the SFTR. When a Sub-Fund uses SFTs and/or TRS, as detailed in the relevant Supplement, such instruments may be used in respect of any instrument that is eligible under article 50 of the UCITS Directive.

The assets that may be subject to SFTs and TRS are limited to:

- short term bank certificates or money market instruments such as defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to certain UCITS as regards the clarification of certain definitions;
- bonds issued or guaranteed by a Member State of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;

- bonds issued by non-governmental issuers offering an adequate liquidity;
- shares quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

The expected and maximum proportion of assets under management of the Fund that can be subject to SFTs and/or TRS is described in the relevant Supplement.

The counterparties to the SFTs and TRS will be selected on the basis of very specific criteria taking into account notably their legal status, country of origin, and minimum credit rating. The Fund will therefore only enter into SFTs and TRS with such counterparties that are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and who are based on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD.

The Fund will collateralize its SFTs and TRS pursuant to the provisions set forth hereunder in Section 10.

The risks linked to the use of SFTs and TRS as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse are further described in Section 32 "Risk Factors" of the Prospectus.

#### 9.2.1 Policy on sharing of return generated by SFTs and TRS

All revenues arising from SFTs and TRS, net of direct and indirect operational costs and fees, will be returned to the Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with TRS and SFTs as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques and transactions. Information on the identity of the entities to which such costs and fees are paid will also be available in the annual report of the Fund. Additional details, as required by the applicable laws and regulation, are provided in the relevant Sub-Fund's annex.

These parties are not related parties to the Investment Manager or the Management Company.

#### 9.2.2 Security lending transactions

The Fund may, if provided in the relevant Supplement, enter into securities lending transactions (generally a program whereby securities are temporarily transferred to borrowers in exchange for collateral) in accordance with the provisions of Circular 08/356, Circular 14/592 and ESMA Guidelines 2014/937 as follows:

The Fund and/or each Sub-Fund may lend securities only in the framework of a standardised lending system organised by a recognised security clearing body or by a first-class financial institution specialising in this type of operation. When entering into such lending transactions, the Fund and/or each Sub-Fund must in principle receive collateral which complies with the Section 10.

Lending transactions may not be entered into for more than 50% of the total value of the securities held in the portfolio of a Sub-Fund. Such limitation shall not apply if the Fund and/or each Sub-Fund has the right at any time to terminate the contract and recover immediately the securities lent. Lending transactions may not exceed a period of thirty (30) days.

#### 9.2.3 Repurchase, including reverse repurchase, agreement transactions

The Fund may, if provided in the relevant Supplement, enter into sale with the right to repurchases transactions ("*achat de titres à réméré*") as well as reverse repurchase transactions ("*opérations de prise en pension*") and repurchase agreement transactions ("*vente de titres à réméré*") in accordance with the provisions of Circular 08/356, Circular 14/592 and ESMA Guidelines 2014/937.

The Fund can act either as purchaser or seller in repurchase agreement transactions. Its involvement in such transactions is, however, subject to the rules set forth in Circular 08/356 and Circular 14/592.

For the duration of the repurchase agreement contract, the Fund cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.

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

The Fund may not buy or sell securities using a repurchase agreement transaction unless the counterparty to these transactions is subject to prudential supervision rules considered by the regulatory authority as equivalent to those prescribed by European Law.

The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations.

However, fixed-term transactions that do not exceed seven (7) days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Repurchase agreement and reverse repurchase agreements will generally be collateralized as further described hereunder, at any time during the lifetime of the agreement, to at least their notional amount.

#### 9.2.4 TRS and other financial derivative instruments with similar characteristics

When entering into TRS arrangements, which for sake of clarity, also need to comply with the provisions applicable to TRS under the SFTR, or investing in other derivative financial instruments having similar characteristics to TRS, the Fund must respect the limits of diversification referred to in articles 43, 44, 45, 46 and 48 of the Law of 2010. Likewise, in accordance with article 42 (3) of the Law of 2010 and article 48 (5) of CSSF Regulation 10-4, the Fund must ensure that the underlying exposures of the TRS (respectively other similar financial instrument) are taken into account in the calculation of the investment limits laid down in article 43 of the Law of 2010.

The Management Company may not enter into swap transactions unless it ensures that the level of its exposure to the swaps is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions.

The counterparties will be leading financial institutions specialised in this type of transaction and subject to prudential supervision. These counterparties do not have discretionary power over the composition or management of the investment portfolio of the sub-fund or over the underlying assets of the derivative financial instruments.

Combined risk exposure to a single counterparty may not exceed 10% of the respective sub-fund assets when the counterparty is a credit institution referred to in article 41 paragraph (1) (f) of the Law of 2010 or 5% of its assets in any other cases.

The rebalancing frequency for an index that is the underlying asset for a financial derivative is determined by the provider of the index in question. The costs for such rebalancing are estimated to an average of 4bps.

The TRS and other derivative financial instruments that display the same characteristics shall confer to the Fund a right of action against the counterparty in the swap or in the derivative financial instrument, and any eventual insolvency risk of the counterparty may make it impossible for the payments envisioned to be received.

The total commitment arising from TRS transactions of a particular Sub-Fund shall be the market value of the underlying assets used for such transactions at inception.

The net exposure of TRS transactions in conjunction with all exposures resulting from the use of options, interest rate swaps and financial futures may not in respect of each Sub-Fund exceed at any time the Net Asset Value of such Sub-Fund.

The total TRS to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement.

Typically, investments in TRS transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

Furthermore, the Fund may, for efficient portfolio management purposes, exclusively resort to securities lending and borrowing and repurchase agreement transactions, provided that the rules described here below are complied with.

TRS entered into by a Sub-Fund could be in the form of funded and/or unfunded swaps. "Unfunded swap" means a swap where no upfront payment is made by the total return receiver at inception. "Funded swap" means a swap where the total return receiver pays an upfront amount in return for the total return of the reference asset and can therefore be costlier due to the upfront payment requirement. Total return swaps entered into by the Sub-Fund will be usually in the form of unfunded swaps.

The Fund intends to use TRS or other financial derivative instruments with similar characteristics (at the time of this Prospectus, “contracts for difference”, “CFD”) in accordance with the provisions forth in their investment policy.

### 9.3 Efficient Portfolio Management

The reference to techniques and instruments which relate to Transferable Securities and Money Market Instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- a) they are economically appropriate in that they are realized 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; or
  - iii. generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set forth under Section 7; and
- 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 in the paragraph above 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.

A Sub-Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. The use of these strategies involves special risks, such as credit risk, counterparty risk and market risk. Please see Section 32.

Any direct and indirect operational costs and fees arising from efficient portfolio management techniques will be deducted from the revenue delivered to the Fund. These costs and fees will not include hidden revenue. Such costs and fees should, under normal circumstances, not be higher than 50% of the gross revenue of the relevant efficient portfolio management technique. Positive returns arising from the use of efficient portfolio management techniques will be solely for the benefit of the relevant Sub-Fund(s). Any direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques will be disclosed in the annual report of the Fund.

Before a Sub-Fund enters into any arrangement regarding efficient portfolio management techniques, the Management Company or, where applicable, the Investment Manager will be required to:

- a) carefully estimate the expected costs and fees and to compare them with the applicable market standard (if any) and



- b) evaluate whether the use of the efficient portfolio management techniques is in the best interest of the Shareholders of the relevant Sub-Fund(s).

The net exposures (i.e. the exposures of the Fund less the collateral, if any, received by the Fund) to a counterparty arising from the use of efficient portfolio management techniques will be taken into account in the 20% limit provided for in article 43(2) of the Law of 2010 pursuant to point 2 of Box 27 of ESMA Guidelines 2014/937.

The Fund will further respect all rules established by the CSSF in relation to the efficient portfolio management techniques, and in particular the rules set out in Circular 08/356, Circular 14/592, ESMA Guidelines 2014/937 and any additional laws, regulations and provisions, which may apply to such transactions.

It is not expected that conflicts of interest will arise when using techniques and instruments for the purpose of efficient portfolio management.

#### 9.4 Use of FDIs

The Fund may use FDIs involving Transferable Securities and Money Market Instruments for the purpose of efficient portfolio management of its assets and for hedging purposes, as detailed in the Prospectus including the Supplement for the relevant Sub-Fund. The Fund may also use FDIs for investment purposes in accordance with ESMA Guidelines 2014/937 to meet the Fund's investment objectives only if provided for in the Prospectus and/or the Supplement for the relevant Sub-Fund. The Fund may use financial FDIs under the conditions and within the limits set forth by law, regulation and administrative practice.

A Sub-Fund may, if provided in the relevant Supplement, use TRS or other FDIs with the same or similar characteristics.

#### 9.5 Disclosure to Investors

In connection with the use of techniques and instruments the Fund's annual report will contain details of the following:

- the exposure obtained through efficient portfolio management techniques;
- the identity of the counterparty(ies) to these efficient portfolio management techniques;
- the type and amount of collateral received by the Fund to reduce counterparty exposure; and
- the use of TRS and SFTs pursuant to the SFTR.

- the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.
- the assets into which the cash collateral is re-invested.

## 10. COLLATERAL POLICY

### 10.1 General

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, a Sub-Fund may receive collateral with a view to reducing its counterparty risk.

This Section sets out the collateral policy applied by the Fund. All assets received by the Sub-Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this Section.

### 10.2 Level of collateral

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

In doing so, the Sub-Fund shall comply with applicable restrictions and in particular with ESMA guidelines on exchange traded funds ("**ETFs**") and other UCITS issues as described in CSSF Circular 14/592 and SFTR.

### 10.3 Eligible collateral

Collateral received must at all times meet with the following criteria:

- Any collateral received other than cash should be of high quality, highly liquid, with a minimum credit rating of investment grade 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;
- It should be valued at least on a daily basis and must be marked to market daily it being understood that the Fund will make use of daily variation margins. Assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- Issuer credit quality: The Fund will ordinarily only accept very high quality collateral;
- It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

- It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the sub-fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received;
- Where there is a title transfer, the collateral received should be held by the Depositary. 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;
- Enforceable: Collateral must be immediately available to the Fund without recourse to the counterparty, in the event of a default by that entity.

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

- (a) Cash and cash equivalents, including short-term bank certificates and money market instruments;
- (b) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- (c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- (e) Bonds issued or guaranteed by first class issuers offering adequate liquidity;
- (f) Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

Non-Cash collateral:

- cannot be sold, pledged or re-invested;
- must be issued by an entity independent of the counterparty; and
- must be diversified to avoid concentration risk in one issue, sector or country.
- There is not maturity date.

Cash Collateral can only be:

- placed on deposit with entities prescribed in article 50(f) of the UCITS Directive;

- invested in high-quality government bonds;
- used for the purpose of reverse repurchase 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; or
- invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral exposes the Fund to certain risks such as the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Please see "Credit Risk" under Section 32.21 and "Counterparty Risk" under Section 32.41.2.

The Fund will ordinarily only accept very high quality collateral which is typically not subject to a haircut.

#### 10.4 Haircut Policy

The Fund has set up, in accordance with the Circular 14/592, a clear haircut policy adapted for each class of assets received as collateral mentioned below. Such policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy.

Collateral, if any, will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Fund for each asset class based on what has been defined in the Credit Support Annex entered into with each counterparty. The level of haircut depends on a variety of factors, including the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable and in particular situations, the outcome of liquidity stress tests carried out by the Fund under normal and exceptional liquidity conditions.

All assets received in the context of management of collateral for OTC financial derivative transactions and efficient portfolio management techniques in accordance with the Circular 14/592 will be considered as collateral and will comply with the criteria set up above.

All collateral used to reduce counterparty risk exposure will comply with the following criteria at all times:

For all the Sub-Funds receiving collateral for at least 30% of their assets, the Fund will set up, in accordance with the Circular 14/592, an appropriate stress testing policy to ensure regular stress tests under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral.

The Fund must proceed on a daily basis to the valuation of the guarantee received or paid, using available market prices and taking into account appropriate discounts which will be determined in accordance to the CSA for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets.

The level of haircut applied normally ranges between:

10% and 40% for collateral received in the form of equities;

0% and 20% for collateral received in the form of bonds; and

5% and 40% for collateral received in a form different from above.

## **11. DISTRIBUTION POLICY**

Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-Fund, on the use of the balance of the year's net income Dividends may include a capital distribution, provided that after distribution the net assets of the Fund total more than EUR 1,250,000.

Over and above the distributions mentioned in the preceding paragraph, the Board may decide on the payment of interim dividends in the form and under the conditions as provided by law.

Details of the distribution policy of each Sub-Fund are disclosed in the Supplement of the relevant Sub-Fund. The Board may amend this policy at any time upon notice without Shareholder approval.

The Fund may issue Accumulation Classes and Distribution Classes within each Sub-Fund, as indicated in the Supplement. Accumulation Classes capitalise their entire earnings whereas Distribution Classes pay dividends.

For Distribution Classes, dividends, if any, will be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Fund within the conditions set forth by law, as further described in the relevant Supplement.

Payments will be made in the reference currency of the relevant share class.

No distribution may be made which would result in the net assets of the Fund falling below the minimum provided for by Luxembourg law.

Dividends not claimed within five (5) years from their payment date will lapse and revert to the relevant Sub-Fund.

## **12. INVESTING IN THE FUND**

### **12.1 Eligible Investors**

Investors must represent, warrant and declare to the Management Company that, among other things, they are able to acquire Shares without violating applicable laws in particular the rules and regulations aiming to prevent money laundering. The Management Company will not knowingly offer or sell Shares to any investors to whom such offer or sale would be unlawful.

## 12.2 Offering of Shares

The Management Company may, at any time and at its discretion, suspend or limit the issue of Shares to potential investors temporarily or permanently in particular countries or areas and may, at its discretion, decline to permit investors to subscribe for Shares of any Class.

Performance can be affected by the Fund's and/or a Sub-Fund's size. With this in mind, and depending upon market conditions, the Management Company may consider the imposition of periods which are closed to new investors and/or further investment where they consider this will be beneficial to the Fund and/or a Sub-Fund as a whole.

## 12.3 Verification of Identity and AML

Pursuant to the Luxembourg laws of 19 February 1973 to combat drug addiction, as amended, of 5 April 1993 on the financial sector, as amended, of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, as well as to the Grand-Ducal regulation of 1 February 2010 providing details on the aforementioned law of 12 November 2004, the CSSF Regulation 12-02 and any and all the other relevant circulars of the CSSF, obligations have been imposed on professionals of the financial sector to prevent the use of undertakings for collective investment such as the Fund for money laundering and financing of terrorism purposes. Within this context measures to ensure the identification of investors have been imposed. Measures aimed towards the prevention of money laundering and terrorism financing will require the Administrator to carry out a detailed verification of the identity of any person or entity applying to the Fund for Shares prior to accepting the application and prospective investors submitting applications to subscribe for Shares will need to complete the anti-money laundering supplement included in the application form.

Investors are requested to communicate forthwith any change in their situation that will prove the information previously submitted to be no longer valid or sufficient and shall provide the necessary additional information.

In the event of delay or failure by the applicant to supply any information required for due diligence purposes or as otherwise requested by the Management Company or the Administrator at their sole discretion, the Management Company and the Administrator may refuse to accept the application and subscription money or return, subject to applicable law, subscription money (less expenses) if information required is not supplied. The applicant will be required to acknowledge that it shall indemnify and hold the Fund, the Administrator and the Management Company harmless against any loss arising as a result of a failure to process the subscription if such due diligence documentation requested from the Administrator or Management Company has not been supplied on time by the applicant.

The right is reserved by the Management Company to reject any application in whole or in part. If an application is rejected, the application money or balance thereof will be returned at the risk of the applicant and without interest as soon as reasonably practicable at the cost of the applicant.

### 13. **DESCRIPTION OF THE SHARES**

Shares will be issued in registered form only. The entry into the register of Shareholders is conclusive evidence of ownership. The Shares confer no preferential subscription rights at the time of the issue of new Shares.

The register of the Shareholders will be kept by the Administrator on behalf of the Fund. The register will contain the name of each owner of registered Shares, his/her/its residence or elected domicile as indicated to the Fund and the number and Class(es) of Shares held by his/her/it and the transfer of Shares and the dates of such transfers.

Unless otherwise provided for in the relevant Supplement, the Fund will also have the right to accept subscriptions through contributions in kind of assets to a Sub-Fund in lieu of cash in accordance with Section 14.12 below.

For each Sub-Fund, the Board or the Management Company may, in respect of Shares in one or several Class(es) if any, decide to close subscriptions temporarily or definitively, including those arising from the conversion of Shares of another Class or another Sub-Fund.

### 14. **SUBSCRIPTIONS**

#### 14.1 Initial Offer of Shares

Shares of each Class may be subscribed at a fixed price per Share during an Initial Offering Period at the discretion of the Board, as disclosed in the Supplement of the relevant Sub-Fund.

#### 14.2 Subscriptions Following the Initial Offering Period

Following the close of the Initial Offering Period in respect of a Class, investors may apply to subscribe for Shares of each Class as disclosed in the Supplement of the relevant Sub-Fund.

#### 14.3 Minimum Initial Subscription Amount

The Board may, at its discretion, specify a minimum initial subscription amount in respect of each Class and/or Sub-Fund which will be disclosed in the Supplement of the relevant Sub-Fund.

The Board may waive at its discretion the minimum initial subscription amount in respect of an individual application or generally, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with.

#### 14.4 Minimum Subsequent Subscription Amount

The Board may, at its discretion, specify a minimum subsequent subscription amount in respect of each Class and/or Sub-Fund which will be disclosed in the Supplement of the relevant Sub-Fund.

The Board may waive, at its discretion, the minimum subsequent subscription amount in respect of an individual application or generally, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with.

#### 14.5 Minimum Residual Holding Amount

The Board may, at its discretion, specify a minimum residual holding amount in respect of each Class and/or Sub-Fund which will be disclosed in the Supplement of the relevant Sub-Fund.

The Board may waive, at its discretion, the minimum residual holding amount in respect of an individual application or generally, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with.

If, as a result of redemptions or conversions, the minimum residual holding of a Shareholder in a Class and/or Sub-Fund is less than the amount determined by the Board for such Class and/or Sub-Fund, the Board may consider that the Shareholder has requested to convert or redemption its entire holding in such Class and/or Sub-Fund. The above is not applicable in case the value of an investor's holding falls below the minimum holding threshold by reason of market movements affecting the portfolio value.

#### 14.6 Methods of Communication

For an investor's initial application for Shares of any Class and/or Sub-Fund the application form must be received by the Administrator before the specified subscription deadline as set out in the Supplement of the relevant Sub-Fund. The original document should follow by mail/courier to the Administrator thereafter. Subsequent applications for Shares may be sent by facsimile, e-mail or post to the Administrator and must be received by the Administrator before the appropriate subscription deadline.

#### 14.7 Acceptance of Subscriptions

The Board reserves the right to accept or refuse any application to subscribe Shares of any Class and/or Sub-Fund in whole or in part. To the extent that any investor is subject to any investment restrictions or limitations, these should be disclosed at the time of subscription applications.

#### 14.8 Irrevocability of Subscriptions

Any request for the subscription of Shares of any Class and/or Sub-Fund shall be irrevocable and may not be withdrawn by any investor in any circumstance without the prior consent of the Board, except in the event of a suspension of the determination of the Net Asset Value. In the event of a suspension, the Administrator will process the subscription requests on the first applicable Dealing Day following the end of the period of suspension.

#### 14.9 Confirmation of Subscriptions

The Administrator will process subscription requests which are received by facsimile, post or any other means as outlined in the subscription documents as agreed between the Management Company and



the Administrator. For the initial subscription in the Fund, the original document should follow by mail/courier to the Administrator thereafter.

Written confirmation of completed subscriptions will be sent by e-mail to the subscriber at the address provided in the application form as soon as reasonably practicable after the relevant Net Asset Value was made available. No formal Share certificates will be issued.

#### 14.10 Fractions

Unless otherwise provided for in the Supplement of the relevant Sub-Fund, fractions of Shares will be issued up to three (3) decimals. For the issue or redemption of Shares, the Net Asset Value may be rounded up or down to the nearest unit of the relevant currency or otherwise as provided for in the Supplement of the relevant Sub-Fund. In cases of conversion of Shares (if allowed), any cash balance due as a consequence of fractions will be paid out to the Shareholder whose Shares were the subject of the conversion.

#### 14.11 Cancellation of Sub-Fund/Class

The Board may in its discretion decide to cancel the offering of a Sub-Fund. The Board may also decide to cancel the offering of a new Class of Shares. In such case, investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the relevant investors.

#### 14.12 Subscription in kind

At the entire discretion of the Board, Shares may be issued against contributions of transferable securities or other eligible assets to the Sub-Funds provided that these assets are eligible investments and the contributions comply with the investment policies and restrictions laid out in the Prospectus and have a value equal to the issue price of the Shares concerned. The assets contributed to the Sub-Fund, as described above, will be valued separately in a special report of the Auditor. These contributions in kind of assets are not subject to brokerage costs. The Board will only have recourse to this possibility (i) at the request of the relevant investor and (ii) if the transfer does not negatively affect current Shareholders. All costs related to a contribution in kind will be paid for by the Sub-Fund concerned provided that they are lower than the brokerage costs which the Sub-Fund would have paid if the assets concerned had been acquired on the market. If the cost relating to the contribution in kind are higher than the brokerage costs which the Sub-Fund concerned would have paid if the assets concerned had been acquired on the market, the exceeding portion thereof will be supported by the subscriber.

#### 14.13 Personal Data

Shareholders are informed that their personal data or the information given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their unitholding, will be stored in digital form and processed in compliance with the provisions of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("**GDPR**").

The personal data in relation to Shareholders is required to enable the Management Company, the Investment Manager, the distributors and the Administrator, among others, to fulfil the services required by Shareholders and to comply with its legal and regulatory obligations.

Shareholders have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete, as well as a right of erasure under the conditions set out under article 17 of the GDPR and a right to restriction of processing set out under article 18 of the GDPR.

The personal data shall not be held for longer than necessary with regard to the purpose of the data processing. The personal data shall be stored during the time required by law.

Investors are giving their express consent to the transfer of their personal data or information (as mentioned above) to the Management Company and any other companies affiliated to the Management Company for the purpose of developing and processing a business relationship with the Shareholders.

Investors must be aware that the personal data will be disclosed (i) to the Administrator and other parties who assist the Administrator with undertaking its duties to the Fund (e.g. external processing centres, dispatch or payment agents), including companies based in countries where data protection laws might not exist or be of a lower standard than in the European Union or (ii) when required by law or regulation (Luxembourg or otherwise).

Shareholders must also be aware that telephone conversations with the Management Company, the Investment Manager and the Depositary may be recorded. Recordings will be conducted in compliance with the applicable laws and regulations. Recordings may be produced in court or other legal proceedings with the same value in evidence as a written document.

When the data controller uses processors, they shall ensure that such processors provide sufficient guarantees to implement appropriate technical and organisational measures and that such processing on behalf of the data controller meet the requirements of the GDPR and ensure the protection of the rights of the Shareholders/Investors.

Shareholders agree in subscribing into the Fund for the processing of their personal data outside of the EEA. Should they disagree, they need to inform BNYM and their data will not be sent outside of Luxembourg.

The Fund, its Management Company and BNYM have entered into EU model Clauses as foreseen under article 46.2.c) of the GDPR to ensure that same level of protection be granted to the Shareholders of the Fund. This EU model Clauses have been filed with the CNPD.

BNYM will be authorised by each Shareholders to process their personal data for AML/KYC purposes and to handle their transactions and maintenance of the shares register.

## 15. **TRANSFERS**

Shares are freely transferable. Any transfer shall be carried out in accordance with the Articles.

Any transferee will be required to give the warranties contained in the Fund's application form and must also provide such additional information as the Administrator or the Board deem necessary. The Board may set different levels for minimum investments or minimum transactions for investors in certain countries.

The Board may restrict transfers of Shares to any U.S. Persons. Further, the Board may also be entitled to require the transfer of Shares which are held by any such person or any other person holding Shares where such Shares are owned directly or beneficially by any person who, by virtue of the holding concerned gives rise to a regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Fund or its Shareholders.

## 16. **REDEMPTIONS**

### 16.1 General

Any Shareholder may apply for the redemption of some or all of his Shares of a Class to be processed on the Dealing Day for such Class. The redemption price shall be paid normally no later than seven (7) Business Days after the relevant Dealing Day.

### 16.2 Minimum Redemption Amount

The Board may, at its discretion, specify a minimum redemption amount in respect of each Class as disclosed in the Supplement of the relevant Sub-Fund.

### 16.3 Confirmation of Redemption Requests

The Administrator will process redemption requests which are received by facsimile or post as agreed between the Management Company and the Administrator or by any other means as outlined in the redemption documents. Written confirmation of completed redemption requests will be sent by e-mail to the address provided in the redemption request as soon as reasonably practicable after the relevant Net Asset Value was made available.

### 16.4 Redemption Price per Share

The Redemption Price per Share of each Class is the Net Asset Value per Share of such Class determined as at the Dealing Day for such Class in respect of which the redemption application has been accepted, subject to such adjustments as may be provided for in the relevant Supplement.

## 16.5 Payment of Redemption Proceeds

Repurchase proceeds are paid in the reference currency of the relevant Class by or on behalf of the Depositary as disclosed in the Supplement of the relevant Sub-Fund.

The Fund may, at the sole discretion of the Board, settle redemption requests in whole or in part at a later date where the disposal of the underlying assets is not reasonably practicable without being seriously detrimental to the interests of the Shareholders or if, in the opinion of the Management Company, a fair price cannot be calculated for the relevant assets.

Payment of redemption proceeds will normally be made to the bank account of the registered Shareholder, provided that any outstanding identification documents have been received by the Administrator.

Redemption proceeds will be paid by telegraphic transfer (or such other method deemed appropriate) in the denominated currency of the Class (or in such other currency as may be agreed from time to time).

No redemption payment may be made to a Shareholder, or transfer of shares completed, until the Subscription Agreement and all the documentation required by the Administrator, including any document in connection with any anti-money laundering procedures have been fully completed.

## 16.6 Irrevocability of Redemption Requests

In normal circumstances, except in the event of a suspension of the determination of the Net Asset Value, applications for redemptions of Shares are irrevocable and may not be withdrawn by any Shareholder. In the event of such a suspension, the Shareholders of the relevant Class, who have made an application for redemption of their Shares, may give written notice to the Board that they wish to withdraw their application. Further, the Board may at its sole discretion, taking due account of the principle of equal treatment among Shareholders, decide to accept any withdrawal of an application for redemption.

## 16.7 Limitation on Redemption Requests

The Board may also limit the total number of Shares which may be redeemed in aggregate on any Dealing Day to 10% of the Net Asset Value of a Sub-Fund or any higher percentage as may be determined by the Board at its sole discretion. Where this restriction is applied, Shares will be redeemed on a *pro rata* basis and any Shares which for this reason are not redeemed on any particular Dealing Day will be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day will be redeemed in priority to requests received and/or carried forward from a later Dealing Day. Notwithstanding the foregoing, any redeeming Shareholder shall be entitled to receive the entire proceeds due and payable within four (4) calendar quarters and shall for those purposes, if necessary, benefit from a priority.

The Board, in its discretion, may deny or temporarily suspend any redemption requests and/or payment of any redemption proceeds at any time. Redemptions may be suspended if the calculation of the Fund's Net Asset Value has been suspended or if the Board determines that such a denial or suspension is required by law, is necessary to effect the orderly liquidation of the Fund's assets or is otherwise necessary to protect the best interests of the Sub-Fund or its Shareholders. Shares subject to a redemption request suspension will continue to participate in gains and losses of the Company until the Redemption Date next following the end of such suspension *Compulsory Redemptions*. Compulsory redemptions will not be subject to imposition of a Redemption Fee.

#### 16.8 Compulsory Redemption

The Board has the power to impose or relax the restrictions on any Shares of the same Class (other than any restrictions on transfer of Shares, but including the requirement that Shares be issued only in registered form), as it may think necessary for the purpose of ensuring that no Shares in the Fund are acquired or held by or on behalf of:

- a) any person in breach of the law or requirements of any country or governmental or regulatory authority (if the Board shall have determined that the Management Company, the Fund, the Investment Manager or any Connected Person (as defined in the Articles) would suffer any disadvantage as a result of such breach), or
- b) any person in circumstances which in the opinion of the Board might result in the Management Company, the Investment Manager, the Fund or the Shareholders incurring any liability to taxation or suffering any other pecuniary disadvantage which they might not otherwise have incurred or suffered, including a requirement for the Management Company, or the Fund or the Investment Manager to register under any securities or investment or similar laws or requirements of any country or authority, or market timing and/or late trading practices.

The Fund may compulsory redeem Shares in the circumstances under the above paragraphs.

The Fund is also entitled to compulsorily redeem all Shares of a Shareholder:

- a) where a Shareholder has transferred or attempted to transfer any portion of his Shares in violation of the Prospectus and/or of the Articles; or
- b) where any of the representations or warranties made by a Shareholder in connection with the acquisition of Shares was not true when made or has ceased to be true; or
- c) where a Shareholder
  - i. has filed a voluntary petition in bankruptcy;
  - ii. has been adjudicated bankrupt or insolvent, or has had entered against it an order for relief, in any bankruptcy or insolvency proceeding;

- iii. has filed a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
  - iv. has filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any proceeding of this nature; or
  - v. has sought, consented to or acquiesced in the appointment of a trustee, receiver or liquidator of such Shareholder or of all or any substantial part of the Shareholder's properties; or
- d) in any other circumstances in which the Management Company determines at its absolute discretion that such compulsory redemption would avoid material legal, pecuniary, tax, economic, proprietary, administrative or other disadvantages to the Fund.

Furthermore, the Fund may:

- a) reject at its discretion any application for Shares when the Board or the Management Company deems it necessary;
- b) redeem at any time the Shares held by Shareholders who are excluded from purchasing or holding Shares.

Where it appears to the Board that any Shares are owned directly or beneficially by or being acquired for the account or benefit of, directly or indirectly, (i) any person or persons who are precluded pursuant to the Articles from holding Shares, or (ii) who or which, by virtue of the holding concerned, give rise to a breach of any applicable laws or requirement in any jurisdiction or may, either alone or together with any other person(s), in the sole and conclusive opinion of the Board:

- a) prejudice the tax status or residence of the Fund or the Shareholders; or
- b) cause the Fund or any Shareholder to suffer any legal, regulatory, pecuniary, taxation or material administrative disadvantage; or
- c) cause the Fund to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply,

then the Board may compulsorily redeem all Shares held by such Shareholder.

## 17. **CONVERSION OF SHARES**

Switching of Shares shall only be permitted if explicitly set-out in the Supplement of the relevant Sub-Funds.

Subject to the qualifications for investment being met, a Shareholder may request the switch of all or, providing the value of the Shares to be switched equals or exceeds the minimum initial or subsequent

subscription amount (as applicable) specified for each Sub-Fund in the relevant Supplement (subject to any applicable waiver as described under heading 13), part of his Shares of one Sub-Fund or Class into Shares of another Sub-Fund or Shares of another Class of the same Sub-Fund.

A Shareholder wishing to switch into a Class reserved for Institutional Investors will need to provide to the Central Administration Agent such information and documentation as is necessary to verify that such Shareholder is an Institutional Investor.

Unless otherwise provided for in the relevant Supplement of the Sub-Fund, switching may be made free of charge.

Shareholders must read the relevant KIID and fill out and sign an irrevocable application for switching which must be addressed with all the switching instructions to Administrator. The Fund may also accept switches transmitted via facsimile.

If, for any reason, the value of the holdings of a single Shareholder in Shares of a particular Sub-Fund (or, if more than one Class of Shares have been issued in a Sub-Fund, of that Class) falls below the minimum holding amount specified for that Sub-Fund (or, if applicable, for that Class) in the relevant Supplement (subject to any applicable waiver as described under 13), then the Shareholder will at the discretion of the Fund be deemed to have requested the switching of all of his Shares of that Sub-Fund (or, if applicable, of that Class).

The switching is performed on the basis of the Net Asset Value of the Classes concerned on the day the switching application is received in proper form by the Administrator, provided that such day is a Calculation Day for both of the Classes involved in the switching and the switching application has been received in proper form as set out in the relevant Supplement. Shares may not be switched if the determination of the Net Asset Value of one of the relevant Sub-Funds is suspended.

A switching order may require the conversion of currency from one Sub-Fund to another. In such event, the number of Shares of the New Sub-Fund (as defined below), obtained on a switching will be affected by the net foreign currency exchange rate, if any, applied to the switching.

The rate at which Shares in a given Sub-Fund or Class ("**Initial Sub-Fund**") are switched into Shares of another Sub-Fund or Class ("**New Sub-Fund**") is determined by means of the following formula:

$$F = \frac{A \times (B - C) \times E}{D}$$

Where:

A is the number of Shares of the Initial Sub-Fund subject to the switching order;

B is the Net Asset Value per Share of the Initial Sub-Fund;

C is the switching fee if any, applied to B;

D is the Net Asset Value per Share of the New Sub-Fund;

E is the currency exchange rate (as referred to in Section 19.1 between the currency of the Initial Sub-Fund and the currency of the New Sub-Fund. If the currency of the Initial Sub-Fund and the currency of the New Sub-Fund are the same, E will be equal to 1; and

F is the number of Shares of the New Sub-Fund obtained in the switching.

A confirmation statement will be sent via the agreed means to the relevant Shareholder (or third party as requested by the subscriber), detailing the switching transactions as soon as reasonably practicable after the Redemption Price and Subscription Price of the Shares being switched has been determined. Shareholders should check this statement to ensure that the transactions have been accurately recorded.

## 18. LISTING SHARES

The Board may decide at its own discretion to list Shares on either of the markets operated by the Luxembourg Stock Exchange.

Shares that are listed on the Luxembourg Stock Exchange are required to be negotiable and transferable on that Exchange upon their admission to trading thereon (and trades registered thereon may not be cancelled by the Fund).

The holding restrictions applicable to the relevant Share Class will nevertheless apply to any party to which Shares are transferred on the Luxembourg Stock Exchange.

In this case, the Board shall require either the compulsory redemption of all the Shares held by a Shareholder or the transfer of those Shares to a Shareholder who is not precluded from holding Shares.

## 19. DETERMINATION OF THE NET ASSET VALUE

For the purposes of calculation of the NAV per Share, all applications for subscription, redemption, switch and conversion of Shares of the Sub-Funds, as well as all contributions received in consideration for the issuance of Shares and all proceeds paid in consideration for the redemption or transfer of Shares shall be taken into account. In respect of NAV calculation errors the materiality threshold and the *de minimis* rules as set forth in Circular 02/77, BNYM will comply with the specific requirements of Circular 02/77, to the extent applicable to it.

### 19.1 Base Currency

The base currency of account of the Fund is the U.S. Dollar and the Net Asset Value of the Fund is expressed in U.S. Dollar. To the extent that a Sub-Fund's base currency differs from that of the Fund, the net asset value of the Sub-Fund will, for these purposes only, be converted to U.S. Dollar at the then-prevailing rates of exchange.



The Net Asset Value will be made available at the registered office of the Fund, the Management Company and of the Investment Manager. For the issue, redemption, or, if permitted, conversion of Shares, the Net Asset Value may be rounded up or down to the nearest unit of the relevant currency or otherwise as provided for in the Supplement of the relevant Sub-Fund.

## 19.2 Assets and Liabilities

The assets of the Fund shall be deemed to include:

- a) all cash on hand or on deposit, including any interest accrued thereon;
- b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered);
- c) all bonds, time notes, units, stock, debenture stocks, units/units in undertakings for collective investment, subscription rights, warrants, options and other investments and securities owned or contracted for by the Management Company for the Fund;
- d) all stock, stock dividends, cash dividends and cash distributions receivable by the Fund (provided that the Management Company may make, adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, or ex-rights or by similar practices);
- e) all interest accrued on any interest-bearing securities owned by the Fund except to the extent that the same is included or reflected in the principal amount of such security;
- f) the preliminary expenses of the Fund insofar as the same have not been written off; and
- g) all other assets of every kind and nature, including prepaid expenses.

The value of such assets shall be determined as follows:

- i. the value of any cash on 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 Management Company may consider appropriate in such case to reflect the true value thereof;
- ii. the value of securities and/or FDIs which are quoted or dealt in on any stock exchange shall be based, except as defined in (c), in respect of each security on the last reported sales price on the stock exchange which is normally the principal market for such security;
- iii. where investments of the Fund are both listed on a stock exchange and dealt in by market makers outside the stock exchange on which the investments are listed, then the Management

Company will determine the principal market for the investments in question and they will be valued at the latest available price in that market;

- iv. securities dealt in on another regulated market are valued in a manner as near as possible to that described in (b);
- v. in the event that any of the securities held in the Fund's portfolio on the NAV Date are not quoted or dealt in on a stock exchange or another regulated market, or for which no price quotation is available, or if the price as determined pursuant to (b) and/or (d) is not in the opinion of the Management Company representative of the fair market value of the relevant securities, the value of such securities shall be determined prudently and in good faith, based on the reasonably foreseeable sale price or any other appropriate fair valuation principles;
- vi. the FDIs which are not listed on any official stock exchange or traded on any other organized market will be valued in a reliable and verifiable manner on a daily basis and verified by a competent professional appointed by the Management Company;
- vii. units or units in underlying open-ended investment funds shall be valued at their last available net asset value reduced by any applicable charges;
- viii. liquid assets and Money Market Instruments are valued at their market price, at their nominal value plus accrued interest or on an amortized cost basis in accordance with ESMA Guideline 10-049. If the Management Company considers that an amortization method can be used to assess the value of a Money Market Instrument, it will ensure that this will not result in a material discrepancy between the value of the Money Market Instrument and the value calculated according to the amortization method; and
- ix. in the event that the above mentioned calculation methods are inappropriate or misleading, the Management Company may adjust the value of any investment or permit some other method of valuation to be used for the assets of the Fund if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investments.

The liabilities of the Fund shall be deemed to include:

- (a) all loans, bills and accounts payable;
- (b) all accrued or payable administrative expenses (including but not limited to investment advisory fees, performance or management fees, custody fees and corporate agents' fees);
- (c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Fund where the NAV Date falls on the record date for determination of the person entitled thereto or is subsequent thereto;

- (d) an appropriate provision for future taxes based on capital and income on the NAV Date, as determined from time to time by the Management Company, and other provisions, if any, authorized and approved by the Management Company covering, among others, liquidation expenses; and
- (e) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by Shares in the Fund.

In determining the amount of such liabilities the Management Company shall take into account all expenses payable by the Fund comprising formation expenses, the remuneration and expenses of its Management Company, fees payable to its investment advisers or investment managers, fees and expenses payable to its service providers and officers, accountants, custodian and correspondents, domiciliary, registrar and transfer agents, any paying agent and permanent representatives in places of registration, any other agent employed by the Management Company for the Fund, registration costs, regulatory fees, fees and expenses incurred in connection with the listing of the Shares of the Fund at any stock exchange or to obtain a quotation on another regulated market, fees for legal and tax advisers in the Grand Duchy of Luxembourg and abroad, foreign registration fees, fees for auditing services, printing, reporting and publishing expenses, including the cost of preparing, translating, distributing and printing of the prospectuses, notices, rating agencies, explanatory memoranda, registration statements, or interim and annual reports, taxes or governmental charges, Shareholders servicing fees and distribution fees payable to distributors of Shares, currency conversion costs, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex. The Management Company may calculate for the Fund administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

The Fund constitutes a single legal entity and its assets will be invested for the exclusive benefit of the Shareholders.

## 20. **SUSPENSION OF DETERMINATION OF THE NET ASSET VALUE**

The Management Company may suspend the calculation of the Net Asset Value as well as the issue, redemption and conversion of Shares of a Class and/or a Sub-Fund in the following cases:

- a) during any period when dealing the units/shares of any underlying vehicle in which the relevant Sub-Fund may be invested are restricted or suspended;
- b) during any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of the investments of the relevant Sub-Fund for the time being are quoted, is closed, other than for legal holidays, or during which dealings are substantially restricted or suspended, provided that such restriction or suspension affects the valuation of the investments of the relevant Sub-Fund;
- c) during the existence of any state of affairs which constitutes an emergency, in the opinion of the Management Company, or when, as a result of political, economic, military, terrorist or monetary events or any circumstances outside the control, responsibility and power of the relevant Sub-Fund, disposal of the underlying assets of the relevant Sub-Fund is not reasonably practicable

without being seriously detrimental to Shareholders' interests or if, in the opinion of the Board or the Management Company, a fair price cannot be calculated for those assets as a result of which disposal or valuation of investments of the Fund is not possible;

- d) during any breakdown in the means of communication normally employed in determining the price or value of the relevant Sub-Fund's investments or the current price or value on any market or stock exchange;
- e) if the Fund is being or may be wound up, liquidated or merged, from the date on which notice is given of a proposed resolution to that effect or if a Sub-Fund is being liquidated or merged, from the date on which the relevant notice is given;
- f) when for any other reason the prices of any investments owned by the relevant Sub-Fund cannot promptly or accurately be ascertained (including the suspension of the calculation of the net asset value of an underlying undertaking for collective investment);
- g) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board or the Management Company, be effected at normal rates of exchange; or
- h) any other circumstances beyond the control of the Board.

The Board may, in any of the circumstances listed above, suspend the issue and/or, redemption and/or conversion of Shares of a Class and/or a Sub-Fund without suspending the calculation of the Net Asset Value of that Class and/or Sub-Fund.

Notice of such suspension will be given to the CSSF.

A notice of the beginning and of the end of any period of suspension will be published in a Luxembourg newspaper and in any other newspaper(s) and/or media selected by the Board, if, in the opinion of the Board, it is likely to exceed seven (7) Business Days.

The Fund is not liable for any error or delay in publication or, to the extent that the Fund had instructed a third party to arrange for a publication, for non-publication.

Notice will likewise be given to any applicant or Shareholder, as applicable, applying for the issue, redemption and conversion of Shares of a Class. Such Shareholders may give notice that they wish to withdraw their application for subscription, redemption and conversion of Shares. If no such notice is received by the Fund such application for redemption or conversion as well as any application for subscription will be dealt with on the first Dealing Day following the end of the period of suspension.

## 21. FEES AND EXPENSES

### 21.1 Management Company's Fees

The Management Company will be entitled to receive a management fee in respect of a Sub-Fund or Class pursuant to the Management Agreement. Details of the management fee will be contained in the relevant Supplement.

The management fee will be calculated and accrue at each Calculation Day and is paid monthly in arrears together with reasonable vouched out of pocket expenses incurred by the Management Company in the performance of its duties. The Management Company is responsible for paying the fees of the Directors, Depository, Administrator, and the Auditors (for the annual audit only).

Details of any fees payable to any Investment Manager (including any investment management fees and/or performance fees) will be set out in the relevant Supplement.

### 21.2 Initial Sales Charge

Investors may be subject to a sales charge, as set out in the relevant Supplement.

### 21.3 Redemption Charge

A redemption charge may be levied in relation to certain Sub-Funds or Classes as disclosed in the relevant Supplement.

### 21.4 Conversion/Switch Charge

A conversion/switch charge may be levied in relation to certain Sub-Funds or Classes as disclosed in the relevant Supplement.

### 21.5 Organisation Costs

Third party out-of-pocket formation costs of the Fund (including the preparation of this Prospectus, the Articles and agreements with the service providers, any translation thereof and of any other documentation in relation to the Fund, as well as related taxes, duties and any other publication expenses) ("**Umbrella Set-Up Costs**") will be borne by the Management Company).

Save where otherwise disclosed in the relevant Supplement, all fees and expenses relating to the establishment and organisation of each Sub-Fund including, but not limited to, the fees of professional advisers engaged by the Investment Manager and/or the Management Company in relation to the establishment of each Sub-Fund (which includes, but is not limited to, the drafting and finalization of the Prospectus, Supplement, Subscription Agreement, Investment Management Agreement, KIIDS and all other documents necessary or relevant to the establishment of the Sub-Fund) shall be borne by such Sub-Fund ("**Sub-Fund Set-Up Costs**" and together with the Umbrella Set-Up Costs: "**Set-Up Costs**"). For the avoidance of doubt, the onboarding fee paid by the Investment Manager to the Management Company (which was an advancement for legal fees for the establishment and organization of the Sub-

Fund) shall be considered a Sub-Fund Set-Up Cost to the extent such onboarding fee was used in connection with the establishment and organization of the Sub-Fund. A Sub-Fund's Set-Up Costs are borne by the relevant Sub-Fund and amortised over a period not exceeding the first five (5) years from the date of the first issue of the Shares in that particular Sub-Fund.

## 21.6 Operating Costs

Each Sub-Fund also pays all of its own operating expenses (excluding fees and expenses covered by the Management Fee) which may be incurred by the Sub-Fund, the Investment Manager or their respective affiliates, including, but not limited to, the following expenses : (i) expenses incurred in the buying, selling and holding of portfolio investments, such as all taxes, administrative expenses and investment expenses (i.e., expenses that are reasonably determined by the Investment Manager to be directly related to the evaluation, acquisition, holding or disposition of the Sub-Fund's assets (whether incurred by the Investment Manager or others), such as: (A) brokerage and commission expenses (including, without limitation, clearing and settlement charges), (B) margin, premium and interest expenses, (C) out-of-pocket expenses related to investments and potential investments, including, without limitation, travel expenses, (D) research, monitoring, data, software and related equipment expenses, (E) consultant expenses, (F) fees, charges and disbursements of custodians and sub-custodians, (G) fees, charges and disbursements of escrow agents, (H) fees and expenses relating to any special purpose investment vehicle or other subsidiary used to facilitate a transaction, (I) fees and expenses relating to investment transactions not consummated, (ii) governmental, regulatory, licensing, filing or registration fees and service provider fees incurred in connection with the Sub-Fund's and, to the extent relating to the Investment Manager's activities on behalf of the Sub-Fund, the Investment Manager's respective regulatory, legal and/or compliance obligations, such as costs and expenses incurred in connection with the preparation and/or filing by the Investment Manager of various filings or registrations with, or licenses obtainable from, any multi-national, national, federal, state or local governmental, regulatory, self-regulatory or other authority, including any levy applied by the CSSF; (iii) insurance expenses; (iv) fees and expenses of service providers retained to provide accounting, middle/back-office services, bookkeeping, reconciliation, data aggregation, trade processing, reporting, monitoring, quality control (including, without limitation, shadow services) or other services to the Sub-Fund and/or to the Investment Manager relating to its activities on behalf of the Sub-Fund (to the extent not paid by the Management Company); (v) directors' fees and expenses (including, without limitation, travel and other expenses related to organization and conduct of directors' meetings); (vi) legal, accounting, auditing, banking, tax-preparation and valuation expenses to the extent not paid by the Management Company; (vii) all financing costs, including interest and fees on borrowings of (or commitments to lend) cash or securities; (viii) taxes, including without limitation, withholding, net income, franchise, valued added, stamp and transfer taxes, along with any interest and penalties thereon or other additions to such taxes imposed on the Sub-Fund or any of its shareholders; (ix) expenses incurred in connection with any distributions or dividends; (x) expenses incurred in connection with any indemnification obligation of the Sub-Fund; (xi) extraordinary and/or non-recurring expenses, including, without limitation, expenses incurred in connection with any litigation, government investigation, or dispute in connection with the business of the Sub-Fund and the amount of any judgment or settlement paid in connection therewith, or the enforcement of the Sub-Fund's rights against any person; (xii) all expenses incurred in connection with the reorganization, dissolution, winding-up or termination of the Sub-Fund; (xiii) the expenses of holding any meetings of Shareholders of the Sub-Fund (including all travel costs of personnel of the Management Company or Investment Manager attending such meetings, notwithstanding the fact that such personnel may engage in activities other than attending such

meetings); (xiv) expenses incurred in connection with the offering of the Shares and the provision of services to existing Shareholders, including, without limitation, (A) the cost of preparing, printing, publishing, translating and distributing (in such languages as may be necessary), supplements, annual reports, financial statements, notices and other documents or information to current and prospective Shareholders and (B) travel expenses incurred in connection with conducting the ongoing offering of the Shares (including, without limitation, such expenses that may be incurred by the Investment Manager and/or its affiliates when visiting existing and/or prospective Shareholders) (xv) any other expenses that the Directors determine to be reasonably related to the operations of the Sub-Fund; (xvi) any costs relating to a listing of the Shares. The Administrator fees will be paid by the Management Company, as agreed in the relevant agreements and fee schedules.

The Administrator and Depositary will also be reimbursed by the Fund out of the assets of the relevant Sub-Fund for reasonable out-of-pocket expenses incurred by them. The Depositary will also be paid by the Fund out of the assets of the relevant Sub-Fund for transaction fees (which will not exceed normal commercial rates) and fees and reasonable out-of-pocket expenses of any sub-custodian appointed by the Depositary. The Administrator and Depositary may also charge each Sub-Fund or the Management Company out of the management fee for certain other additional fees for services that may be required from time to time, as agreed with the Fund and or / the Management Company.

The Fund will pay out of its assets certain other costs and expenses incurred in its operation as more fully described under Section 19.2.

Each Sub-Fund also pays, based on the Net Asset Value of the Sub-Fund relative to the Net Asset Value of the Fund a pro rata portion of operating costs not attributable to a specific Sub-Fund.

When applicable, all expenses related to the compliance with the SFDR and any other applicable legislation or regulations related to the EU Action plan, including costs and expenses of collecting and calculating data and the preparation of policies, disclosures and reports in addition to other matters that relate solely to marketing and regulatory matters will be borne by each Sub-Fund.

## **22. TAX CONSIDERATIONS**

### **22.1 General**

The following statements on taxation below are intended to be a general summary of certain of the Grand Duchy of Luxembourg tax consequences that may result to the Fund and Shareholders in connection with their investment in the Fund and are included herein solely for information purposes. They are based on the law and practice in force in the Grand Duchy of Luxembourg at the date of this Prospectus.

There is no assurance that the tax status of the Fund or Shareholders will not be changed as a result of amendments to, or changes in the interpretation of, relevant tax legislation and regulations. This summary is of general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Prospective investors should therefore consult their own professional advisers as to the effects of state, local or foreign tax laws, including Luxembourg tax law, to which they might be subject.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Fund is made will endure indefinitely. The information should not be regarded as legal or tax advice.

#### *Taxation of the Fund Outside of Luxembourg*

The Fund may be subject to local withholding taxes in respect of income or gains derived from its investments in underlying investee countries.

#### 22.2 Luxembourg

##### *Taxation of the Fund*

The Fund is not subject to taxation in the Grand Duchy of Luxembourg on its income, profits or gains.

The Fund is not subject to net wealth tax in the Grand Duchy of Luxembourg.

A registration tax of seventy-five euros (75 EUR), or any other amount as may be further determined by the relevant Luxembourg legislation, is to be paid upon incorporation and each time the Articles are amended. No stamp duty, capital duty or other tax will be payable in the Grand Duchy of Luxembourg upon the issue of the Shares.

The Fund is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its Net Asset Value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax rate of 0.01% per annum is applicable to Luxembourg UCITS whose exclusive object is the collective investment in Money Market Instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to UCITS individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more Institutional Investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCIs, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to the part II of the Law of 2010 qualifying as exchange traded funds, (v) UCIs and individual compartments thereof with multiple compartments whose main objective is the investment in microfinance institutions and (vi) UCIs and individual compartments thereof with multiple compartments whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public, such as an Eligible Market and whose exclusive object is to replicate the performance of one or more indices.

#### **Withholding tax**

Interest and dividend income received by the Fund may be subject to non recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties



entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate. Distributions made by the Fund are not subject to withholding tax in the Grand Duchy of Luxembourg.

### ***Taxation of Shareholders***

#### **Luxembourg resident individuals**

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

1. the Shares are sold within six (6) months from their subscription or purchase; or
2. if the Shares held in the private portfolio constitute a substantial shareholding.

A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five (5) years preceding the date of the disposal, more than 10% of the share capital of the company.

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 43.6%. An additional temporary income tax of 0,5% (*impôt d'équilibrage budgétaire temporaire*) will be due by Luxembourg individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

#### **Luxembourg resident corporate**

Luxembourg resident corporate Shareholders will be subject to corporate taxation at the rate of 27.08% (in 2017 for entities having the registered office in the Grand Duchy of Luxembourg-City) on capital gains realised upon disposal of Shares and on the distributions received from the Fund.

Luxembourg corporate resident Shareholders who benefit from a special tax regime, such as, for example, (i) an UCI subject to the Law of 2010, (ii) specialised investment funds subject to the amended law of 13 February 2007 on specialised investment funds, or (iii) family wealth management companies subject to the amended law of 11 May 2007 related to family wealth management companies, are exempt from income tax in the Grand Duchy of Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Shareholders except if the holder of the Shares is (i) an UCI subject to the Law of 2010, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13 February 2007 on specialised investment funds or (v) a family wealth management company subject to the amended law of 11 May 2007 related to family wealth

management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

### **Non-Luxembourg residents**

Non-resident individuals or collective entities who do not have a permanent establishment in the Grand Duchy of Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax. An additional temporary income tax of 0,5% (*impôt d'équilibre budgétaire temporaire*) will be due by individual subject to the Luxembourg State social security scheme in relation to their professional and capital income.

It is expected that Shareholders will be resident for tax purposes in many different jurisdictions. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each investor of subscribing, holding or redeeming or otherwise acquiring or disposing of Shares. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances. Investors should inform themselves about, and when appropriate consult their professional advisers on, the possible tax consequences of subscription for, buying, holding, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

### **Automatic Exchange of Information**

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. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017.

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

Accordingly, the Fund may require the Shareholders to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a Shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Fund shall communicate any information to the Shareholder according to which (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to CRS-related questions is mandatory and accordingly the

potential consequences in case of no response; and (v) the Shareholder has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

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 EU 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 automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

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

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

### 22.3 United States

Some of the Sub-Funds may allow U.S. Persons as investors.

#### Definition of U.S. Person

A U.S. Person for purposes of this Prospectus is a person who is in either of the following two categories: (a) a person included in the definition of U.S. Person under Rule 902 of Regulation S under the 1933 Act or (b) a person excluded from the definition of a Non-United States Person as used in CFTC Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of U.S. Person in Rule 902 and qualifies as a Non-United States Person under CFTC Rule 4.7.

U.S. Person under Rule 902 includes the following:

1. any natural person resident in the United States;
2. any partnership or corporation organized or incorporated under the laws of the United States;
3. any estate of which any executor or administrator is a U.S. person;
4. any trust of which any trustee is a U.S. person;
5. any agency or branch of a non-U.S. entity located in the United States;

6. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
7. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States; and
8. any partnership or corporation if:
  - (a) organized or incorporated under the laws of any non-U.S. jurisdiction; and
  - (b) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, U.S. Person under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person, if (A) an executor or administrator of the estate who is not a U.S. Person has sole or united investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. Person if a trustee who is not a U.S. Person has sole or united investment discretion with respect to the trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. Person located outside the United States if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organizations as specified in Rule 902(k)(2)(vi) of Regulation S under the 1933 Act, including their agencies, affiliates and pension plans.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered "Non-United States persons":

- i. a natural person who is not a resident of the United States or an enclave of the U.S. government, its agencies or instrumentalities;
- ii. a partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- iii. an estate or trust, the income of which is not subject to United States income tax regardless of source;

- iv. an entity organized principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
- v. a pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

The following discussion is a general summary of certain U.S. federal tax consequences that may result to the Fund and its Shareholders in connection with their investment in the Fund. The discussion does not purport to deal with all of the U.S. federal income tax consequences applicable to the Fund or to all categories of investors, some of whom may be subject to special rules. In particular, because U.S. Taxpayers (as defined below) generally will not be permitted to invest in the Fund except in accordance with the provisions of a Supplement, the discussion does not address the U.S. federal income tax consequences to such persons of an investment in Shares.

The following discussion is based on laws and regulations currently in effect, which may change retroactively or prospectively. The discussion assumes that the Fund will not hold any interests (other than as a creditor) in any "United States real property holding corporations" as defined in the U.S. Internal Revenue Code of 1986, as amended ("**Code**"). Investors should consult their own tax advisors regarding the tax consequences to them of an investment in the Fund under applicable U.S. federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

As used herein, the term "U.S. Taxpayer" means: a U.S. citizen or resident alien of the United States (as defined for U.S. federal income tax purposes); any entity treated as a partnership or corporation for U.S. tax purposes that is created or organized in, or under the laws of, the United States or any State thereof (including the District of Columbia); any other partnership that is treated as a U.S. Taxpayer under U.S. Treasury Department regulations; any estate, the income of which is subject to U.S. income taxation regardless of source; and any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the United States may nonetheless, in some circumstances, be treated as U.S. Taxpayers.

The following discussion assumes for convenience that the Fund, including each Sub-Fund thereof, will be treated as a single entity, and as a corporation, for U.S. federal income tax purposes. The law in this area is uncertain. Thus, the Fund may adopt an alternative approach, treating each Sub-Fund as a separate entity for U.S. federal income tax purposes. There can be no assurance that the U.S. Internal Revenue Service will agree with the position taken by the Fund.

### *Taxation of the Fund*

The Fund generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as "effectively connected" with a U.S. trade or business carried on by the Fund. If none of the Fund's income is effectively connected with a U.S. trade or business carried on by the Fund, certain categories of income, including dividends (and certain substitute dividends and other dividend equivalent payments) and certain types of interest income, derived by the Fund from U.S. sources will be subject to a U.S. tax of 30 per cent., which tax is generally withheld from such income. Certain other categories of income, generally including capital gains (including those derived from the use of derivative instruments) and interest on certain portfolio debt obligations (which may include U.S. Government securities), original issue discount obligations having an original maturity of one hundred and eighty three (183) days or less, and certificates of deposit will not be subject to this 30 per cent. tax. If, on the other hand, the Fund derives income which is effectively connected with a U.S. trade or business carried on by the Fund, such income will be subject to U.S. federal income tax at the graduated rates applicable to U.S. domestic corporations, and the Fund may also be subject to a branch profits tax.

As stated above, the Fund generally intends to conduct its activities so as to avoid being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes. Specifically, the Fund intends to qualify for safe harbours in the Code, pursuant to which the Fund will not be treated as engaged in such a business if its activities are limited to trading in stocks and securities or commodities for its own account. To qualify for the commodities safe harbour, the commodities must be of a kind customarily dealt in on an organized commodity exchange, and the transaction must be of a kind customarily consummated at such place. These safe harbours apply regardless of whether the trading is done by the Fund or a resident broker, commission agent, depository or other agent, or whether such agent has discretionary authority to make decisions in effecting the transactions. These safe harbours do not apply to a dealer in stocks, securities or commodities; the Fund does not intend to be such a dealer.

It should be noted, however, that only limited guidance, including proposed regulations that have yet to be finalized, exists with respect to the tax treatment of non-U.S. persons who effect transactions in securities and commodities derivative positions for their own account within the United States. For example, as currently proposed, the regulations provide a safe harbour with respect to trading interests in currencies and currency derivatives only if the currencies are of a kind customarily dealt in on an organised commodity exchange. Future guidance may cause the Fund to alter the manner in which it engages in such activity within the United States.

Pursuant to the US Foreign Account Tax Compliance Act ("**FATCA**"), the Fund (or each Sub-Fund) must comply (or be deemed compliant) with extensive new reporting and withholding requirements designed to inform the US Department of the Treasury of US-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements will subject the Fund (or each Sub-Fund) to US withholding taxes on certain US-sourced income and (effective 1 January 2019) gross proceeds. Pursuant to an intergovernmental agreement between the United States and Luxembourg, the Fund (or each Sub-Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to the Luxembourg authorities. Shareholders may be requested to provide additional information to the Fund to enable the Fund (or each Sub-Fund) to satisfy these obligations. Failure to provide requested information or (if applicable) satisfy its own FATCA

obligations may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's Shares. See also "US Tax Withholding and Reporting under FATCA" below.

### *Taxation of Shareholders*

The U.S. tax consequences to Shareholders of distributions from the Fund and of dispositions of Shares generally depends on the Shareholder's particular circumstances, including whether the Shareholder conducts a trade or business within the United States or is otherwise taxable as a U.S. Taxpayer.

#### *(a) Taxation of Non-U.S. Tax Persons*

A Shareholder that is not a U.S. Taxpayer should be exempt from U.S. federal income tax with respect to gains derived from the sale or exchange (including a redemption) of, or any dividends received in respect of, Shares, provided that such Shareholder does not have certain present or former connections with the United States (e.g., holding the Shares in connection with the conduct of a U.S. trade or business or, in the case of sale or exchange, being present in the United States for one hundred and eighty three (183) calendar days or more during the taxable year of sale or exchange), which connections will not exist solely by reason of investing in the Fund.

#### *(b) U.S. Tax Persons*

##### *(i) Passive Foreign Investment Company*

The Fund is treated as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes. In the event that a Shareholder, or other person who directly or indirectly owns an interest in a Shareholder, is or is deemed to be a U.S. Taxpayer, such Shareholder or other person will be subject to tax under one of three regimes: the qualifying electing fund ("**QEF**") regime, the mark-to-market regime, and the non-qualifying fund regime. U.S. Taxpayers that are subject to tax generally receive more favorable treatment if they elect to be taxed under the QEF regime. The Fund has not determined whether it will supply U.S. Taxpayers annually with the necessary information to permit them to enjoy the more favorable QEF treatment with respect to the Fund if they make a valid QEF election.

##### *(ii) Qualifying Electing Fund*

If a U.S. Taxpayer makes a valid QEF election, such U.S. Taxpayer will recognize currently each year as ordinary income its pro rata share of the Fund's adjusted ordinary earnings and as long-term capital gain its pro rata share of the Fund's net capital gain, without regard to distributions with respect to the Fund's Shares. Under the QEF regime, a U.S. Taxpayer would be treated in a manner similar to that of a partner in a partnership, except that: (i) if the Sub-Fund or Sub-Funds in which the U.S. Taxpayer has invested have net capital losses and ordinary income in one taxable year, the net capital losses would effectively offset the ordinary income, and (ii) if the Sub-Fund or Sub-Funds in which the U.S. Taxpayer has invested have net losses for any taxable year they would neither pass through to the U.S. Taxpayer nor be carried over to other taxable years. Amounts included in a U.S. Taxpayer's income would increase its tax basis in Shares, and subsequent distributions, to the extent a U.S. Taxpayer can demonstrate that they are derived from previously-taxed income, would not be taxable, but would reduce

a U.S. Taxpayer's tax basis in the Shares. Upon disposition of the Shares, a U.S. Taxpayer would generally recognize capital gain or loss.

(iii) *Mark-to-Market Regime*

If stock of a PFIC constitutes "marketable stock", the holders of the PFIC's stock are eligible to make an election to be taxed under the mark-to-market regime. "Marketable stock" is, in general, stock that is regularly traded on certain U.S. national or other securities exchanges and stock in a foreign corporation that is comparable to a regulated investment company in the U.S. The Fund believes that the Shares do not qualify as marketable stock for these purposes, and therefore U.S. Taxpayers will not be eligible to make the mark-to-market election with respect to their Shares.

(iv) *Non-Qualifying Fund*

If the Fund does not supply a U.S. Taxpayer annually with the necessary information to permit it to enjoy QEF treatment with respect to the Fund, or a U.S. Taxpayer does not make an election to treat the Company as a QEF, gain that such U.S. Taxpayer realizes on disposition of the Shares as well as "excess distributions" as defined in Section 1291 of the Code will be allocated ratably to each day such U.S. Taxpayer held Shares under the so-called "throwback" rules. For this purpose, pledging Shares as collateral would generally constitute a disposition. Excess distributions would generally include the portion of any distributions received during a tax year that exceeds 125% of the average distributions received with respect to the Shares for the three preceding tax years (or shorter holding period), disregarding for this purpose prior excess distributions. Amounts allocated to the year of disposition or distribution will be subject to tax as ordinary income. Amounts allocated to prior years will be: (i) subject to tax at the highest ordinary income rate for such years, and (ii) subject to an interest charge for the period between the due date for tax returns for the year to which allocated and the due date for the year of disposition or distribution. In addition, if a U.S. Taxpayer dies while holding an appreciated interest in the Fund, the tax basis in such person's Shares will not be increased to fair market value.

(v) *Treatment of Portfolio Investments as PFICs*

Certain Sub-Funds may invest in portfolio investments some of which also constitute PFICs ("**Investment PFICs**"). U.S. Taxpayers are treated as holders of a pro rata portion of the shares of Investment PFICs owned by a relevant Sub-Fund. The Investment PFICs may not provide information necessary for U.S. Taxpayers to elect to treat such Investment PFICs under the QEF regime. In addition, it is not known whether any of the Investment PFICs will qualify for the mark-to-market regime. As a result, U.S. Taxpayers generally should be subject to tax with respect to the Investment PFICs under the non-QEF regime described above under "Non-Qualifying Fund". In particular, it would appear that a U.S. Taxpayer generally will be subject to tax under the "throwback" rules of that regime when: (i) the relevant Sub-Fund disposes of all or a portion of its investment in an Investment PFIC, (ii) such U.S. Tax Person indirectly dispose of shares in an Investment PFIC by disposing of all or a portion of its Shares, or (iii) an Investment PFIC makes distributions that constitute "excess distributions" to the Fund. Under those rules, to avoid double counting, amounts relating to Investment PFICs that are subject to tax under the non-qualifying fund regime will not be included in the earnings of the Fund under the QEF regime and will result in an increase in a U.S. Taxpayer's tax basis in its Shares.



(vi) *Taxation of Tax-Exempt U.S. Taxpayers*

The Code provides for a tax on unrelated business taxable income ("**UBTI**") of a tax-exempt entity. While interest, dividends and gains from the sale, exchange or other disposition of property (other than certain "dealer property") are generally not treated as UBTI, this is not true to the extent such income is derived from "debt-financed property." Distributions from the Fund and gains from the sale or exchange (including a redemption) of Shares will not be treated as income from debt-financed property to a tax-exempt U.S. Taxpayer, provided that such Shareholder is not regarded as having incurred indebtedness to acquire its Shares under applicable debt-financed property rules. Moreover, a tax-exempt U.S. Taxpayer will not be subject to the special tax imposed by Section 1291 upon excess distributions received by shareholders of a PFIC unless a dividend from the PFIC would be subject to tax as UBTI (i.e., if the Shares owned, directly or indirectly, by such tax-exempt U.S. Taxpayer constituted debt-financed property).

(c) *Information Reporting and Backup Withholding*

U.S. Taxpayers will be required to furnish the Fund with a properly executed IRS Form W-9; all other Shareholders will be required to furnish an appropriate, properly executed IRS Form W-8, as necessary. Amounts paid to a U.S. Taxpayer as dividends from the Fund, or as gross proceeds from a redemption of Shares, generally will be reported to the U.S. Taxpayer and the U.S. Internal Revenue Service on an IRS Form 1099 (except as otherwise noted below). Failure to provide an appropriate and properly executed IRS Form W-8, as necessary (in the case of Shareholders who are not U.S. Taxpayers) or IRS Form W-9 (for U.S. Taxpayers), may subject a Shareholder to backup withholding tax. Backup withholding is not an additional tax. Any amounts withheld may be credited against a Shareholder's U.S. federal income tax liability.

Tax-exempt entities, corporations, non-U.S. Taxpayers and certain other categories of Shareholders generally will not be subject to reporting on IRS Form 1099 or backup withholding, if such Shareholders furnish the Fund with an appropriate and properly executed IRS Form W-8 or IRS Form W-9, as necessary, certifying as to their exempt status.

Shareholders will be required to provide such additional information as the Fund may from time to time request. Failure to provide requested information may subject a Shareholder to liability for any resulting U.S. withholding taxes, U.S. tax information reporting and/or mandatory redemption of the Shareholder's Shares.

*U.S. State and Local Taxation*

In addition to the U.S. federal income tax consequences described above, investors should consider potential U.S. state and local tax consequences of an investment in the Fund. U.S. state and local tax laws often differ from U.S. federal income tax laws. Investors should seek U.S. state and local tax advice based on the investor's particular circumstances from an independent tax advisor.

*California Taxation*

The Fund, if classified as a corporation for federal income tax purposes as indicated above, will be subject to California franchise or corporation income tax only on its California-source income. If treated

as a non-US corporation, the Fund can avoid having California-source income from direct investments in intangible personal property if either (1) its commercial domicile is outside California or (2) its investment activities fall within a safe harbour that allows it to trade in "stocks or securities" for its own account without generating California-source income. A corporation's commercial domicile is the principal place from which its trade or business is directed or managed. The Fund intends to take the position that its commercial domicile is not in California. One factor that may, however, be taken into account in determining the Fund's commercial domicile is the fact that its investments are managed from California. Thus, there can be no assurance that the Fund's position will be upheld if challenged. In addition, although the Fund generally intends to conduct its investment activities in a manner that satisfies the "stocks or securities" trading safe harbour, there is very little guidance on the definition of "securities" for this purpose. If it were determined, for example, that commodity linked swaps and structured notes, credit default swaps or other derivative instruments are not "securities" for this purpose, the Fund could fail to qualify under the "stocks or securities" safe harbour. Consequently, there is no assurance that the Fund will avoid having California-source income.

#### 22.4 US Tax Withholding and Reporting under FATCA

The FATCA provisions of the US Hiring Incentives to Restore Employment Act of 2010 ("**HIRE Act**") represent an expansive information reporting regime enacted by the United States ("**US**") aiming at ensuring that US investors holding financial assets outside the US will be reported by financial institutions to the US Internal Revenue Service ("**IRS**"), as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US financial institutions from staying outside this regime, a non-US financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on certain US-sourced income and (effective 1 January 2019) on gross sales proceeds.

The Model I Intergovernmental Agreement between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg to Improve International Tax Compliance and to Implement FATCA (Foreign Account Tax Compliance Act) was signed on March 28, 2014 in the Grand Duchy of Luxembourg. Under the terms of the Intergovernmental Agreement ("**IGA**"), the Fund (or each Sub-Fund) will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA ("**Luxembourg IGA Legislation**"), rather than under the US Treasury Regulations implementing FATCA. Under the IGA, Luxembourg resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("**FATCA Withholding**"). The Fund (or each Sub-Fund) will in principle be considered to be a Luxembourg-resident financial institution that will need to comply with the requirements of the Luxembourg IGA Legislation and, as a result of such compliance, the Fund (and its Sub-Funds) should not be subject to FATCA Withholding. Under the Luxembourg IGA Legislation, the Fund (or each Sub-Fund) via the Management Company will be required to report to the Luxembourg tax authorities certain holdings by, and payments made to, (a) certain US investors, (b) certain US controlled non-US entity investors and (c) non-US financial institution investors that do not comply with the terms of the Luxembourg IGA Legislation. Under the Luxembourg IGA Legislation, such information will be onward reported by the Luxembourg tax authorities to the US IRS under the general information exchange provisions of the US-Luxembourg Income Tax Treaty.

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Investors holding investments via distributors (whether or not resident in the Grand Duchy of Luxembourg or in another IGA country) should check with such distributors as to their compliance with FATCA. Additional information may be required by the Management Company or distributors from certain investors in order to comply with their obligations under FATCA or under an applicable IGA.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the US, Luxembourg and other IGA governments, and the rules may change. Investors should contact their own tax advisors regarding the application of FATCA to their particular circumstances.

In order to be compliant with FATCA, the Management Company and/or the Administrator, the distributors and local paying agents have implemented proper Anti Money Laundering and Know Your Customer (AML/KYC) rules and new investors will be accepted only if certain conditions are met. Indeed, potential investors are required to provide the Management Company and/or the Administrator, the distributors and local paying agents with certain documents and self-certification. This documentation that may vary according to the local legislation applicable to the potential investor is mandatory, the most common document being the application or subscription form. As a consequence, should the potential investor refuse to provide such documentation, the Management Company and/or the Administrator, the distributors and local paying agents will refuse the subscription from such investor.

In case of self-certification, the Management Company and/or the Administrator, the distributors and local paying agents should assess a "reasonableness" to FATCA purposes. "Reasonableness" means that a cross-check will be made between information, US indicia (as defined below), self-certification and AML/KYC collected information. In case inconsistency in information contained in self-certification is detected, more clarifications will be required. In case the request is declined, the investor will not be accepted.

On the basis of the documentation received, a verification of the status (U.S. Person or not U.S. Person) will be made.

Any investor must be aware that the Management Company and the Fund will comply with FATCA and the IGA Luxembourg Legislation.

As a result, the Administrator, the distributors and local paying agents will consequently monitor all data provided for by an investor from time to time in order to check if any change in circumstances (US Indicia) to FATCA purposes occurs, which could cause the investor classification as a U.S. Person or not and the investor will agree to provide them with the requested documents.

Notwithstanding the above, the investor will communicate to the Administrator, the distributors and local paying agents in writing any change of circumstances in its status (US Indicia) in a timely manner and in any case no later than thirty (30) business days from the date of the change of circumstances and provide them with any relevant documentation evidencing said change in circumstances.

List of US Indicia - provided for information and subject to modification.

Any individual investor will communicate to the Administrator, the distributors and local paying agents, in a timely manner, a change in the following information:

- a) US citizenship or residency;
- b) US address of residence and mailing address (i.e. including a US post office box);
- c) US telephone number;
- d) standing instruction to pay amounts to an account maintained in the US;
- e) power of attorney or signatory authority granted to a person with a US address;
- f) an "in-care of" address or "hold mail" address that is the sole address provided for by the investor.

Any corporate investor will communicate to the Administrator, the distributors and local paying agents, in a timely manner, a change in its US place of incorporation or organization, or in an US address.

The investors who do not comply with their obligations of communication in change of situation as described above will be subject to reporting to the local tax authority and, as such, be treated as "US Reportable Accounts".

## **23. REPORTS AND FINANCIAL YEAR**

The Fiscal Year will begin on 1 January and terminate on 31 December of each year.

Annual audited reports of the end of each Fiscal Year will be established as at 31 December of each year, and, for the first time as at 31 December 2018. In addition, unaudited half-yearly reports established as per the last day of the month of June and for the first time as at 30 June 2019.

Information on the Fund, including the total Net Asset Value, is available on any Business Day at the registered office of the Fund and of the Administrator.

Except if provided otherwise in the relevant Supplement, all reports provided to the Shareholders pursuant to this Section shall be prepared in accordance with Luxembourg GAAP, with such changes as the Fund, in consultation with the Fund's independent auditor, determines to be appropriate for the Fund (which changes shall be disclosed in the annual report provided to Shareholders

The financial statements of each Sub-Fund will be established in the reference currency of the Sub-Fund but the combined accounts will be in U.S Dollars.

Audited annual reports will be published within four (4) months following the end of the accounting year and unaudited semi-annual reports will be published within two (2) months following the end of period to which they refer.

The Net Asset Value per Share of each Class of each Sub-Fund will be made public at the offices of the Fund and the Administrator on each Calculation Day.

Professional investors subject to the prudential requirements of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II**") and to its implementing regulations may ask the Management Company to be provided with the description of the Fund's portfolios of assets in order to fulfil their own legal or regulatory requirements under Solvency II. Communication of such information shall be managed in accordance with applicable laws and regulations.

#### **24. GENERAL MEETING OF SHAREHOLDERS**

The annual general meeting of the Shareholders shall be held at the registered office of the Fund or at such place specified in the convening notice.

Any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund or of any Sub-Fund) will convened in accordance with the provisions of the Articles and Luxembourg law.

Such notices shall contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they shall refer to the applicable quorum and majority requirements. The meetings of Shareholders of a particular Sub-Fund may decide on matters which are relevant only for the Sub-Fund concerned.

#### **25. INVESTORS' RIGHTS TOWARDS THE FUND**

The Fund draws the attention of the Shareholders to the fact that a Shareholder will only be able to fully exercise his rights directly against the Fund if the Shareholder is registered himself and in his own name in the register of Shareholders. In cases where a Shareholder invests in the Fund through an intermediary investing into the Fund in its 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.

#### **26. DURATION, MERGER AND LIQUIDATION OF THE FUND, A SUB-FUND OR A CLASS**

Duration of the Fund and the Sub-Funds

The Fund has been established for an indefinite period.

Unless otherwise provided for in the Supplement of the relevant Sub-Fund, Sub-Funds will be established for an indefinite period.

##### **26.1 Liquidation of the Fund**

The Fund may be wound up by decision of an extraordinary general meeting of Shareholders. If the total net assets of the Fund falls below two-thirds of the minimum capital prescribed by law (i.e. EUR

1,250,000 or currency equivalent) the Board must submit the question of the Fund's dissolution to a general meeting of Shareholders for which no quorum is prescribed and which shall pass resolutions by simple majority of the Shares represented at the meeting.

If the total net assets of the Fund fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Fund's dissolution to a general meeting of Shareholders for which no quorum is prescribed. A resolution dissolving the Fund may be passed by Shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty (40) days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

If the Fund is dissolved, the liquidation shall be carried out by one or several liquidators appointed in accordance with the provisions of the Law of 2010. The decision to dissolve the Fund will be published in the *Recueil Electronique des Sociétés et Associations* and two newspapers with adequate circulation, one of which must be a Luxembourg newspaper. The liquidator(s) will realise each Sub-Fund's assets in the best interests of the Shareholders and apportion the proceeds of the liquidation, after deduction of liquidation costs, amongst the Shareholders of the relevant Sub-Fund according to their respective *pro rata*. Any amounts unclaimed by the Shareholders at the closing of the liquidation of the Fund will be deposited with the *Caisse de Consignation* in the Grand Duchy of Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they shall be forfeited.

As soon as the decision to wind up the Fund is made, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited and shall be deemed void.

## 26.2 Liquidation of Sub-Funds and Classes

A Sub-Fund or Class may be dissolved by resolution of the Board if its Net Asset Value of a Sub-Fund or a Class is below USD 5,000,000 (or the equivalent in any other currency) or such other amount as may be determined from time to time by the Board, or in the event of special circumstances beyond its control, such as political, economic, or military emergencies, or if the Board should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Sub-Fund or a Class to operate in an economically efficient manner, and with due regard to the best interests of Shareholders, that a Sub-Fund or a Class should be terminated. In such event, the assets of the Sub-Fund or Class shall be realized, the liabilities discharged and the net proceeds of realization distributed to Shareholders in the proportion to their holding of Shares in that Sub-Fund or Class. In such event, notice of the termination of the Sub-Fund or Class will be given in writing to registered Shareholders. No Shares shall be issued after the date of the decision to liquidate the Sub-Fund or Class. The Board, however, will not be precluded from redeeming or converting all or part of the Shares, at their request, at the applicable Net Asset Value (taking into account actual realization prices of investments as well as realization expenses in connection with such dissolution), as from the date on which the resolution to dissolve the Sub-Fund or Class has been taken until its effectiveness, provided that such redemption or conversion does not affect the equal treatment among Shareholders. Any amounts not claimed by a Shareholder at the close of liquidation of the Sub-Fund or Class will be

deposited with the *Caisse de Consignation* in the Grand Duchy of Luxembourg on behalf of their beneficiaries.

### 26.3 Merger of Sub-Funds and Classes

A Sub-Fund or Class may merge with one or more other Sub-Funds or Classes by resolution of the Board if the Net Asset Value of a Sub-Fund or Class is below USD 5,000,000 (or the equivalent in any other currency) or in the event of special circumstances beyond its control, such as political, economic, or military emergencies, or if the Board should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Class to operate in an economically efficient manner, and with due regard to the best interests of the Shareholders, that a Sub-Fund or Class should be merged. In such events, notice of the merger will be given in writing to registered Shareholders. Each Shareholder of the relevant Sub-Fund or Class shall be given the option, within a period to be determined by the Board, but not being less than one (1) month, unless otherwise authorized by the regulatory authorities and specified in said notice, to request free of any redemption charge, the redemption of its Shares. Any applicable contingent deferred sales charges are not to be considered as redemption charges and shall therefore be due.

### 26.4 Division of Sub-Funds and Classes

If the Board determines that it is in the interests of the Shareholders of the relevant Sub-Fund or Class or that a change in the economic or political situation relating to the Sub-Fund or Class concerned has occurred which would justify it, the reorganization of one Class, by means of a division into two or more Sub-Funds or Classes, may take place. This decision will be notified to Shareholders as required. The notification will also contain information about the two or more new Sub-Funds or Classes. The notification will be made at least one (1) month before the date on which the reorganization becomes effective in order to enable the Shareholders to request the redemption of their Shares, free of charge, before the operation involving the division into two or more Sub-Funds or Classes becomes effective. Any applicable contingent deferred sales charges are not to be considered as redemption charges and shall therefore be due.

### 26.5 Merger of the Fund

The Board may decide to proceed with a merger of the Fund, either as receiving or merging UCITS, with:

- a) another Luxembourg or foreign UCITS ("**New UCITS**"); or
- b) a sub-fund thereof,

and as appropriate, to redesignate the Shares as units of this New UCITS or of the relevant sub-fund thereof, as applicable.

In all merger cases above, the Shareholders have the right to request, without any charge other than those retained by the Fund to meet disinvestment costs, the redemption or redemption of their Shares or, where possible, to convert them into units or shares of another UCITS pursuing a similar investment policy and managed by the Management Company or by any other company with which the

Management Company is linked by common management or control, or by a substantial direct or indirect holding, in accordance with the Law of 2010. This right will become effective from the moment that the shareholders of the merging UCITS and those of the receiving UCITS have been informed of the proposed merger in accordance with the Law of 2010 and will cease to exist five (5) working days before the date for calculating the exchange ratio for the merger. Any legal, advisory or administrative costs associated with the preparation and the completion of the merger shall neither be charged to the Fund nor to its Shareholders.

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

Prospective investors and Shareholders should note that the Fund may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with the Circular 04/146 relating to the protection of UCIs and their investors against Late Trading and Market Timing practices.

For example, excessive trading of Shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-Funds' expenses. Accordingly, the Fund may, in the sole discretion of the Board compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Fund or the Management Company reasonably believes has engaged in Market Timing activity. For these purposes, the Fund and the Management Company may consider an investor's trading history in the Sub-Funds and accounts under common control or ownership.

The Fund will ensure that the relevant deadlines for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

## **28. GENERAL INFORMATION**

### **28.1 Applicable Law and Jurisdiction**

The Articles are governed by the laws of Luxembourg and any dispute arising between the Funds, the Management Company and the Depositary will be subject to the jurisdiction of the District Court of Luxembourg.

The claims of the Fund against the Management Company or the Depositary will lapse five (5) years after the date of the event which gave rise to such claims.

### **28.2 Material Contracts**

The following contracts, not being contracts in the ordinary course of business, were or may be entered into by the Fund or a Sub-Fund and are or may be material and are available for inspection by Shareholders at the office of the Administrator:

- the Depositary Agreement;
- the Fund Administration Agreement



- the Management Company Agreement; and
- the Investment Management Agreement.

### 28.3 Documents Available for Inspection by Shareholders

Copies of the following documents will be available for inspection exclusively by Shareholders of the relevant Sub-Fund at the registered office of the Management Company and at the office of the Administrator during usual business hours on any Business Day:

- (a) the Prospectus;
- (b) the KIIDs;
- (c) the material contracts referred to in Section 28.2 (to the extent applicable);
- (d) the latest available audited annual and unaudited semi-annual reports of the Fund; and
- (e) the articles of incorporation of the Fund.

## 29. **CONFLICTS OF INTEREST**

Various potential and actual conflicts of interest may arise from the overall investment activities of the Management Company and its affiliates for their own accounts and the accounts of others. To the extent consistent with applicable law, the Management Company and its affiliates may invest for their own accounts and for the accounts of clients in various instruments that are senior, *pari passu* or junior to, or have interests different from or adverse to, the instruments that are owned by the Fund. Furthermore, the Management Company and its affiliates serve as management company or investment manager to other funds and may make investment decisions for their own accounts and for the accounts of others, including other funds that may be different from those that will be made by the Fund. When making investment decisions where a conflict of interest may arise, the Management Company will endeavour to act in a fair and equitable manner as between the Fund and other clients. The Management Company may at certain times (subject to applicable law) be simultaneously seeking to purchase (or sell) investments from the Fund and sell (or purchase) the same investment for a similar entity, including other funds, for which it serves as asset manager now or in the future, or for its clients or affiliates. In addition, the Management Company and its affiliates may buy securities from or sell securities to the Fund if permitted by applicable law. These other relationships may also result in securities laws restrictions on transactions in these instruments by the Fund and otherwise create potential conflicts of interest for the Management Company.

Although the principals and employees of the Management Company will devote as much time to the Fund as the Management Company deems appropriate, the principals and employees may have conflicts in allocating their time and services among the Fund and the other accounts now or hereafter advised by the Management Company and/or its affiliates. In addition, the Management Company, in connection with its other business activities, may acquire material non-public confidential information

that may restrict the Management Company from purchasing securities or selling securities for itself or its clients (including the Fund) or otherwise using such information for the benefit of its clients or itself.

The Management Company, the Administrator and the Depositary may from time to time act as investment manager, administrators or depositaries in relation to, or otherwise be involved with, other companies established by parties other than the Fund. Such companies may have similar objectives to the Fund. Should a conflict of interest arise, the Management Company will endeavour to ensure that it is resolved fairly.

Conflicts of interest also exist in the structure and operation of the Fund and the Fund's business. The management fee and any service fee which the Management Company receives may not have been set by "arm's length" negotiations and may be higher than the fee which another management company may have charged. Investors in the Fund may include, if permitted by applicable law, the Management Company and its affiliates as well as client accounts or other funds over which the Management Company or its affiliates exercise investment discretion. Investments by such investors may be substantial in relation to the overall assets of the Fund, are not obligated to be made or to be maintained in the Fund for any minimum period of time except in accordance with the Fund's offering terms and may be withdrawn, in whole or in part, at any time without notice to investors. The Management Company or its affiliates may receive fees both from the Fund and such client accounts or other funds.

The above is not necessarily a comprehensive list of all potential conflicts of interest.

### 30. **BENCHMARK REGULATION**

In compliance with regulation (EU) 2016/1011 as amended from time to time (also known as the "**EU Benchmark Regulation**"), the Management Company produces and maintains robust written plans setting out the actions to be taken in the event that a benchmark (as defined by the EU Benchmark Regulation) materially changes or ceases to be provided. Further information on the contingency plans that the Management Company has in place is available on request free of charge at the registered office of the Management Company.

Unless otherwise disclosed in this Prospectus, the indices or benchmarks used by the Sub-funds are, as at the date of the Prospectus, provided by benchmarks administrators who benefit from the transitional agreements afforded under the EU Benchmark Regulation and accordingly may not appear yet on the register of administrators and benchmarks maintained by ESMA pursuant to article 36 of the EU Benchmark Regulation. Benchmark administrators had to apply for authorisation or registration as an administrator under the EU Benchmark Regulation before the 1st of January 2020. Benchmarks that have been recognised as critical can continue to be provided until 31 December 2021, or where the index provider has submitted an application for authorisation, unless and until such authorisation is refused. Unless the European Commission has adopted an equivalence decision or unless an administrator has been recognised, or a benchmark endorsed, the use of a benchmark provided by an administrator in a third country shall be permitted only for Sub-funds that already reference the benchmark on, or which add a reference to such benchmark prior to, 31 December 2021. Once such benchmark administrators are registered on the register maintained by ESMA this Prospectus will be updated accordingly.

## 31. **SUSTAINABILITY-RELATED DISCLOSURES**

Pursuant to SFDR, the Fund is required to disclose the manner in which Sustainability Risks (as defined above) are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on the returns of the Fund.

The Fund does not actively promote ESG characteristics/Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors, however it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns. As such the Fund will comply with articles 6 and 7(2) of the SFDR and, unless specified in the relevant Sub-Fund specific supplement, falls within the scope of Article 6 of SFDR.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value. Such assessment of the likely impact must therefore be conducted at portfolio level, further detail and specific information is given where relevant in each relevant Sub-Fund specific supplement.

For the time being, except as may be otherwise disclosed at a later stage on its website, the Management Company does not consider adverse impacts of investment decisions on sustainability factors. The main reason is the lack of information and data available to adequately assess such principal adverse impacts.

### **Taxonomy Regulation**

The Taxonomy Regulation establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable.

According to the Taxonomy Regulation, an economic activity shall qualify as environmentally sustainable where that economic activity contributes substantially to one or more of the six environmental objectives defined by the Taxonomy Regulation (Climate change mitigation; Climate change adaptation; Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; Protection and restoration of biodiversity and ecosystems).

In addition, such economic activity shall not significantly harm any such environmental objectives (“do not significantly harm” or “DNSH” principle) and shall be carried out in compliance with the minimum safeguards laid down in Article 18 of Taxonomy Regulation.

For information pursuant to articles 5, 6 and 7 of the Taxonomy Regulation, please refer to the section “Investment Objective and Strategy” in each Sub-Fund’s supplement.

## 32. RISK FACTORS

An investment in the Fund carries risks including, but not limited to, the risks referred to below. No assurance can be given that Shareholders will realize a profit on their investment. Moreover, Shareholders may lose some or all of their investment.

The risks referred to below are not exhaustive. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisors before making an application for Shares.

### 32.1 General Risk Factors

#### 32.1.1 General Economic and Market Conditions

The success of a Sub-Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of a Sub-Fund's investments. Volatility or illiquidity could impair a Sub-Fund's profitability or result in losses.

Equity market risk is the possibility that stock prices overall will decline over short or even extended periods. Equity markets are volatile and tend to move in cycles, with periods of rising and falling stock prices. This volatility in stock prices means that the value of an investor's holding in a Sub-Fund may go down as well as up and an investor may not recover the amount invested. Equities are representative of companies' capital and expose the investor to the economic risk of the enterprise, so the investor is exposed to the risk of losing completely the money invested in equities.

Where a Sub-Fund's assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and thereby subjecting the Sub-Fund to greater exposure to potentially adverse developments within those markets or sectors.

Since 2008, world financial markets have experienced extraordinary market conditions, including, among other things, extreme volatility in securities markets and the failure of credit markets to function. When such conditions arise, decreased risk tolerance by investors and significantly tightened availability of credit may result in certain securities becoming less liquid and more difficult to value, and thus harder to dispose of. Such conditions may be exacerbated by, among other things, uncertainty regarding financial institutions and other market participants, increased aversion to risk, concerns over inflation, instability in energy costs, complex geopolitical issues, the lack of availability and higher cost of credit and declining real estate and mortgage markets. These factors, combined with variable commodity pricing, declining business and consumer confidence, increased unemployment and diminished expectations for predictable global financial markets, may lead to a global economic slowdown and fears of a global recession. Neither the duration and ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted. The continuation or further deterioration of any such market conditions and continued uncertainty regarding markets generally could result in further declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for a Sub-Fund, could prevent a Sub-Fund from successfully meeting their investment objectives or could require a Sub-Fund to dispose of

investments at a loss while such unfavourable market conditions prevail. While such market conditions persist, a Sub-Fund would also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

In reaction to these events since 2008, regulators and lawmakers in the United States and several other countries have taken unprecedented regulatory actions and enacted programs to stabilise the financial markets. Some of the programs enacted during this period have terminated; however, the U.S. government and regulators in many other jurisdictions continue to consider and implement measures to stabilise U.S. and global financial markets. Despite these efforts and the efforts of regulators of other jurisdictions, global financial markets remain extremely volatile. It is uncertain whether regulatory actions will be able to prevent losses and volatility in securities markets, or to stimulate the credit markets.

Unpredictable or unstable market conditions may result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realise value from a Sub-Fund's existing investments.

The economies of non-U.S. countries may differ favourably or unfavourably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

### 32.1.2 Cyber Security Risk

The Fund and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Fund, the Management Company and its directors, Investment Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the Fund's ability to calculate the NAV of a Sub-Fund; impediments to trading for the Sub-Fund's portfolio; the inability of Shareholders to transact business with the Sub-Fund; release of private Shareholder information or other confidential information; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Sub-Fund invests, counterparties with which the Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers,

insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

### 32.1.3 Competition

A Sub-Fund may invest in equities, credit and fixed income securities, instruments, leveraged acquisitions and reorganisations. These markets are highly competitive. Competition for investment opportunities includes non-traditional participants, such as hedge funds, public funds including business development companies, and other private investors, as well as more traditional lending institutions. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than a Sub-Fund, and thus these competitors may have advantages not shared by a Sub-Fund. In addition, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. A Sub-Fund may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third party advisors.

### 32.1.4 Purchases of Securities and Other Obligations of Financially Distressed Companies

A Sub-Fund may directly or indirectly purchase securities and other obligations of issuers that are experiencing significant financial or business distress ("**Distressed Companies**"), including issuers involved in bankruptcy or other reorganisation and liquidation proceedings. These investments are considered speculative. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time, if ever. In fact, many of these instruments ordinarily remain unpaid unless and until the issuer reorganises and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in issuers experiencing significant business and financial distress is unusually high. There is no assurance that a Sub-Fund will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to an issuer, a Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. In addition, distressed investments may require active participation by the Investment Manager and its representatives. This may expose a Sub-Fund to litigation risks or restrict a Sub-Fund's ability to dispose of its investments. Under such circumstances, the returns generated from a Sub-Fund's investments may not compensate Shareholders adequately for the risks assumed.

### 32.1.5 Public Securities

In the event that a Sub-Fund acquires fixed income securities and/or equity securities that are publicly traded, the Sub-Fund will be subject to the risks inherent in investing in public securities. In addition, in such circumstances the Sub-Fund may be unable to obtain financial covenants or other contractual rights that it might otherwise be able to obtain in making privately-negotiated debt investments. Moreover, a Sub-Fund may not have the same access to information in connection with investments in

public securities, either when investigating a potential investment or after making an investment, as compared to a privately-negotiated investment. Furthermore, a Sub-Fund may be limited in its ability to make investments, and to sell existing investments, in public securities if the Investment Manager or an affiliate has material, non-public information regarding the issuers of those securities. The inability to sell securities in these circumstances could materially adversely affect the investment results of a Sub-Fund.

#### 32.1.6 Insolvency Considerations with Respect to Issuers of Securities

Various laws enacted for the protection of creditors may apply to the securities held by a Sub-Fund. Insolvency considerations will differ with respect to issuers located in different jurisdictions. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a loan and/or bond, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such loan or bond and, after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or to recover amounts previously paid by the issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation or if the present fair saleable value of its assets were then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was "insolvent" after giving effect to the incurrence of the indebtedness constituting the securities or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of a loan or bond, payments made on such loan or bond could be subject to avoidance as a "preference" if made within a certain period of time before insolvency.

In general, if payments on securities may be avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as a Sub-Fund) or from subsequent transferees of such payments (such as the Shareholders). To the extent that any such payments are recaptured from a Sub-Fund, the resulting loss will be borne by the Shareholders of a Sub-Fund at that time pro rata. However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from a Shareholder only to the extent that such court has jurisdiction over such holder or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from a Shareholder that has given value in exchange for its Shares, in good faith and without knowledge that the payments were avoidable.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of a Sub-Fund.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganisation of a company usually involves the development and negotiation of a plan of reorganisation, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the Sub-Fund and the Fund; it is subject to unpredictable and lengthy delays; and during the process, the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganise and may be required to liquidate assets. The debt of companies in financial reorganisation will, in most cases, not pay current interest, may not accrue interest during reorganisation and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganisation for purpose of voting on a plan of reorganisation. Because the standard for classification is vague, there exists a significant risk that a Sub-Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Furthermore, there are instances where creditors and equity holders lose their ranking and priority such as when they take over management and functional operating control of a debtor. In those cases where a Sub-Fund, by virtue of such action, is found to exercise "domination and control" over a debtor, a Sub-Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by a Sub-Fund.

A Sub-Fund may invest in companies based in the OECD countries and other non-U.S. countries. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganisation timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganisation remains highly uncertain.

The Investment Manager, for a Sub-Fund, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of a Sub-Fund's positions as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the Investment Manager concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to a Sub-Fund, it may resign from that committee or group, and in such case the relevant Sub-Fund may not realise the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if a Sub-Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

A Sub-Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which



may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Reorganisations can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. It is possible that the Fund, a Sub-Fund, the Management Company or Investment Manager could be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and the relevant Sub-Funds and would reduce net assets.

### 32.2 Investments which are not Liquid

Certain investments and types of investments are subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Sub-Fund to value illiquid securities accurately. Also, a Sub-Fund may not be able to dispose of illiquid securities or execute or close out a derivatives transaction readily at a favourable time or price or at prices approximating those at which the Fund currently values them. Illiquid securities also may entail registration expenses and other transaction costs that are higher than those for liquid securities. Any use of the efficient portfolio management techniques described in the relevant Supplement, may also adversely affect the liquidity of a Sub-Fund's portfolio and will be considered by the Investment Manager in managing the Sub-Fund's liquidity risk.

From time to time, the counterparties with which a Sub-Fund effects transactions might cease making markets or quoting prices in certain of the instruments in which a Sub-Fund has invested. In such instances, a Sub-Fund might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance.

### 32.3 Country Risks

Investments in securities of issuers of different nations and denominated in currencies other than the Base Currency present particular risks. Such risks include changes in relative currency exchange rates; political, economic, legal and regulatory developments; taxation; the imposition of exchange controls; confiscation and other governmental restrictions (including those related to foreign investment currency repatriation) or changes in policy. Investment in securities of issuers from different countries offers potential benefits not available from investments solely in securities of issuers from a single country, but also involves certain significant risks that are not typically associated with investing in the securities of issuers located in a single country.

Issuers of foreign investments are generally subject to different accounting, auditing and financial reporting standards, practices and requirements in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of securities may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit a Sub-Fund's ability to invest in securities of certain issuers located in those countries.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-Fund is uninvested and no or limited return is earned thereon. The inability of a Sub-Fund to make intended investment purchases due to settlement problems could cause a Sub-Fund to miss attractive investment opportunities. The inability of a Sub-Fund to dispose of its investments due to a failed trade settlement could result in losses to the relevant Sub-Fund due to subsequent declines in the value of its investments or, if the Sub-Fund has entered into a contract to sell the investments, in a possible liability to the purchaser. There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by, or to be transferred to, the Sub-Fund.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, limitations on the removal of funds or other assets of a Sub-Fund, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency such securities are denominated. Furthermore, the ability to collect or enforce obligations may vary depending on the laws and regulations of the issuer / borrower's jurisdiction.

Investments may be adversely affected by the possibility of expropriation or confiscatory taxation, imposition of withholding taxes on dividend or interest payments or other income, limitations on the removal of funds or other assets of a Sub-Fund, political or social instability or diplomatic developments. An issuer of securities or obligations may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

As a Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of a Sub-Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of sub-custodians is necessary, may be exposed to risk in circumstances where the Custodian will have no liability.

#### 32.4 Investing in Emerging Market Securities

All securities investing and trading activities risk the loss of capital. While the Investment Manager attempts to moderate these risks, there can be no assurance that a Sub-Fund's investment and trading activities will be successful or that investors will not suffer significant losses. Investing in emerging markets involves heightened risks (some of which could be significant) and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include, but are not limited to: (a) greater social, economic and political uncertainty including war; (b) higher dependence on exports and the corresponding importance of international trade; (c) greater risk of inflation; (d) increased likelihood of governmental involvement in and control over the economies; (e) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (f) certain considerations regarding the maintenance of a Sub-Fund's securities and cash with non-U.S. brokers and securities depositories; (g) greater volatility, less liquidity and smaller capitalisation of markets; (h) greater volatility in currency exchange rates; (i) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for US Dollars; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less

extensive regulation of the markets; (l) longer settlement periods for transactions and less reliable clearance and custody arrangements; (m) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (o) risk of nationalisation or expropriation of assets or confiscatory taxation; (p) higher transaction costs generally; and (q) difficulty in enforcing contractual obligations and judgments. The following discussion sets forth additional risks associated with investing in the securities of emerging markets:

(a) General Economic and Market Conditions

The success of a Sub-Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of the Sub-Fund's investments. Volatility or illiquidity could impair a Sub-Fund's profitability or result in losses.

The economies of individual emerging markets may differ favourably or unfavourably from developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may have higher levels of debt or inflation.

With respect to certain countries, there is the possibility of nationalisation, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income or gross sale or disposition proceeds, limitations on the removal of funds or other assets of a Sub-Fund, political changes, government regulation, social instability or diplomatic developments (including war), any of which could affect adversely the economies of such countries or the value of the Sub-Fund's investments in those countries.

Where a Sub-Fund's assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments thereby subjecting the Sub-Fund to greater exposure to potentially adverse developments within those markets or sectors.

(b) Volatility

Emerging markets are more likely than developed markets to experience periods of extreme volatility. Such volatility could result in substantial losses for a Sub-Fund.

(c) Securities Markets

Securities markets in emerging market countries may have substantially less volume of trading and are generally more volatile than securities markets of developed countries. In certain periods, there may be little liquidity in such markets. There is often less government regulation of stock exchanges, brokers

and listed companies in emerging market countries than in developed market countries. Commissions for trading on emerging markets stock exchanges are generally higher than commissions for trading on developed market exchanges. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. Furthermore, some of a Sub-Fund's investments may not be listed on any stock market.

(d) Exchange Rate Fluctuations; Currency Considerations

The assets of a Sub-Fund that are invested in emerging markets may be invested in non-U.S. Dollar denominated securities, and any income or capital received by such Sub-Fund from these investments may be denominated in the local currency of investment. Accordingly, changes in currency exchange rates (to the extent only partially or fully unhedged) between the currency of the relevant emerging market and the currency in which a Class is denominated may affect the value of the Shares. As the currency exchange rates of emerging market countries tend to be more volatile than those of more developed economies, the effect of changes in exchange rates on the value of Shares in a Sub-Fund that are invested in emerging markets may be more pronounced than it would be for a fund that invests in more developed markets.

Foreign currency exchange rates are determined by forces of supply and demand in foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Foreign currency exchange rates may also be affected by affirmative government policies of intervention in the foreign exchange markets, and certain currencies may be affirmatively supported relative to the dollar by their or other governments. Changes in government policy, including a cessation of currency support intervention, may result in abrupt devaluations of such currencies.

Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Sub-Fund at one rate, while offering a lesser rate of exchange should the Sub-Fund desire immediately to resell that currency to the dealer. Due to the relatively small size of the markets for currencies of emerging market countries, the spread between a dealer's sell and offer prices for such currencies may be greater than that for the currencies of more developed economies, which may result in relatively higher currency exchange costs for a Sub-Fund. A Sub-Fund will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies.

(e) Emerging Markets Legal and Regulatory Risk

Many of the laws that govern private and non-US investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, a Sub-Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which assets of a Sub-Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the relevant Sub-

Fund and its operations. In addition, the income and gains of a Sub-Fund may be subject to withholding taxes imposed by non-US governments for which shareholders may not receive a full non-US tax credit.

Regulatory controls and corporate governance of companies in emerging markets usually confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. Disclosure and regulatory standards in emerging markets are in many respects less stringent than those in other international securities markets, with a low level of monitoring and regulation of the market and market participants, and limited and uneven enforcement of existing regulations. Consequently, the prices at which a Sub-Fund may acquire investments may be affected by other market participants' anticipation of the Sub-Fund's investing and by trading by persons with material non-public information. There may be less publicly available information about an issuer in an emerging market than would be available in a non-emerging market, and the issuer may not be subject to accounting, auditing and financial reporting standards comparable to those of companies in non-emerging markets. Balance sheet and income statement data appearing in the financial statements of emerging markets issuers may not reflect the financial position or results of operations of such issuers in the same way as financial statements prepared in accordance with generally accepted accounting principles in the United States, Western Europe or Japan. Emerging markets issuers that operate in certain inflationary economies may be required to keep records according to inflation accounting rules that require that certain balance sheet assets and liabilities be restated annually in order to express such items in terms of currency of constant purchasing power. This process may indirectly generate losses or profits. As a result, traditional investment measurements, such as price/earnings ratios, may not be useful in certain emerging markets.

Some emerging markets prohibit or impose substantial restrictions on investments in their capital markets by foreign entities such as a Sub-Fund. Certain emerging markets require governmental approval prior to investment by foreign persons, limit the amount of such investment in a particular company or limit such investment to only a specific class of securities, which may have less advantageous terms than securities available for purchase by nationals.

Substantial limitations may exist in certain emerging markets with respect to the ability to repatriate income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, an emerging market may impose restrictions on foreign capital remittances abroad. A Sub-Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Sub-Fund of any restrictions on investments. Finally, the concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

### 32.5 Quantitative Investment Risk

The success of a Sub-Fund's quantitative investment models is heavily dependent on the mathematical models used by the Investment Manager in attempting to exploit short-term and long-term relationships among prices and volatility. The Investment Manager may select models that are not well-suited to prevailing market conditions. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual events specific to particular issuers, or major events external to the operations of markets, cause extreme market moves

that are inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts. Furthermore, the effectiveness of such models tends to deteriorate over time as more traders seek to exploit the same market inefficiencies through the use of similar models.

#### 32.6 Concentration Risk

A Sub-Fund will generally seek to diversify portfolio investments; however, a significant percentage of the Fund's or a Sub-Fund's assets may be invested from time to time in groups of issuers deriving significant revenues from the same market, region or industry. To the extent a Sub-Fund makes such investments, the exposure to equity, credit and market risks associated with such market, region or industry will be increased.

#### 32.7 Correlation of Performance Across Investments and Strategies

The Investment Manager may invest in securities in a manner which is intended to provide some degree of portfolio diversification. However, there can be no assurance that the performance of its investments will not be correlated. For example, in periods of illiquidity such as those experienced in 2008, assets in certain market sectors which historically did not show a high degree of correlation became correlated due to the sharp decrease in liquidity available to investors and the loss of systemically important institutions that affected all such investments. Similarly, there can be no assurance that the strategy employed by the Investment Manager will be uncorrelated with other investment strategies in the future.

#### 32.8 Execution of Orders; Electronic Trading

A Sub-Fund's investment strategies and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Investment Manager. A Sub-Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to a Sub-Fund, the Investment Manager, a Sub-Fund's counterparties, brokers, dealers, agents or other service providers. In such event, a Sub-Fund might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, a Sub-Fund would not be able to achieve the market position selected by the Investment Manager, which may result in a loss. In addition, a Sub-Fund relies heavily on electronic execution systems (and may rely on new systems and technology in the future), and such systems may be subject to certain systemic limitations or mistakes, causing the interruption of trading orders made by a Sub-Fund.

#### 32.9 Trading on Exchanges

A Sub-Fund may trade, directly or indirectly, futures and securities on exchanges located anywhere. Some exchanges, in contrast to those based in the United States, for example, are "principals' markets" in which performance is solely the individual member's responsibility with whom the trader has entered into a commodity contract and not that of an exchange or its clearinghouse, if any. In the case of trading on such exchanges, a Sub-Fund will be subject to the risk of the inability of, or refusal by, a counterparty to perform with respect to contracts. Moreover, in certain jurisdictions there is generally less government supervision and regulation of worldwide stock exchanges, clearinghouses and clearing firms than, for

example, in the United States. A Sub-Fund is also subject to the risk of the failure of the exchanges on which its positions trade or of their clearinghouses or clearing firms and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

#### 32.10 No Investment Guarantee Equivalent to Deposit Protection

Investment in a Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Furthermore, unlike a deposit in a bank account, the principal invested in a Sub-Fund is capable of fluctuation.

#### 32.11 Fund's Liabilities

The Fund and each Sub-Fund will be responsible for paying its fees and expenses regardless of its level of profitability. Pursuant to Luxembourg law, the Fund should not be liable as a whole to third parties and there should not be the potential for cross contamination of liabilities between Sub-Funds. However, there can be no categorical assurance that, should an action be brought against the Fund in the courts of another jurisdiction, the segregated nature of a Sub-Fund will necessarily be upheld.

#### 32.12 Third Party Litigation

A Sub-Fund's investment activities subject it to the normal risks of becoming involved in litigation by third parties. The expense of defending against any such claims and paying any amounts pursuant to settlements or judgments would generally be borne by such Sub-Fund and would reduce its net assets.

#### 32.13 Substantial Charges

Each Sub-Fund is subject to substantial charges, and must generate profits and income which exceed their fixed costs in order to avoid depletion of its assets. The Fund (and each Sub-Fund) is required to pay the service provider fees, expenses and commissions regardless of its performance.

##### 32.13.1 Substantial Subscriptions

The Investment Manager may not be able to invest all net subscription proceeds immediately following the Dealing Day. To the extent that a Sub-Fund's assets are not invested immediately following the relevant Dealing Day, there could be a negative impact on the performance of a Sub-Fund, as the Fund will not be pursuing its investment objective in respect of the portion of its assets held in cash or other liquid assets.

##### 32.13.2 Substantial Redemptions

Substantial redemption requests by Shareholders in a concentrated period of time could require a Sub-Fund to liquidate certain of its investments more rapidly than might otherwise be desirable in order to raise cash to fund the redemptions and achieve a portfolio appropriately reflecting a smaller asset base. This may limit the ability of the Investment Manager to successfully implement the investment policy of a Sub-Fund and could negatively impact the value of the Shares being redeemed and the value of

Shares that remain outstanding. In addition, following receipt of a redemption request, a Sub-Fund may be required to liquidate assets in advance of the applicable Dealing Day, which may result in a Sub-Fund holding cash or highly liquid investments pending such Dealing Day. During any such period, the ability of the Investment Manager to successfully implement the investment policy of a Sub-Fund may be impaired and the Sub-Fund's returns may be adversely affected as a result.

Moreover, regardless of the time period over which substantial redemption requests are made, the resulting reduction in the NAV of a Sub-Fund could make it more difficult for the Sub-Fund to generate profits or recover losses. Shareholders will not receive notification of substantial redemption requests in respect of any particular Dealing Day from a Sub-Fund and, therefore, may not have the opportunity to redeem their Shares or portions thereof prior to or at the same time as the redeeming Shareholders.

The risk of substantial redemption requests in a concentrated period of time may be heightened in the event that a Sub-Fund accepts investments related directly or indirectly to the offering of structured products including, without limitation, in connection with the hedging of positions under such structured products, particularly those structured products with a fixed life. A Sub-Fund may or may not accept such investments, as determined by the Fund in its sole discretion, and such investments could, at any time, make up a significant portion of the Fund's or a Sub-Fund's NAV.

#### 32.14 Limited Liquidity of Shares: Redemptions

An investment in a Sub-Fund is of limited liquidity since Shares may be subject to certain restrictions. Subject to limited redemption rights, each Shareholder must be prepared to bear the economic risk of an investment in the Fund for an indefinite period. Shares are subject to the restrictions on transfer. Redemption rights may be limited or postponed under certain circumstances.

A distribution in respect of a redemption may be made in kind, at the discretion of the Management Company in consultation with the Investment Manager; provided that where the redemption request represents less than 5% of the NAV of a Sub-Fund, the Shareholder's consent is required. The investments so distributed may not be readily marketable or saleable and may have to be held by such Shareholder for an indefinite period of time.

An investment in a Sub-Fund is therefore suitable only for certain sophisticated investors that can bear the risks associated with the limited liquidity of their Shares. There is no independent market for the purchase or sale of Shares, and none is expected to develop.

#### 32.15 Adjustments

If at any time the Fund determines, in its sole discretion, that an incorrect number of Shares was issued to a Shareholder because the NAV in effect on the Dealing Day was incorrect, the Fund will implement such arrangements as it determines, in its sole discretion, are required for an equitable treatment of such Shareholder, which arrangements may include redeeming a portion of such Shareholder's shareholding for no additional consideration or issuing new Shares to such Shareholder for no consideration, as appropriate, so that the number of Shares held by such Shareholder following such redemption or issuance, as the case may be, is the number of Shares as would have been issued at the correct NAV. In addition, if at any time after a redemption of Shares (including in connection with any complete redemption of Shares by a Shareholder) the Fund determines, in its sole discretion, that the



amount paid to such Shareholder or former Shareholder pursuant to such redemption was materially incorrect (including because the NAV at which the Shareholder or former Shareholder purchased such Shares was incorrect), the Fund will pay to such Shareholder or former Shareholder any additional amount that the Fund determines such Shareholder or former Shareholder was entitled to receive, or, in the Fund's sole discretion, seek payment from such Shareholder or former Shareholder of (and such Shareholder or former Shareholder will be required to pay) the amount of any excess payment that the Fund determines such Shareholder or former Shareholder received, in each case without interest. In the event that the Fund elects not to seek the payment of such amounts from a Shareholder or former Shareholder or is unable to collect such amounts from a Shareholder or former Shareholder, the NAV will be less than it would have been had such amounts been collected.

#### 32.16 Limited Disclosure of Certain Information Relating to Securities

It is not anticipated that the Fund, the Management Company, the Administrator, the Custodian or the Investment Manager will provide any information to any purchasers of Shares relating to any securities held by a Sub-Fund. Other than as included in the periodic reports of the Fund, the Administrator, the Custodian, the Management Company and the Investment Manager will not be required to provide the Shareholders with financial or other information (which may include material non-public information) they receive pursuant to the securities held by a Sub-Fund and related documents.

#### 32.17 Limited Operating History; No Reliance on Past Performance

A Sub-Fund may have limited or no operating history upon which prospective investors can evaluate its likely performance. The success of a Sub-Fund depends in substantial part upon the skill and expertise of the personnel of the Investment Manager and the ability of the Investment Manager to develop and successfully implement the investment policy of the Sub-Fund. No assurance can be given that the Investment Manager will be able to do so. Moreover, decisions made by the Investment Manager may cause a Sub-Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalised. Shareholders are not permitted to engage in the active management and affairs of a Sub-Fund. As a result, prospective investors will not be able to evaluate for themselves the merits of investments to be acquired by a Sub-Fund prior to their being required to pay for Shares of a Sub-Fund. Instead, such investors must rely on the judgment of the Investment Manager to conduct appropriate evaluations and to make investment decisions. Shareholders will be relying entirely on such persons to manage the assets of the relevant Sub-Fund. There can be no assurance that any of the key investment professionals will continue to be associated with the Investment Manager throughout the life of a Sub-Fund.

#### 32.18 Management Risk

For any given Sub-Fund, there is a risk that investment techniques or strategies are unsuccessful and may incur losses for the Sub-Fund. Shareholders will have no right or power to participate in the day-to-day management or control of the business of the Fund or the relevant Sub-Fund, nor an opportunity to evaluate the specific investments made by the Investment Manager or the terms of any of such investments.

The nature of and risks associated with the Fund's or a Sub-Fund's future performance may differ materially from those investments and strategies historically undertaken by the Investment Manager.

There can be no assurance that the Investment Manager will realise returns comparable to those achieved in the past or generally available on the market.

#### 32.19 Diverse Shareholders

The Shareholders may have conflicting investment, tax and other interests with respect to their investments in a Sub-Fund. The conflicting interests of individual Shareholders may relate to or arise from, among other things, the nature of investments made by the Fund or a relevant Sub-Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager that may be more beneficial for one Shareholder than for another Shareholder, especially with respect to any Shareholder's individual tax situation.

In selecting and structuring investments appropriate for the relevant Sub-Fund, the Investment Manager will consider the investment objective of such Sub-Fund.

#### 32.20 Interest Rate Risk

Interest rate risk is the risk that Fixed Income Instruments and other instruments in the Fund's portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain Fixed Income Instruments held by the Fund or a relevant Sub-Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed Income Instruments with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-Fixed Income Instruments may also decline due to fluctuations in interest rates. Inflation-indexed bonds, including Treasury Inflation-Protected Securities, decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation indexed bonds may experience greater losses than other Fixed Income Instruments with similar durations. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's units.

#### 32.21 Credit Risk

The Fund could lose money if the issuer or guarantor of a Fixed Income Instrument (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract, redemption agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of the credit of a security held by the Fund may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Municipal bonds are subject to the risk that litigation,

legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest.

#### 32.22 Asset-Backed Securities Risk

Asset-backed securities represent interests in "pools" of assets, such as mortgages, consumer loans or receivables held in trust. Asset-backed securities are subject to certain additional risks. Rising interest rates tend to extend the duration of these securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, these securities may exhibit additional volatility. This is known as extension risk. In addition, these securities are subject to prepayment risk, which is the risk that when interest rates decline or are low but are expected to rise, borrowers may pay off their debts sooner than expected. This can reduce the returns of the relevant Sub-Fund because the Fund will have to reinvest such prepaid funds at the lower prevailing interest rates. This is also known as contraction risk. These securities also are subject to risk of default on the underlying assets, particularly during periods of economic downturn.

#### 32.23 Issuer Risk

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

#### 32.24 Risks related to securities lending and borrowing and repurchase, including reverse repurchase, transactions

In relation to repurchase, including reverse repurchase, transactions, investors must notably be aware that (A) in the event of the failure of the counterparty with which cash of a Sub-Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (C) repurchase, including reverse repurchase, transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other Sections of the Prospectus.

In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by a Sub-Fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund, or (iii) yield a sum less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales.

32.25 A Sub-Fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund. Debt Securities Risk

Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities. Debt securities with longer maturities are generally more sensitive to interest rate changes than those with shorter maturities. Changes in market interest rates do not affect the rate payable on an existing debt security, unless the instrument has adjustable or variable rate features, which can reduce its exposure to interest rate risk. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, thereby affecting their value and the return on an investment in the Fund.

#### 32.26 Economic Dislocation Risk

The financial sector may experience periods of substantial dislocation and the impacts of that dislocation are difficult to predict. Imbalances in trade and finance may lead to sudden shocks. Moreover, the evolution of economies and financial systems may result in the shifting of the perceived risks in recent historical periods, for example between what have been seen as emerging and developed markets. For example, the failure Lehman Brothers was seen by many as unlikely, and the impact of that failure was not generally well understood in advance. More recently, European financial markets have experienced volatility and have been adversely affected by concerns about high government debt levels, credit rating downgrades, and possible default on or further restructuring of government debt. Holders of Euro-denominated sovereign debt, including banks and other financial institutions, could be adversely affected by weakness in sovereign borrowers, which in turn may have less ability to support the financial system. It is possible that countries that have already adopted the Euro could abandon the Euro and return to a national currency or that the Euro will cease to exist as a single currency in its current form. The effects of voluntary or involuntary abandonment of the Euro on that country, the rest of the countries using the Euro, and global markets are unknown, but are likely to be negative. In addition, under these circumstances, it may be difficult to value investments denominated in Euro or in a replacement currency.

#### 32.27 Global Investment Risk.

Securities of certain jurisdictions may experience more rapid and extreme changes in value. The value of such securities may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made. The securities markets of many countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers in many countries may be subject to a high degree of regulation. Furthermore, the legal infrastructure and

accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated.

#### 32.28 Management Risk

The Fund and each Sub-Fund is subject to management risk because it is an actively managed investment portfolio. The Management Company and/or the Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Fund and Sub-Fund, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to the Management Company and each individual portfolio manager in connection with managing the Fund and the relevant Sub-Fund and may also adversely affect the ability of the Fund and the relevant Sub-Fund to achieve its investment objectives.

#### 32.29 Short Sale Risk

A short sale involves the sale by a Sub-Fund of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. A Sub-Fund may also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the relevant Sub-Fund will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party. Therefore, short sales involve the risk that losses may be exaggerated (or even unlimited), potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the relevant Sub-Fund.

Another risk is that a Sub-Fund may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a security at a time when the market for such security is relatively illiquid or additional securities are not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher.

#### 32.30 Business Dependent Upon Key Individuals

The success of each Sub-Fund is significantly dependent upon the expertise of key people within the Investment Manager as well as within any investment advisor and investment committee that the Investment Manager may engage from time to time. As a consequence, any future unavailability of their services could have an adverse impact on the relevant Sub-Fund's performance.

#### 32.31 Certain Affiliated Funds

Certain investment funds which are promoted, managed and/or advised by an entity of the Waystone Group may invest in an underlying investment. Such funds or entities may receive access to information

or data (including with respect to the underlying investment's performance) without additional consideration and which may be used to benefit other clients of the Investment Manager or the Management Company or of any other entity of the Waystone Group. Such information may affect the decision of any fund or entity of the Waystone Group to request a redemption of Shares or a subscription for additional Shares, which could adversely impact other investors in the underlying investment.

### 32.32 Lack of Operating History

The Fund has no operating history upon which prospective investors may base an evaluation of the likely performance of the Fund or any Sub-Fund. The past performance of the Management Company or its affiliates is no guarantee as to future performance. There can be no assurance that the Fund or any Sub-Fund will achieve its investment objectives.

### 32.33 Business and Regulatory Risks

Legal, tax and regulatory changes could occur during the term of the Fund or any Sub-Fund that may adversely affect the Fund and the relevant Sub-Fund. In addition, the securities and future markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and investment companies that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. Any future legal or regulatory change could substantially and adversely affect the Fund and a relevant Sub-Fund.

### 32.34 Financial Fraud

Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Fund or a Sub-Fund may invest may undermine its due diligence efforts with respect to such companies, and if such fraud is discovered, may negatively affect the valuation of the Fund's and the relevant Sub-Fund's investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Fund's investment program.

### 32.35 Legal Risk

Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Fund are invested. There can be no assurance this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which Shareholders may not receive a full foreign tax credit.

Regulatory controls and corporate governance of companies in some developing countries may confer little protection on minority Shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to Shareholders by officers and directors is also limited when compared to such concepts in western markets. In certain instances, management may take significant actions without the consent of investors and anti-dilution protection may also be limited.

#### 32.36 Calculation of the Net Asset Value

The Net Asset Value per Share of each Class is expected to fluctuate over time with the performance of the relevant Sub-Fund's investments. Consequently, the accuracy of the Net Asset Value per Share may be affected by the frequency of or the ability to obtain valuations of such securities. The method of valuation of assets will depend on the valuation principles described under the heading "Determination of the Net Asset Value" and may result in prices being valued by reference to valuation models rather than by reference to market prices. Such prices may not reflect those which could be obtained by selling the assets of the Fund. Where there is any conflict between international financial accounting standards and the valuation principles referred to above, in calculating the Net Asset Value per Share the latter principles will take precedence. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share of the relevant Class at the time of such redemption is less than the subscription price paid by such Shareholder.

#### 32.37 Effects of Redemptions

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

#### 32.38 Fees and Expenses

Whether or not the Fund or a Sub-Fund is profitable, it is required to meet certain fixed costs, including start-up and organizational expenses, ongoing administrative and operating expenses and advisory fees.

#### 32.39 Cross-Class Liability

The Sub-Funds of the Fund and the Classes within Sub-Funds are not separate legal entities. Thus, all of the assets of a Sub-Fund are available to meet all the liabilities of the Sub-Fund, regardless of the Class to which such assets or liabilities are attributable. In practice cross-class liability will only arise where any Class becomes insolvent and is unable to meet all its liabilities. In this case, all of the assets of the relevant Sub-Fund attributable to other Classes may be applied to cover the liabilities of the insolvent Class.

#### 32.40 Terrorist Action

There is a risk of terrorist attacks causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

#### 32.41 Investment Strategies

No assurance can be given that the strategies to be used will be successful under all or any market conditions. The Fund will consist of a variety of Sub-Funds and different Investment Managers may be appointed. The Sub-Funds will pursue a range of different strategies and will generally be managed by the Investment Managers. As a consequence, some Sub-Funds may invest take opposing views and/or positions at any time.

Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty.

##### 32.41.1 Hedging

The Fund (including any Sub-Fund) and the underlying investment vehicles in which it may invest may utilise a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, to seek to hedge against declines in the values of their positions as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. Hedging against a decline in the value of positions does not eliminate fluctuations in the values of such positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the positions' value. Such hedging transactions also limit the opportunity for gain if the value of the positions should increase. It may not be possible for an investment vehicle to hedge against a change or event at a price sufficient to protect its assets from the decline in value of its positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all.

To the extent that hedging transactions are effected, their success is dependent on each manager's ability to correctly predict movements in the direction of currency or interest rates, the equity markets or sectors thereof or other events being hedged against. In addition, the degree of correlation between price movements of the instruments used in hedging strategies and price movements in the position being hedged may vary. Moreover, for a variety of reasons, a manager may not seek to establish a perfect correlation between such hedging instruments and the positions being hedged. Such imperfect correlation may prevent the Management Company from achieving the intended hedge or expose an investment vehicle to additional risk of loss. Although the intent of hedging is to reduce fluctuations in the value of the portfolio as a whole, in certain circumstances, particularly when markets are subject to extreme events, hedging activity may add to the volatility of the portfolio.



#### 32.41.2 Counterparty Risk

The Fund will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. In particular, it should be noted that transactions may not always be delivery versus payment, and this may expose the relevant Sub-Fund(s) to greater counterparty risk. For instance, counterparty risk may arise when a Sub-Fund has deposited cash with a financial institution, or invests into debt securities and other fixed income instruments. Counterparty risk may also arise when a Sub-Fund enters into OTC financial derivative instruments, or enters into SFTs and/or, where relevant, TRS.

#### 32.41.3 Liquidity Risk

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

#### 32.41.4 Operational Risk

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

#### 32.41.5 Custody Risk

The assets of the Fund are safe-kept by the Depositary and investors are exposed to the risk of the Depositary not being able to fully meet its obligation to reconstitute in a short timeframe all of the Fund's assets in the case of bankruptcy of the Depositary. The Fund's assets will be identified in the Depositary's books as belonging to the Fund. Securities and debt obligations (including loan assignments and loan participations) held by the Depositary will be segregated from other assets of the Depositary which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy.

#### 32.41.6 Convertible Securities.

Some of the Sub-Funds may invest in so called contingent convertibles instruments ("**CoCos**"). CoCos are debt instruments convertible into equity if a pre-specified trigger event occurs. Many of the larger financial institutions have lately embraced the use of CoCos as a cost effective way of meeting the level of going-concern capital required by Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms ("**Credit Requirement Regulation**" or "**CRR**") in addition to the Common Equity Tier 1 capital (as defined in the CRR; "**CET1**"). The CRR allows a financial institution to issue Additional Tier 1 ("**AT1**") securities in non-CET1 capital but in the form of CoCos. To qualify as AT1s the CoCos need to be able to be written down or converted into equity when a certain trigger CET1 is reached or when the relevant regulatory authority deems the issuer being non-viable under the Bank Recovery and Resolution Directive.

Investors should fully understand and consider the risks of CoCos.

CoCos entail a valuation risk. To correctly value the instruments the Fund needs to evaluate the probability of activating the trigger, the extent and probability of any losses upon trigger conversion (not only from write-downs of their principal value but also from unfavourably timed conversion to equity) and the likelihood of cancellation of coupons. These risks may be highly challenging to model. Though certain risk factors are transparent, e.g., trigger level, coupon frequency, leverage, credit spread of the issuer, and rating of instrument, if any, other factors are discretionary or difficult to estimate, e.g. individual regulatory requirements relating to the capital buffer, the issuers' future capital position, issuers' behaviour in relation to coupon payments on AT1 CoCos, and any risks of contagion. Importantly, as one descends down the capital structure to sub-investment grade where the majority of CoCos sit, the level of precision in estimating value when compared to more highly rated instruments, deteriorates.

Investors should also take into account that the trigger levels differ and determine exposure to conversion risk depending on the CET1 distance to the trigger level. Furthermore, coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not. AT1 CoCos are issued as perpetual instruments, callable at predetermined levels only with the approval of the competent authority. The structure of CoCo instruments is innovative yet untested.

CoCos may entail a liquidity risk, meaning that under certain conditions it may be difficult to sell them. If the relevant market for a specific CoCo is illiquid, it may not be possible to liquidate a position at all or at an acceptable price. This risk generally increases the more likely it gets that the pre-specified trigger event of a given CoCo occurs.

Finally, when CoCos are written down, the NAV of the relevant Sub-Fund may significantly decrease.

#### 32.41.7 Misconduct of Employees and of Third Party Service Providers.

Misconduct by employees or by third party service providers (including to the Fund) could cause significant losses to the Fund. Employee misconduct may include binding the Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing

unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Although the Management Company will adopt measures to prevent and detect employee misconduct and to select reliable third party providers, such measures may not be effective in all cases.

#### 32.41.8 Concentrated Investor Risk.

Shareholders should note that a Sub-Fund may have a concentrated investor base where large institutional type clients (such as pension funds, insurance companies or other collective investment schemes, including those which may be managed by Waystone Group affiliated entities) hold a significant portion of the assets of a Sub-Fund. This exposes other Shareholders in that Sub-Fund to certain risks. These risks include the risk that a large portion of the assets of a Sub-Fund may be redeemed on any day which could impact the overall viability of that Sub-Fund or could impact the ability of other investors, who have not submitted redemption requests on that day, to redeem from that Sub-Fund e.g. in times of abnormal market conditions where it may be necessary to impose a redemption gate.

#### 32.41.9 Appropriate Investment.

The Fund may not be suitable for investors who are more concerned with minimizing possible short-term losses than maximizing long term returns.

### 32.42 Fixed Income Risks

#### 32.42.1 Debt Securities Generally

Debt securities are subject to the risk of an issuer's or a guarantor's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

In respect of structured securities, they may also be more volatile and less liquid than less complex securities. The timing of purchase and sale transactions in debt obligations may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with prevailing interest rates.

#### 32.42.2 Corporate Debt

Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, a Sub-Fund may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to the Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience

greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Fund may experience substantial losses.

#### 32.42.3 Investment in Fixed Income Securities and Risks of Interest and Exchange Rate Fluctuations

The Net Asset Value of the Shares of a Sub-Fund invested in fixed income securities will change in response to fluctuations in interest rates and currency exchange rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise and when interest rates rise, the value of fixed income securities generally can be expected to fall. The performance of investments in fixed income securities denominated in a specific currency will also depend on the interest rate environment in the country issuing the currency.

#### 32.42.4 Zero Coupon, Deferred Interest Bonds and Payment in Kind Bonds

A Sub-Fund may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. A Sub-Fund may also invest in payment in kind bonds, which are debt obligations where interest is paid in the form of the issue of additional bonds. While zero coupon bonds and payment in kind bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments benefit the issuer by mitigating its initial need for cash to meet debt service and some also provide a higher rate of return to attract investors who are willing to defer receipt of such cash. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations which provide for regular payments of interest, and a Sub-Fund may accrue income on such obligations even though it receives no cash.

#### 32.42.5 Floating Rate Debt Instruments

Floating rate debt securities present more complex types of interest rate risks. For example, range floaters are subject to the risk that the coupon will be reduced below market rates if a designated interest rate floats outside of a specified interest rate band or collar. Dual index or yield curve floaters are subject to lower prices in the event of an unfavourable change in the spread between two designated interest rates.

#### 32.42.6 Risks of Investing in Non-Investment Grade Fixed Income Securities

Non-investment grade fixed income securities are considered predominantly speculative by traditional investment standards. In some cases, these obligations may be highly speculative and have poor prospects for reaching investment grade standing. Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as "high yield bonds") are subject to the increased risk of an issuer's inability to meet principal and interest obligations. These securities, also referred to as high yield securities, may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the high yield bond markets generally and less secondary market liquidity.

Non-investment grade fixed income securities are often issued in connection with a corporate reorganisation or restructuring or as part of a merger, acquisition, takeover or similar event. They are also issued by less established companies seeking to expand. Such issuers are often highly leveraged and generally less able than more established or less leveraged entities to make scheduled payments of principal and interest in the event of adverse developments or business conditions.

The market value of non-investment grade fixed income securities tends to reflect individual corporate developments to a greater extent than that of higher rated securities which react primarily to fluctuations in the general level of interest rates. As a result, where a Sub-Fund invests in such securities its ability to achieve its investment objective may depend to a greater extent on the Investment Manager's judgement concerning the creditworthiness of issuers than funds which invest in higher-rated securities. Issuers of non-investment grade fixed income securities may not be able to make use of more traditional methods of financing and their ability to service debt obligations may be more adversely affected than issuers of higher-rated securities by economic downturns, specific corporate developments or the issuer's inability to meet specific projected business forecasts. Negative publicity about the high yield bond market and investor perceptions regarding lower rated securities, whether or not based on fundamental analysis, may depress the prices for such securities.

A holder's risk of loss from default is significantly greater for non-investment grade fixed income securities than is the case for holders of other debt securities because such non-investment grade securities are generally unsecured and are often subordinated to the rights of other creditors of the issuers of such securities. Investment by a Sub-Fund in defaulted securities poses additional risk of loss should non-payment of principal and interest continue in respect of such securities. Even if such securities are held to maturity, recovery by a Sub-Fund of its initial investment and any anticipated income or appreciation is uncertain.

The secondary market for non-investment grade fixed income securities is concentrated in relatively few market makers and is dominated by institutional investors, including mutual funds, insurance companies and other financial institutions. Accordingly, the secondary market for such securities is not as liquid as, and is more volatile than, the secondary market for higher-rated securities. In addition, market trading volume for high yield bonds is generally lower and the secondary market for such securities could contract under adverse market or economic conditions, independent of any specific adverse changes in the condition of a particular issuer. These factors may have an adverse effect on the market price and a Sub-Fund's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for a Sub-Fund to obtain precise valuations of the high yield bonds in its portfolio.

Credit ratings issued by credit rating agencies are designed to evaluate the safety of principle and interest payments of rated securities. They do not, however, evaluate the market value risk of non-investment grade securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the market value of the security. Consequently, credit ratings are used only as a preliminary indicator of investment quality.

#### 32.42.7 Risks of Spread Transactions

Where a Sub-Fund enters into spread transactions, it is subject to the risk that the prices of the currencies underlying the positions comprising such spreads will not fluctuate in the same direction or to the same extent during the period in which the spread position is maintained. Under such circumstances, the Sub-Fund could sustain losses on one or both legs of the spread position.

#### 32.42.8 Euro and Euro Zone Risk

The ongoing deterioration of the sovereign debt of several countries, in particular Greece, together with the risk of contagion to other, more stable, countries, particularly France and Germany, has exacerbated the global economic crisis. This situation has also raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility ("**EFSF**") and the European Financial Stability Mechanism ("**EFSM**") to provide funding to Euro zone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro zone countries to establish a permanent stability mechanism, the European Stability Mechanism ("**ESM**"), which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro zone countries after June 2013.

Despite these measures, concerns persist regarding the growing risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Greece, Italy, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the market.

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Fund and the Sub-Funds. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated Shares would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Shares. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Sub-Funds.

#### 32.42.9 Systemic Risk

Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which a Sub-Fund interacts on a daily basis.

### 32.42.10 Mortgage-Backed and Asset-Backed Securities

A Sub-Fund may invest in securities that represent an interest in a pool of mortgages ("mortgage-backed securities") and, subject to applicable law, credit card receivables, auto loans or other types of loans ("asset-backed securities"). Payments of principal and interest on the underlying loans are passed through to the holders of such securities over the life of the securities. Most mortgage-backed and asset-backed securities are subject to early prepayment of principal, which can be expected to accelerate during periods of declining interest rates. Such prepayments can usually be reinvested only at the lower yields then prevailing in the market. Therefore, during periods of declining interest rates, these securities are less likely than other fixed income obligations to appreciate in value and less effective at locking in a particular yield. On the other hand, mortgage-backed and asset-backed securities are subject to substantially the same risk of depreciation during periods of rising interest rates as other fixed income securities.

Asset-backed securities present certain credit risks that are not presented by mortgage-backed securities because asset-backed securities generally do not have the benefit of a security interest over the collateral that is comparable to mortgage assets. There is the possibility that, in some cases, recoveries on repossessed collateral may not be available to support payments on these securities.

### 32.42.11 Structured Notes

A Sub-Fund may invest in structured notes. The values of the structured notes in which a Sub-Fund will invest may be linked to equities or debt instruments ("reference instruments"). These notes differ from other types of debt securities in several respects. The interest rate or principal amount payable at maturity may vary based on changes in the value of the reference instruments. A structured note may be positively or negatively indexed; that is, its value or interest rate may increase or decrease if the value of the reference instrument increases. Similarly, its value may increase or decrease if the value of the reference instrument decreases. Further, the change in the principal amount payable with respect to, or the interest rate of, a structured note may be a multiple of the percentage change (positive or negative) in the value of the underlying reference instrument(s). Investments in structured notes involve certain risks, including the credit risk of the issuer and the normal risks of price changes in response to changes in interest rates. Further, in the case of certain structured notes, a decline or increase in the value of the reference instrument may cause the interest rate to be reduced to zero, and any further declines or increases in the reference instrument may then reduce the principal amount payable on maturity. Finally, these securities may be less liquid than other types of securities, and may be more volatile than their underlying reference instruments.

## 32.43 Derivatives Risks

### 32.43.1 Derivative Instruments Generally

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. A Sub-Fund may make extensive use of derivatives in its investment policy. The Fund or a relevant Sub-Fund will typically use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other

traditional investments. Examples of derivatives include, but are not limited to, swap agreements, futures contracts, options contracts, and options on futures contracts. A futures contract is an exchange-traded agreement between two parties, a buyer and a seller, to exchange a particular financial instrument at a specific price on a specific date in the future. An option transaction generally involves a right, which may or may not be exercised, to buy or sell a financial instrument at a particular price on a specified future date.

A Sub-Fund's use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending upon the characteristics of the particular derivative and the overall portfolio of the Sub-Fund as a whole. Derivatives permit an investor to increase or decrease the level of risk of its portfolio, or change the character of the risk to which its portfolio is exposed, in much the same way as an investor can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities.

Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on a Sub-Fund's performance. If a Sub-Fund invests in derivatives at inopportune times or judges market conditions incorrectly, such investments may lower the relevant Sub-Fund's return or result in a loss, which could be significant. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, credit worthiness and performance risk, legal risk and operations risk. In addition, a Sub-Fund could experience losses if derivatives are poorly correlated with its other investments, or if the Fund is unable to liquidate its position because of an illiquid secondary market. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives. Price movements of derivative instruments in which a Sub-Fund may invest and trade are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Uncertainties remain as to how the markets for these instruments will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by a Sub-Fund, thereby causing substantial losses. Some derivatives are structured as standardized, fungible contracts, such as futures or options traded on organized exchanges. Others are individually negotiated, non-standardized contractual arrangements with one or more particular counterparties ("over-the-counter derivatives"), such as swaps and contracts for differences. Over-the-counter derivatives are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force a Sub-Fund to close out its positions).



Engaging in derivative transactions involves a risk of loss to a Sub-Fund that could materially adversely affect the Sub-Fund's NAV. No assurance can be given that a liquid market will exist for any particular contract at any particular time.

#### 32.43.2 Derivatives with Respect to High-Yield and Other Indebtedness

A Sub-Fund may engage in trading of derivatives with respect to high yield and other debt. In addition to the credit risks associated with holding high yield debt securities, with respect to derivatives involving high yield and other debt, the Fund and/or the relevant Sub-Fund will usually have a contractual relationship only with the counterparty of the derivative, and not with the issuer of the indebtedness. Generally, a Sub-Fund will have no right to directly enforce compliance by the issuer with the terms of the derivative nor any rights of set-off against the issuer, nor have any voting rights with respect to the indebtedness. A Sub-Fund will not directly benefit from the collateral supporting the underlying indebtedness and will not have the benefit of the remedies that would normally be available to a holder of the indebtedness. In addition, in the event of the insolvency of the counterparty to the derivative, the Fund and the relevant Sub-Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the underlying indebtedness. Consequently, the Fund will be subject to the credit risk of the counterparty as well as that of the issuer of the indebtedness. As a result, concentrations of such derivatives in any one counterparty may subject the Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the issuer of the underlying indebtedness.

#### 32.43.3 Futures

A Sub-Fund may use futures as part of its investment programme. In the futures markets, margin deposits typically range between 2% and 15% of the value of the futures contract purchased or sold. Because of these low margin deposits, futures trading is inherently highly leveraged. As a result, a relatively small price movement in a futures contract may result in immediate and substantial losses to the trader. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent the Investment Manager from liquidating unfavourable positions promptly and subject a Sub-Fund to substantial losses. These circumstances could also impair the Fund's ability to withdraw its investments in order to satisfy redemption requests by Shareholders in a timely manner. An investment in a Sub-Fund is therefore suitable only for certain sophisticated investors that will not be materially impacted by postponements of the Fund's normal redemption dates.

The successful use of futures for speculative purposes is subject to the ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

#### 32.43.4 Forward Contracts

A Sub-Fund may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom a Sub-Fund may maintain accounts may require the Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Fund's and a Sub-Fund's counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of a Sub-Fund. In addition, disruptions can occur in any market traded by a Sub-Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a Sub-Fund. In addition, a Sub-Fund may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to such Fund.

#### 32.43.5 When-Issued and Forward Commitment Securities

A Sub-Fund may purchase securities on a "when-issued" basis and may purchase or sell securities on a "forward commitment" basis in order to hedge against anticipated changes in interest rates and prices or for speculative purposes. These transactions involve a commitment by the Sub-Fund to purchase or sell securities at a future date (ordinarily at least one (1) or two (2) months later). The price of the underlying securities, which is generally expressed in terms of yield, is fixed at the time the commitment is made, but delivery and payment for the securities takes place at a later date. No income accrues on securities that have been purchased pursuant to a forward commitment or on a when-issued basis prior to delivery to the Fund. There is a risk that securities purchased on a when-issued basis may not be delivered and that the purchaser of securities sold by the Fund on a forward basis will not honour its purchase obligation. In such cases, the relevant Sub-Fund may incur a loss.

#### 32.43.6 Call Options

A Sub-Fund may directly or indirectly sell or purchase call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an

uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

Options markets may have the authority to prohibit the exercise of particular options, which if imposed when trading in the option also has been halted, would lock holders and writers of that option into their positions until one of the two restrictions has been lifted.

#### 32.43.7 Put Options

A Sub-Fund may directly or indirectly sell or purchase put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put option holds the underlying security, the loss on the put option will be offset in whole or in part by any gain on the underlying security.

#### 32.43.8 Swap Agreements

A Sub-Fund may enter into swap agreements. Swap agreements are derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular "notional amount." Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps may be structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease a Sub-Fund's exposure to equity or debt securities, long-term or short-term interest rates (in the United States or abroad), foreign currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Fund's or a Sub-Fund's portfolio. Swap agreements can take many different forms and are known by a variety of names. A Sub-Fund is not limited to any particular form of swap agreement if the Investment Manager determines that other forms are consistent with the Sub-Fund's investment objective and policies.

The most significant factor in the performance of swaps is the change in individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the

counterparties. If a swap calls for payments by a Sub-Fund, the Sub-Fund must have sufficient cash available to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses to the Sub-Fund.

Swaps may be individually negotiated transactions in the over-the-counter market in which a Sub-Fund assumes the credit risk of the other counterparty to the swap and is exposed to the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of the swap counterparty. Such over-the-counter swap transactions may be highly illiquid and may increase or decrease the volatility of a Sub-Fund's portfolio. If there is a default by a counterparty, a Sub-Fund under most normal circumstances will have contractual remedies pursuant to the swap agreement; however, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Sub-Fund being less than if the Sub-Fund had not entered into the transaction. Furthermore, there is a risk that a swap counterparty could become insolvent and/or the subject of insolvency proceedings, in which event the recovery of the collateral posted by the Sub-Fund with such counterparty or the payment of claims under the swap agreement may be significantly delayed and the Sub-Fund may recover substantially less than the full value of the collateral entrusted to such counterparty or of the Sub-Fund's claims.

A Sub-Fund will also bear the risk of loss if it breaches the swap agreement or if it fails to post or maintain required collateral. Recent changes in law and regulation require certain types of swap agreements to be transacted on exchanges and/or cleared through a clearinghouse, and will in the future require additional types of swap agreements to be transacted on exchanges and/or cleared through a clearinghouse. See "The EU Regulation on OTC derivatives, central counterparties and trade repositories" and "Changes to US Securities Law - Derivatives Regulation".

#### 32.43.9 Credit Default Swaps

A Sub-Fund may enter into credit default swap transactions. The "protection buyer" or "buyer" in a credit default contract is obligated to pay the "protection seller" or "seller" a periodic stream of payments over the term of the contract provided that no credit event (as defined in the applicable contract) on an underlying reference obligation has occurred. If a credit event occurs, the seller may be required to transfer substantial value in cash or securities. A Sub-Fund may be either the buyer or seller in a credit default swap transaction. If a Sub-Fund is a buyer and no credit event occurs, the Sub-Fund will lose its investment and recover nothing. However, if a credit event occurs, the Sub-Fund (as buyer) may receive the full notional value of the reference obligation even if the reference obligation has little or no value. As a seller, a Sub-Fund generally receives a fixed rate of income throughout the term of the contract, which generally is between six (6) months and ten (10) years (depending on the maturity of the underlying reference obligation), provided that there is no credit event. If a credit event occurs, a Sub-Fund (as seller) will be required to pay the full notional value of the reference obligation. Credit default swap transactions may involve greater risks than if a Sub-Fund had invested in the reference obligation directly.

A Sub-Fund may also purchase credit default swap contracts in order to hedge against the risk of a credit event with respect to debt securities it holds. This would involve the risk that the credit default swap may expire worthless and would only generate income in the event of an actual credit event by the issuer of the underlying reference obligation. It would also involve credit risk—that the seller may fail to satisfy its payment obligations to the Sub-Fund in the event of a credit event.

Selling credit default protection creates a synthetic "long" position which may replicate the terms of credit exposure to the referenced cash-market security or index. However, there can be no assurance that the price relationship between the cash-market security or index and the credit derivative will remain constant, and events unrelated to the underlying security or index (such as those affecting availability of borrowed money and liquidity, or the creditworthiness of a counterparty) can cause the price relationship to change. This risk is known as "basis risk." Basis risk may cause a Sub-Fund to realise a greater loss on an investment in synthetic form than might otherwise be the case with a cash-market security. To the extent a Sub-Fund purchases credit default swap protection to hedge risk, basis risk may cause the hedge to be less effective or ineffective.

#### 32.43.10 Hedging Transactions

Hedging techniques used by the Investment Manager may involve a variety of derivative transactions, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, "**Hedging Instruments**"). Hedging techniques involve unique risks. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Sub-Fund's positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets a Sub-Fund may not be able to close out transactions in certain of these instruments without recurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments should tend to minimise the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of a Sub-Fund to hedge successfully will depend on the Investment Manager's ability to predict pertinent market movements, which cannot be assured. A Sub-Fund is not required to hedge and there can be no assurance that hedging transactions may be available or, even if undertaken, will be effective. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Furthermore, over-hedged or under-hedged positions may arise due to factors beyond the control of the Fund.

#### 32.43.11 Position Limits

"Position limits" imposed by various regulators and/or counterparties may also limit a Sub-Fund's ability to effect desired trades. Position limits are the maximum amounts of net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Sub-Fund does not intend to exceed applicable position limits, it is possible that different accounts managed by the Investment Manager and its affiliates may be aggregated. If at any time positions managed by the Investment Manager were to exceed applicable position limits, the Investment Manager would be required to liquidate positions, which might include positions of a Sub-Fund, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, a Sub-Fund might have to forego or modify certain of its contemplated trades.

### 32.43.12 Necessity for Counterparty Trading Relationships

Participants in the over-the-counter markets typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While it is anticipated that a Sub-Fund will be able to establish the necessary counterparty business relationships to permit the Fund to effect transactions in the over-the-counter commodities markets and other counterparty markets, including the swaps market, there can be no assurance that it will be able to do so or, if it does, that it will be able to maintain such relationships. An inability to continue existing or establish new relationships could limit the Fund's activities and would require the Fund to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which a Sub-Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to the Fund and/or the relevant Sub-Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### 32.43.13 Failure of Brokers, Counterparties and Exchanges

A Sub-Fund will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, the Sub-Fund deals, whether it engages in exchange-traded or off-exchange transactions. A Sub-Fund may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions for the Sub-Fund, or the bankruptcy of an exchange clearing house. A Sub-Fund may also be subject to risk of loss of its funds on deposit with brokers who are not required by their own regulatory bodies to segregate customer funds. A Sub-Fund may be required to post margin for its foreign exchange transactions either with the Investment Manager or other foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of the Sub-Fund).

In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, a Sub-Fund deals, or a customer loss as described in the foregoing paragraph, the Fund might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the Sub-Fund, and, to the extent such assets or amounts are recoverable, the Fund might only be able to recover a portion of such amounts. Further, even if the Fund is able to recover a portion of such assets or amounts, such recovery could take a significant period of time. Prior to receiving the recoverable amount of the Sub-Fund's property, the Sub-Fund may be unable to trade any positions held by such person, or to transfer any positions and cash held by such person on behalf of the Sub-Fund. This could result in significant losses to the Sub-Fund.

A Sub-Fund may effect transactions on "over-the-counter" or "interdealer" markets. Participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent a Sub-Fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, the Sub-Fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterised by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which, in turn, may

subject the Fund and/or the relevant Sub-Fund to the risk that a counterparty will not settle a transaction in accordance with agreed terms and conditions due to, among other things, a dispute over the terms of the contract or a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The inability of the Fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to the Sub-Fund.

A Sub-Fund may engage in direct or indirect trading of securities, currencies, derivatives (including swaps, forward contracts, futures, options and repurchase and reverse repurchase agreements) and other instruments (as permitted by its investment policy) on a principal basis. As such, a Sub-Fund as transferee or counterparty could experience both delays in liquidating the underlying security, future or other investment and losses, including those arising from: (i) the risk of the inability or refusal to perform with respect to such transactions on the part of the principals with which the Fund or a Sub-Fund trades, including without limitation, the inability or refusal to timely return collateral posted by the Fund or the Sub-Fund; (ii) possible decline in the value of any collateral during the period in which the Fund seeks to enforce its rights with respect to such collateral; (iii) the need to re-margin or repost collateral in respect of transferred, assigned or replaced positions; (iv) reduced levels of income and lack of access to income during such period; (v) expenses of enforcing its rights; and (vi) legal uncertainty concerning the enforceability of certain rights under swap agreements and possible lack of priority against collateral posted under the swap agreements. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund and the relevant Sub-Fund to substantial losses. A Sub-Fund will not be excused from performance on any such transactions due to the default of third parties in respect of other trades in which its trading strategies were to have substantially offset such contracts.

## 32.44 Equities Risks

### 32.44.1 Equity and Equity-Related Securities and Instruments

A Sub-Fund may, directly or indirectly, purchase equity-related securities and instruments, such as convertible securities, warrants, stock options and individual stock futures. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. In addition, certain options and other equity-related instruments may be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which a Sub-Fund invests and can result in significant losses.

### 32.44.2 Investment in Small Capitalisation Companies

The investment risk associated with emerging companies is higher than that normally associated with larger, older companies due to the greater business risks associated with small size, the relative age of

the company, limited product lines, distribution channels and financial and managerial resources. Further, there is typically less publicly available information concerning smaller companies than for larger, more established ones. The securities of small companies are often traded only over-the-counter and may not be traded in the volumes typical of trading on national securities exchange. Nonetheless, a Sub-Fund will not invest more than 10% of its net assets in securities traded over the counter as provided in the "INVESTMENT RESTRICTIONS" Section. As a result, in order to sell this type of holding, a Sub-Fund may need to discount the securities from recent prices or dispose of the securities over a long period of time. The prices of this type of security may be more volatile than those of larger companies which are often traded on a national securities exchange.

#### 32.44.3 Preferred Stock, Convertible Securities and Warrants

A Sub-Fund may invest directly or indirectly in preferred stock, convertible securities and warrants. The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. Thus, for example, as the value of the underlying common stock of an issuer fluctuates, the value of the preferred stock of such issuer would also be expected to fluctuate. With respect to warrants, their value may decrease or may be zero and thus not be exercised if the market price of the underlying securities remains lower than the specified price at which holders of warrants are entitled to buy such securities, resulting in a loss to the Sub-Fund of the purchase price of the warrant (or the embedded warrant price in the case of securities issued with warrants attached).

With respect to convertible securities, as with all fixed income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. In evaluating a convertible security, the Investment Manager will give primary emphasis to the attractiveness of the underlying common stock. If a convertible security held by a Sub-Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on a Sub-Fund's ability to achieve its investment objective.

#### 32.44.4 Voting Rights

The Investment Manager may in its discretion exercise or procure the exercise of all voting or other rights which may be exercisable in relation to investments held by a Sub-Fund, including Shares held by a Sub-Fund in another Sub-Fund. In relation to the exercise of such rights the Investment Manager may establish guidelines for the exercise of voting or other rights and the Investment Manager may, in its discretion, elect not to exercise or procure the exercise of such voting or other rights.

#### 32.44.5 Depository Receipts

A Sub-Fund may purchase sponsored or unsponsored American Depository Receipts ("**ADRs**"), European Depository Receipts ("**EDRs**") and Global Depository Receipts ("**GDRs**") (collectively



**"Depository Receipts")** typically issued by a bank or trust company which evidence ownership of underlying securities issued by a foreign corporation. EDRs and GDRs are typically issued by banks or trust companies and evidence ownership of underlying securities issued by a corporation.

Generally, Depository Receipts in registered form are designed for use in the U.S. securities market and Depository Receipts in bearer form are designed for use in securities markets outside the United States. Depository Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depository Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities traded in the form of Depository Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depository Receipts.

#### 32.45 Other Securities Risks

##### 32.45.1 Real Estate Investment Trusts

A Sub-Fund may purchase interests in Real Estate Investment Trusts ("**REITs**"). REITs are trusts that invest primarily in commercial real estate or real estate-related loans. The value of interests in REITs may be affected by the value of the property owned or the quality of the mortgages held by the trust. The ability to trade REITs in the secondary market can be more limited than other shares or securities. The liquidity of REITs on the major U.S. stock exchanges is on average less than the typical stock quoted on the S&P 500 Index.

##### 32.45.2 Investment in Collective Investment Schemes

Each Sub-Fund will bear its proportionate share of any fees and expenses paid by collective investment schemes in which the relevant Sub-Funds may invest (including funds affiliated with the relevant Investment Manager, other than a Sub-Fund of the Fund), in addition to all fees and expenses payable by each Sub-Fund. Investments in funds affiliated with the Investment Manager will be subject to the Investment Manager's fiduciary obligations to a Sub-Fund and will be made on an arm's length basis. Where a Sub-Fund invests in units of a collective investment scheme managed by the Investment Manager or its affiliates, and the Investment Manager or its affiliate, as the case may be, is entitled to receive a preliminary charge for its own account in respect of an investment in such fund, the Investment Manager or the affiliate, as appropriate, will waive the preliminary charge. Where the Investment Manager receives any commission by virtue of investing in a fund advised or managed by the Investment Manager, such commission will be paid into the assets of the relevant Fund.

##### 32.45.3 Exchange Traded Funds ("**ETFs**")

ETFs are investment companies whose shares are bought and sold on a securities exchange. ETFs invest in a portfolio of securities designed to track a particular market segment or index. ETFs, like mutual funds, have expenses associated with their operation, including advisory fees. When a Sub-

Fund invests in an ETF, in addition to directly bearing expenses associated with its own operations, it will bear a pro rata portion of the ETF's expenses. Such ETF's expenses may make owning shares of the ETF more costly than owning the underlying securities directly. The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities.

#### 32.45.4 Restricted Securities

A Sub-Fund may invest in securities that are not registered under the 1933 Act or under the laws of any non-U.S. jurisdiction pursuant to an exemption thereunder ("**Restricted Securities**"). Restricted Securities may be sold in private placement transactions between issuers and their purchasers and may be neither listed on an exchange nor traded in other established markets. In many cases, privately placed securities may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. As a result of the absence of a public trading market, privately placed securities may be less liquid and more difficult to value than publicly traded securities. To the extent that privately placed securities may be resold in privately negotiated transactions, the prices realized from the sales, due to illiquidity, could be less than those originally paid by the relevant Sub-Fund or less than their fair market value. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded. If any privately placed securities held by a Sub-Fund are required to be registered under the securities laws of one or more jurisdictions before being resold, a Sub-Fund may be required to bear the expenses of registration. A Sub-Fund's investments in private placements may consist of direct investments and may include investments in smaller, less seasoned issuers, which may involve greater risks. These issuers may have limited product lines, markets or financial resources or they may be dependent on a limited management group. In making investments in such securities, a Sub-Fund may obtain access to material non-public information, which may restrict a Sub-Fund's ability to conduct portfolio transactions in such securities.

#### 32.45.5 Stripped Securities

Stripped securities are created when the issuer separates the interest and principal components of an instrument and sells them as separate securities. In general, one security is entitled to receive the interest payments on the underlying assets (the interest only or "IO" security) and the other to receive the principal payments (the principal only or "PO" security). Some stripped securities may receive a combination of interest and principal payments. The yields to maturity on IOs and POs are sensitive to the expected or anticipated rate of principal payments (including prepayments) on the related underlying assets, and principal payments may have a material effect on yield to maturity. If the underlying assets experience greater than anticipated prepayments of principal, a Sub-Fund may not fully recoup its initial investment in IOs. Conversely, if the underlying assets experience less than anticipated prepayments of principal, the yield on POs could be adversely affected. Stripped securities may be highly sensitive to changes in interest rates and rates of prepayment.

## 32.46 Currency Risks

### 32.46.1 Currency Transactions

A Sub-Fund may engage in a variety of currency transactions. In this regard, spot and forward contracts and over-the-counter options are subject to the risk that counterparties will default on their obligations. Since a spot or forward contract or over-the-counter option is not guaranteed by an exchange or clearing house, a default on the contract would deprive a Sub-Fund of unrealised profits, transaction costs and the hedging benefits of the contract or force a Sub-Fund to cover its purchase or sale commitments, if any, at the current market price. To the extent that a Sub-Fund is fully invested in securities while also maintaining currency positions, it may be exposed to greater combined risk. The use of currency transactions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary Fund securities transactions. If the Investment Manager is incorrect in its forecasts of market values and currency exchange rates, the investment performance of a Sub-Fund would be less favourable than it would have been if this investment technique were not used.

A Sub-Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Sub-Fund at one rate, while offering a lesser rate of exchange should the Fund sell to the dealer.

### 32.46.2 Currency Risks

As a result of investment in obligations involving currencies of various countries, the value of the assets of a Sub-Fund as measured in a Sub-Fund's Base Currency will be affected by changes in currency exchange rates, which may affect a Sub-Fund's performance independent of the performance of its securities investments. A Sub-Fund may or may not seek to hedge all or any portion of its foreign currency exposure. However, even if a Sub-Fund attempts such hedging techniques, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-Base Currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations.

Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, a Sub-Fund's Net Asset Value to fluctuate as well. Currency exchange rates generally are determined by the forces of supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or anticipated changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates also can be affected unpredictably by intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world. To the extent that a substantial portion of a Sub-Fund's total assets, adjusted to reflect a Sub-Fund's net position after giving effect to currency transactions, is denominated in the currencies of particular countries, the Fund will be more susceptible to the risk of adverse economic and political developments within those countries.

### 32.46.3 Currency Counterparty Risk

Contracts in the foreign exchange market are not regulated by a regulatory agency, and such contracts are not guaranteed by an exchange or its clearing house. Consequently, there are no requirements with

respect to record-keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank-traded instruments rely on the dealer or counterparty being contracted with to fulfil its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which a Sub-Fund has a forward contract. Although the Investment Manager intends to trade with counterparties it believes to be responsible, failure by a counterparty to fulfil its contractual obligations could expose a Sub-Fund to unanticipated losses.

#### 32.46.4 Share Currency Designation Risk

The Fund may from time to time in its sole discretion, and without notice to the Shareholders, issue multiple Hedged Classes of Shares which are designated in a currency other than the Base Currency of a Sub-Fund. However, a Sub-Fund seeks to achieve its investment objectives in its Base Currency. In order that investors in any Hedged Classes receive a return in the applicable Class Currency substantially in line with the investment objectives of the Fund, the Investment Manager intends to seek to hedge the foreign currency exposure of such interests through foreign exchange transactions. Foreign exchange hedging involves the Fund seeking to mitigate the risk of losses caused by adverse exchange rate fluctuations through the use of the efficient portfolio management techniques (including futures and currency forwards) set out in the relevant Supplement within the conditions and limits imposed by the CSSF to hedge the foreign currency exposure of such Classes into the Base Currency of the relevant Fund. There can be no assurance that foreign exchange hedging will be effective. For example, foreign exchange hedging may not take into account the changes in foreign currency exposure resulting from appreciation or depreciation of the assets of a Sub-Fund allocable to Hedged Classes in the periods between Dealing Days of the relevant Sub-Fund. In addition, foreign exchange hedging may not fully protect investors from a decline in the value of the Base Currency against the relevant Class Currency because, among other reasons, the valuations of the underlying assets of the relevant Sub-Fund used in connection with foreign exchange hedging could be materially different from the actual value of such assets at the time the foreign exchange hedging is implemented, or because a substantial portion of the assets of the Sub-Fund may lack a readily ascertainable market value. Moreover, while holding Shares of a Hedged Class should protect investors from a decline in the value of the Base Currency against the relevant Class Currency, investors in a Hedged Class will not generally benefit when the Base Currency appreciates against the relevant Class Currency. The value of Shares of any Hedged Class will be exposed to fluctuations reflecting the profits and losses on, and the costs of, the foreign exchange hedging.

While the Investment Manager will seek to limit any foreign exchange hedging if the liabilities arising from any foreign exchange hedging utilised by a Sub-Fund exceed the assets of the applicable class of interests on behalf of which such hedging activities were undertaken, it could adversely impact the NAV of other classes in a Sub-Fund. In addition, foreign exchange hedging will generally require the use of a portion of a Sub-Fund's assets for margin or settlement payments or other purposes. For example, a Sub-Fund may from time to time be required to make margin, settlement or other payments, including in between Dealing Days of the relevant Sub-Fund, in connection with the use of certain hedging instruments. Counterparties to any foreign exchange hedging may demand payments on short notice, including intra-day. As a result, a Sub-Fund may liquidate assets sooner than it otherwise would have and/or maintain a greater portion of its assets in cash and other liquid securities than it otherwise would have, which portion may be substantial, in order to have available cash to meet current or future margin

calls, settlement or other payments, or for other purposes. A Sub-Fund generally expects to earn interest on any such amounts maintained in cash, however, such amounts will not be invested in accordance with the investment policy of the Sub-Fund, which may materially adversely affect the performance of the Sub-Fund (including Base Currency denominated Shares). Moreover, due to volatility in the currency markets and changing market circumstances, the Investment Manager may not be able to accurately predict future margin requirements, which may result in a Sub-Fund holding excess or insufficient cash and liquid securities for such purposes. Where a Sub-Fund does not have cash or assets available for such purposes, the Fund may be unable to comply with its contractual obligations, including without limitation, failing to meet margin calls or settlement or other payment obligations. If a Sub-Fund defaults on any of its contractual obligations, the Fund and its Shareholders (including holders of Base Currency denominated Shares) may be materially adversely affected.

There may be circumstances in which the Investment Manager may determine not to conduct any foreign exchange hedging in whole or in part for a certain period of time, including without limitation, where the Investment Manager determines, in its sole discretion, that foreign exchange hedging is not practicable or possible or may materially affect a Sub-Fund or any direct or indirect investors therein, including the holders of Base Currency denominated Shares. As a result, foreign currency exposure may go fully or partially unhedged for that period of time. Shareholders may not receive notice of certain periods for which foreign currency exposure is unhedged.

There can be no assurance that the Investment Manager will be able to hedge, or be successful in hedging, the currency exposure, in whole or in part, of Shares of any Hedged Class. In addition, a Sub-Fund is not expected to utilise foreign exchange hedging during the period when the Sub-Fund's assets are being liquidated or the Sub-Fund is being wound up, although it may do so in the Investment Manager's sole discretion. The Investment Manager may, in its sole discretion and subject to applicable law, delegate the management of all or a portion of the foreign exchange hedging to one or more of its affiliates.

## 32.47 Regulatory Risks

### 32.47.1 Government Investment Restrictions

Government regulations and restrictions may limit the amount and types of securities that may be purchased or sold by a Sub-Fund. The ability of a Sub-Fund to invest in securities of companies or governments of certain countries may be limited or, in some cases, prohibited. As a result, larger portions of a Sub-Fund's assets may be invested in those countries where such limitations do not exist. Such restrictions may also affect the market price, liquidity and rights of securities and may increase Fund expenses. In addition, policies established by the governments of certain countries may adversely affect each Fund's investments and the ability of a Sub-Fund to achieve its investment objective.

In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation may affect certain aspects of the operation of a Sub-Fund.

### 32.47.2 Changes to US Securities Law

Some derivative contracts are currently not regulated by the SEC or the CFTC, or, in some jurisdictions, any comparable regulatory body, and such contracts are not guaranteed by an exchange or its clearinghouse. However, the regulation of derivatives has been, and will be, changing as a result of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("**Dodd-Frank Act**").

In order to mitigate counterparty risk and systemic risk in general, various regulatory and legislative initiatives are underway to require certain over-the-counter derivatives to be cleared through a clearinghouse. In the United States, clearing requirements were part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. It is expected that the CFTC and the SEC will introduce additional clearing requirements for other derivatives in the future. While such clearing requirements may be beneficial for a Sub-Fund in many respects (for instance, they may reduce the counterparty risk to the dealers to which a Sub-Fund would be exposed under non-cleared derivatives), a Sub-Fund could be exposed to new risks such as the risk that the majority of such derivatives may be required to be standardised and/or cleared through a clearinghouse, as a result of which a Sub-Fund may not be able to hedge its risks or express an investment view as well as it would using customisable derivatives available in the over-the-counter markets. Also, each clearinghouse only covers a limited range of products and a Sub-Fund may have to spread its derivative portfolio across multiple clearinghouses, which in turn reduces the benefits of netting that derivatives users rely on to mitigate counterparty risk.

Another risk is that a Sub-Fund will likely be subject to more onerous and more frequent (daily or even intraday) margin calls from both the clearinghouse and the dealer through which a Sub-Fund will access the clearinghouse, which may force a Sub-Fund to use temporary credit facilities of the dealer to meet margin calls related to cleared trades and increase the costs of cleared trades to a Sub-Fund. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require a Sub-Fund to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to a Sub-Fund. In addition, clearinghouses may not allow a Sub-Fund to portfolio-margin its positions, which may cause an increase in the costs to a Sub-Fund. Further, clearinghouses are encouraged to model risks and implement margin requirements in typical market environments. Many of the risk models, however, are subject to change at any time and, therefore, a Sub-Fund may be subject to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on a Sub-Fund.

Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse or any counterparty a Sub-Fund utilises as a clearing agent or broker, subjecting a Sub-Fund to the risk that the assets of the clearing entity are insufficient to satisfy all of the clearing entity's payment obligations, leading to a payment default. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on member firms during a financial crisis, which could lead member firms to default and thus worsen the crisis. Because these potential clearinghouses are still in the approval stage and are still being analysed for bankruptcy risk, it is difficult to speculate what the actual risks would be to a Sub-Fund related to the default of a clearinghouse. There is no one international standard for clearinghouses; existing clearinghouses both domestically and internationally have different waterfalls that apply upon the insolvency of a clearinghouse or a clearinghouse member and it is possible that a Sub-Fund could

be in a worse position if a clearinghouse were to fail than a traditional derivative counterparty. Also, a clearinghouse will likely require that a Sub-Fund relinquish control of its transactions if the clearinghouse were to become insolvent, and, therefore, a Sub-Fund would not be able to terminate and close out of a defaulting clearinghouse's positions, but would become subject to regulators' control over those positions. In such a circumstance, a Sub-Fund may not be able to take actions that it deems appropriate to lessen the impact of such clearinghouse default.

Applicable regulations may also require a Sub-Fund to make public information regarding its swaps volume, position size and/or trades, which could detrimentally impact a Sub-Fund's ability to achieve its investment objectives.

The overall impact of the Dodd-Frank Act on the Fund and a Sub-Fund is highly uncertain and it is unclear how the over-the-counter derivatives markets will adapt to this new regulatory regime or any additional regulations in the future.

### 32.47.3 Financial Transaction Tax

Eleven European Union Member States are proposing to implement a financial transaction tax ("**FTT**"), which is currently being discussed. In its proposed form, the FTT applies to certain transactions in financial instruments involving financial institutions where at least one party to which is located in a participating Member State, or where the financial instrument is issued in a participating Member State. The FTT is currently set to be levied at a minimum rate of 0.1% on all transactions other than derivatives which are to be taxed at a minimum rate of 0.01%. The FTT can be charged on both counterparties, depending on the nature of their activities, their location, and the subject matter of the transaction. The current proposals therefore do impact on certain financial institutions located outside the eleven participating Member States, as well as certain financial institutions located outside the European Union.

The proposal is still being discussed and so the precise timing and ultimate form of any legislation and related regulations implementing the proposed FTT are not yet fully known. The UK had launched a challenge in relation to the FTT, although the Court of Justice of the European Union found that challenge to be premature. The European Council's legal service has issued a legal opinion finding that the application of the FTT to a financial institution established outside the participating Member States due to it transacting with a person established within a participating Member State, is unlawful. However, the European Commission's own legal advisors have since rebutted that conclusion. As the FTT proposals develop, further challenges may be made.

Any changes to the current framework of the taxation of financial transactions within the EU, including changes contemplated by the proposed FTT, could adversely affect the cost of investment or hedging strategies pursued by the Fund as well as the value and liquidity of certain assets within the Fund and the relevant Sub-Funds, such as securities, derivatives and structured finance securities. Additionally, the proposed FTT contains certain anti-avoidance rules which would restrict the ability of the Fund to mitigate the impact of these charges. It should be noted that a similar tax has already been introduced in France and Italy and other EU member states may introduce a similar tax. Participating EU member states which implement the FTT, such as France and Italy, are expected to repeal any similar taxes with effect from the implementation of the FTT.

#### 32.47.4 Changes in UCITS Regulations

As a UCITS the Fund will be subject to any changes in the UCITS regulations which may occur from time to time. Any changes in the UCITS regulations could have negative consequences for the Fund, whether intended or unintended, such as increasing the operating costs of the Fund, limiting its ability to engage in certain investment strategies or to access certain markets or hold certain instruments or positions or to appoint certain service providers on terms favourable to the Fund.

#### 32.48 Tax Risks for U.S. Taxpayers

Since the Fund will be a PFIC, a U.S. Taxpayer (including for these purposes a U.S. Taxpayer that is either a direct or indirect owner of shares) who or that is not a tax-exempt entity would be subject to the adverse tax consequences of investing in a PFIC (and, to the extent the portfolio investments in which a Sub-Fund invests are PFICs, the additional adverse tax consequences arising therefrom). Accordingly, such U.S. Taxpayers should note that an investment in the Fund can be expected to result in significantly adverse tax treatment. Please see Section 22.3.

#### 32.49 Historical Performance

Past performance information on each Sub-Fund is included in the latest available audited annual and unaudited semi-annual reports of the Fund.

Past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and bases of taxation may change from time to time.

#### 32.50 Sustainability Risk

Such risk is principally linked to climate-related events resulting from climate change (a.k.a Physical Risks) or to the society's response to climate change (a.k.a Transition Risks), which may result in unanticipated losses that could affect Fund's investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into Sustainability Risks.



**PART II**

**SUB-FUNDS SPECIFIC SUPPLEMENTS**

## **APPENDIX A - TRG EMERGING MARKETS LOCAL DEBT UCITS FUND**

### **(A SUB-FUND OF MONTLAKE UCITS PLATFORM (LUX) SICAV)**

#### **THE "SUB-FUND"**

##### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The investment objective of the Sub-fund is to achieve attractive risk-adjusted returns. To achieve this goal, the Investment Manager intends to invest the Sub-Fund's assets in a diversified portfolio of securities and derivative instruments, as detailed below, primarily consisting of, or relating to, sovereign, quasi-sovereign and corporate issuers located in, and interest rates, inflation rates, currencies, indices, and/or other financial metrics of or relating to, some or all of the following countries and regions (among others): Argentina, Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Hungary, Israel, Poland, Romania, Russia, South Africa, Turkey, China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and/or Thailand ("**Core Countries**").

The Investment Manager shall invest at least 70% of the Sub-Fund's Net Asset Value invested in fixed income and derivative instruments denominated in the currencies of Core Countries. "Fixed Income and Derivative Instruments" include, but are not limited to, sovereign, quasi-sovereign and supranational bonds (both nominal and inflation-linked) and treasury bills; interest rate, real rate, inflation, cross-currency, and bond-linked swaps, TRS; credit-linked notes; credit default swaps; swaptions; spot transactions; forward contracts; futures contracts; and options on currencies and futures contracts.

To the extent the Sub-Fund invests in instruments admitted to or dealt on a market it will only do so on regulated markets as defined in the MiFID II Directive or any other market which is regulated, operates regularly and is recognised and open to the public (as referred to in article 41(1) (c) of the Law of 2010). In particular in respect of Russia it will invest only in securities listed on MICEX RTS.

To achieve its investment objective, the Sub-Fund will invest in Chinese fixed income securities issued by issuers which may include, but are not limited to, the PRC government, PRC quasi government organisations, PRC public or local authorities, PRC state owned organisations, PRC banks and financial institutions, PRC based private enterprises and corporations. The Sub-Fund may also invest and trade on the onshore RMB fixed income securities through Bond Connect ("**Bond Connect Securities**") in the China Interbank Bond Market (the "**CIBM**") via Northbound Trading Link. Eligible foreign investors will be allowed to invest in Bond Connect Securities through a cross border platform, which facilitates the efficient trading by overseas institutional investors in the PRC bond market (Northbound link) and by PRC investors in the Hong Kong bond market (Southbound link). Northbound Trading will follow the current policy framework for overseas participation in the CIBM. There will be no investment quota for Northbound Trading.

The Investment Manager also may invest a portion of the Sub-Fund's assets in Fixed Income and Derivative Instruments denominated either in currencies of emerging market countries that are not Core Countries or in currencies of non-emerging market countries, as well as corporate bonds denominated in any emerging market currency or any non-emerging market currency. The Investment Manager will generally seek to limit the Sub-Fund's exposure to such instruments to no more than 30% of the Sub-

Fund's Net Asset Value, with the portion of any such exposure derived from corporate bonds generally limited to no more than 15% of the Sub-Fund's Net Asset Value. For the purposes of efficient cash management, the Investment Manager may invest in cash (normally up to 20% of its net assets, except in the occurrence of extraordinary events) and cash equivalents (such as US Treasury bills) denominated in the Sub-Fund's base currency (USD) with the restriction set out in Section 7 of Part I of this Prospectus.

The Sub-fund will not invest in corporate securities with distressed characteristics (as measured by yield or price level) or defaulted securities. If a security held by the Sub-Fund becomes distressed or a defaulted security the Sub-Fund will dispose of such security in a manner which the Investment Manager believes, in its sole discretion, is in the best interests of the Sub-Fund.

The Sub-Fund will not enter into securities lending and borrowing and/or repurchase, including reverse repurchase, transactions and/or buy-sell back transactions.

The underlying investments of the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

#### 1.1 Hedging

The Investment Manager may, but is not required to, seek to hedge the Sub-Fund's portfolio exposure through, among other things, transactions in currencies, currency options, credit default swaps, interest rate swaps, interest rate futures, options on interest rate futures, and equity index options denominated in emerging market and non-emerging market currencies and based upon emerging and non-emerging market countries.

#### 1.2 Rating

The Sub-Fund's portfolio's interest-rate exposure to non-investment grade (defined as having a rating below Baa3 or BBB-) securities and derivatives is generally expected to be less than 50% of the Sub-Fund's Net Asset Value ("**Non-Investment Grade Level**"). For the purpose of calculating the Non-Investment Grade Level, the exposure of the portfolio's interest-rate positions (e.g., interest-rate securities, including but not limited to government and government-related bonds, and interest-rate derivatives for these countries, including but not limited to TRS, interest-rate swaps, overnight index swaps, cross-currency swaps and credit default swaps) will be measured by notional value. For the avoidance of doubt, the portfolio's FX exposure (other than the FX exposure derived through the portfolio's interest-rate positions described above) shall not be included when calculating the Non-Investment Grade Limit.

The appropriate rating from either Moody's, S&P and/or Fitch will be used for this purpose. If all three agencies rate the issuer, the median rating shall be used, and if two of the three agencies rate the issuer, the lower rating shall be used. Local currency rating shall be used for local-currency denominated debt, and foreign currency rating shall be used for foreign-currency denominated debt. In the absence of an appropriate rating, country rating will be used.

The expected level of Non-Investment Grade exposure is not a regulatory limit.

## 2. INVESTMENT MANAGER

TRG Management LP, a Delaware limited partnership ("**Investment Manager**"), serves as the investment manager of the Sub-Fund and is under the supervision of the U.S. Securities and Exchange Commission. The registered office of the Investment Manager is located at c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801USA.

The Investment Manager was organized as a Delaware limited partnership in December 2002 and serves as investment manager to several investment funds and separate accounts. The Investment Manager may delegate some or all of its obligations hereunder to one or more of its affiliates subject to the prior approval of the CSSF, if applicable.

## 3. CLASSES

Currently, there are six Classes available for issue to eligible investors in the Sub-Fund.

Each class of Shares has the same rights and restrictions, except that (i) different Investment Management Fees apply (as defined below), (ii) there is a different minimum initial investment amount and residual holding amount and (iii) they may be subject to a capped total expense ratio. All Classes are Accumulation Classes.

<b>Class</b>	<b>Currency of Denomination</b>	<b>Retail/ Institutional</b>	<b>Initial Issue Price</b>	<b>Minimum Initial Investment Amount and Residual Holding Amount</b>	<b>Investment Management Fee per Annum</b>
<b>Class A1 Shares</b>	U.S. dollars	Institutional	USD 100	USD 1,000,000.00	0.65%
<b>Class A2 Shares</b>	U.S. dollars	Institutional	USD 100	USD 1,000,000.00	0.40%
<b>Class A3 Shares</b>	U.S. dollars	Institutional	USD 100	USD 50,000,000.00	0.50%
<b>Class B1 Shares</b>	U.S. dollars	Retail	USD 100	USD 10,000.00	1.00%
<b>Class B2 Shares</b>	U.S. dollars	Retail	USD 100	USD 10,000.00	0.80%

<b>Class C Shares</b>	U.S. dollars	Retail/Institutional	USD 100	USD 1,000.00	None
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Classes A2 and B2 are only available to investors that subscribe during the period ending when the Sub-Fund's Net Asset Value reaches USD 300,000,000.

Investors who have subscribed to Class A2 Shares or Class B2 Shares during the period above and who subsequently wish to increase their subscription amount will still be entitled to subscribe to Class A2 Shares or Class B2 Shares, as applicable.

The total expenses to be borne by the Class A2 Shares shall not exceed 0.80% per annum of such Class's Net Asset Value (the "Expense Limitation"). The Investment Manager has agreed to waive all or a portion of the Investment Management Fee in respect of such Class, and/or to pay directly other expenses attributable to such Class, to the extent necessary to ensure that such ratio can be respected. For the avoidance of doubt, the Expense Limitation shall be inclusive of the expenses discussed and referenced in Sections 21.5 and 21.6 of the Prospectus, as well as the Management Fee and Investment Management Fee, as defined in this Supplement.

Class C Shares are only available for subscription by the Investment Manager's affiliates, employees, and employees of its affiliates.

#### **4. BASE CURRENCY**

The Base Currency of Sub-Fund is in U.S. dollars.

#### **5. GLOBAL EXPOSURE CALCULATION METHODOLOGY**

VaR Approach.

The Sub-Fund employs the absolute Value-at-Risk (VaR) approach to measure its market risk. The absolute VaR limit of the Sub-Fund shall be set at or below 20% of its Net Asset Value. This limit is based upon a one (1) month holding period and a 99% unilateral confidence interval.

#### **6. USE OF TRS**

The expected proportion of the assets of the Sub-Fund which are subject to TRS is 0% subject to a maximum of 35%.

The Sub-Fund intends to invest in TRS in case of specific conditions in order to provide a certain flexibility to stay invested in Countries in its investment universe in the case where one or more governments of such countries decide to change their policies, making it impractical for foreign investors to invest in local bonds. Examples of this type of scenario include exorbitantly high capital gain tax rates and lack of local market access from capital control, among others. The Sub-Fund also intends to use TRS to be able to quickly gain access to local markets of either off-benchmark countries or countries that are going to be included in its benchmark in the future (as setting up local accounts could take a

significant amount of time depending on the country, China being a relevant example). Entering into TRS at the maximum level of 35% would allow the Investment Manager to take an overweight view in two countries with significant weight in the Sub-Fund's benchmark (with 10% country limit) should they find themselves in the above-mentioned conditions.

The Sub-Fund has not entered into any TRS transactions during the past financial year, terminated on 31 December 2021 and therefore no direct or indirect operational costs and fees were paid by the Sub-Fund in relation with TRS transactions. If the Sub-Fund enters into TRS transactions in the future, this section will be updated to provide the details required by the applicable laws and regulation.

## **7. LEVERAGE**

The Sub-Fund may borrow to cover operating expenses or for purposes of satisfying redemption requests or other obligations that would otherwise require the liquidation of the Sub-Fund investments, to the extent deemed appropriate by the Investment Manager, in its discretion, and provided the restriction set out in Section 7.7 of Part I of this Prospectus are complied with.

The Sub-Fund also will primarily leverage its investment return with financial derivative instruments that are inherently leveraged.

The Sub-Fund's level of leverage will be monitored primarily using the gross leverage approach in which the level of leverage will be calculated by dividing (x) the sum of the gross notional values of all instruments, including derivatives, by (y) the Sub-Fund's Net Asset Value. As calculated using this gross notional approach, leverage is not expected to exceed 400% of the Sub-Fund's total net assets.

In addition to the gross leverage approach discussed directly above, the Sub-Fund's leverage will be monitored using a bond equivalent approach. With this approach, leverage will be calculated by dividing (x) the total market value of the Sub-Fund's bonds plus the sum of the notional values of the Sub-Fund's interest rate related derivatives by (y) the Sub-Fund's Net Asset Value. For the avoidance of doubt, exposure to currencies either via cash or via derivatives is not included in this calculation. As calculated using this bond equivalent approach, leverage is not expected to exceed 140% of the Sub-Fund's total net assets.

For clarification, the use of leverage is not generally meant to increase the Sub-Fund's risk exposure. Instead, it is generally used to reduce the risk of the Sub-Fund and/or to reduce the tracking error.

The level of leverage may vary over time and at any given time may either exceed or fall below the expected levels. The expected levels of leverage are not regulatory limits. The use of leverage could, in certain circumstances, increase the adverse impact to which the Sub-Fund investment portfolio may be subject.

## **8. PROFILE OF A TYPICAL INVESTOR, DISTRIBUTION**

Investment in the Sub-Fund is suitable only for persons:

- who are sophisticated in connection with financial and business matters;

- for whom an investment in the Sub-Fund does not represent a complete investment program; and
- who fully understand and are capable of assuming the risks of the investment.

Any and all distribution will be made in compliance with applicable rules and regulations in the relevant countries. The Management Company will be responsible for distribution of the Sub-Fund and has appointed the Investment Manager as sub-distributor. The Investment Manager may from time to time sub-delegate distribution.

## 9. DETERMINATION OF THE NET ASSET VALUE

For the purposes of calculation of the NAV per Share, all applications for subscription, redemption, switch and conversion of Shares of the Sub-Fund, as well as all contributions received in consideration for the issuance of Shares and all proceeds paid in consideration for the redemption or transfer of Shares shall be taken into account. In the case where a NAV calculation error is detected, BNYM has a procedure in place in order to treat any NAV errors independently of any materiality threshold reached. Such procedure foresees incident reporting, escalation and corrective measures where required. In addition, in respect of NAV calculation errors above the materiality threshold and the de minimis rules as set forth in Circular 02/77, BNYM will comply with the specific requirements of Circular 02/77, to the extent applicable to it.

Each Business Day will be a Calculation Day and a Dealing Day, as well as a NAV Date in respect of the immediately following Calculation Day. "Business Day" shall mean any day on which banks are open in the Grand Duchy of Luxembourg and New York.

The Net Asset Value per Share of each Class will be calculated on the Calculation Day in the currency of the relevant Class. It will be calculated by dividing the Net Asset Value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue. The resulting sum shall be rounded to three decimal places.

## 10. SUBSCRIPTIONS

Upon launch of the relevant share class, Shares will be issued at the Initial Issue Price (the "**Initial Offering Period**"). Subscriptions generally must be made in the amounts indicated in table 3 above. Additional subscriptions generally must be made in an amount of at least \$1,000.00. Investors may apply to subscribe for Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time on a NAV Date, subject to the Management Company's discretion to determine otherwise, the Shares will be issued at the Subscription Price calculated on the next following Dealing Day. Applications for subscriptions received or deemed to be received after 5.00 p.m. Luxembourg time on a NAV Date will be deemed to have been received on the next NAV Date. The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such subscription will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

The full Subscription Price, payable in the currency of denomination of the relevant Class, must be received no later than close of business on the appropriate Dealing Day (or by such earlier or later date and/or time as the Management Company may at its discretion determine).

If timely settlement is not made, the subscription may lapse and be cancelled at the cost of the applicant or its financial intermediary. Failure to make good settlement by the settlement date may result in the Fund bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Management Company and/or the Sub-Fund against any existing holding of the applicant in the Sub-Fund. In all cases any money returnable to the investor will be held without payment of interest pending receipt of the remittance.

## **11. REDEMPTIONS**

### **11.1 In General**

Investors may apply to redeem their Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time on a NAV date, subject to the Management Company's discretion to determine otherwise, the Shares will be redeemed at the Redemption Price calculated on the next following Dealing Day.

Applications for redemptions received or deemed to be received after 5.00 p.m. Luxembourg time on a NAV Date will be deemed to have been received on the next NAV Date.

The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such redemption will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

Redemption requests must be sent in writing by mail or facsimile or any other means as outlined in the redemption documents to, and must be received by, the Administrator, and must include the names and account number of the Shareholder(s), the Class and number of Shares requested to be redeemed or monetary amount for the value of which shares are to be redeemed and instructions for the remittance of the proceeds.

A redemption request will always be deemed to relate to the Shares that were first issued to a Shareholder in case the Shareholder subscribed several times to Shares of the relevant Class.

Redemption proceeds are paid in the reference currency of the relevant Class by or on behalf of the Depositary as soon as reasonably practicable and no later than seven (7) Business Days after the relevant Dealing Day, unless statutory or legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary and Management Company, make it impossible to transfer the redemption amount to the country that the redeeming Shareholder has requested. In the circumstances mentioned under Section 20 of Part I ("Suspension of Determination of the Net Asset Value") where the Sub-Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions or where the value of the assets and liabilities of the Sub-Fund cannot be reasonably determined, the Sub-Fund may take longer than



seven (7) Business Days to effect settlements of redemptions or it may even suspend redemptions in accordance with the aforementioned Section.

#### 11.2 Redemption Fees

For purposes of fixing the Redemption Price, a redemption adjustment, not to exceed two percent (2%) of the Net Asset Value, may be deducted from the Net Asset Value per share for the benefit of the Sub-Fund or class concerned to reflect expenses payable by the Sub-Fund to redeem interests in the underlying investments. The Board of Directors determines the Redemption Adjustment in good faith to maintain, to the extent deemed appropriate by the Board of Directors, the proportionate interests in the Sub-Fund's investments which prevailed prior to the redemption of shares. Information as to prevailing level of the redemption adjustment is available at the registered offices of the Fund and the Management Company and at the offices of the Investment Manager. The same redemption adjustment (if any) will be applied in respect of all redemption requests dealt with on the same Dealing Day.

### 12. CONVERSION OF SHARES

Solely with the consent and at the discretion of the Management Company, Shareholders may switch their Shares from any Class to another Class of Shares exclusively within the Sub-Fund on any Calculation Day by submitting a switch request to the Administrator prior to 5.00 p.m. Luxembourg time by no later than three (3) Business Days prior to the relevant Calculation Day, and, should the Investment Manager agree to such switch, the switch will be made at the prevailing Net Asset Value of the relevant Classes calculated on the relevant Calculation Day. Switches in the Sub-Fund will not be subject to any charge. In the event that a Shareholder's holding amount in respect of a Class of Shares fall below the minimum amount specified in Section 3 in respect of such Class of Shares, such Shareholder will be considered to have made a request for all of its Shares of such Class to be switched to another Class of Shares as of the next Calculation Day, except to the extent such Shareholder's holding amount of such Shares is above the relevant minimum holding amount at such time.

### 13. REPORTS

In addition to accounts drawn up in accordance with Lux GAAP, the Sub-Fund will prepare at the expense of the Sub-Fund, accounts for the Sub-Fund drawn up under U.S. GAAP.

### 14. BENCHMARK

Performance of the Sub-Fund will be measured against the J.P. Morgan GBI-EM Global Diversified Index. The J.P. Morgan GBI-EM Global Diversified Index is comprised of regularly traded, liquid fixed-rate domestic currency government bonds of emerging market countries which permit foreign investors access to their capital markets. The Sub-Fund is actively managed and the use of this benchmark for comparison purposes imposes no investment constraint on the asset allocation of the portfolio. The actual composition of the Sub-Fund may bear little or no resemblance to the benchmark at the Investment Manager's sole discretion. There will be no obligation for the Sub-Fund to use the benchmark in any capacity except as a point of reference against which the performance of the Sub-Fund may be measured.

If the publication of the benchmark ceases, or where there are major changes in the benchmark that the Board of Directors considers warrant doing so, or if for some reason the Board of Directors feel that another benchmark is appropriate, another benchmark may be chosen. Any such change of benchmark will be reflected in an updated Supplement.

## **15. FEES AND EXPENSES**

### **15.1 Management Fee**

In respect of its provision of management services to the Sub-Fund, the Management Company will receive from the Sub-Fund a management fee ("**Management Fee**") on a sliding scale at a maximum rate of 0.30 % per annum of the Net Asset Value of the Sub-Fund. This is subject to an annual minimum fee of €200,000.

The Management Fee will be calculated and will accrue at each Calculation Day and is paid monthly in arrears together with reasonable vouched out of pocket expenses incurred by the Management Company in the performance of its duties. The Management Company is responsible for paying the fees and expenses of the Directors, Administrator, Depositary, Auditors (for the annual legal audit only) and Umbrella Set-up Costs out of the Management Fee.

### **15.2 Investment Management Fee**

The Sub-Fund pays to the Investment Manager an investment management fee ("**Investment Management Fee**") in respect of each Share Class as specified in Section 3 above. The Investment Management Fee will be calculated based on the Net Asset Value of the relevant Share Class, will accrue at each Calculation Day and will be paid monthly in arrears. From time to time the Investment Manager in its sole discretion may enter into arrangements with one or more Shareholders (and not with other Shareholders) pursuant to which it agrees to rebate to such Shareholder(s) all or a portion of the Investment Management Fees paid to the Investment Manager in respect of some or all of the Shares of the applicable Shareholder.

### **15.3 Expenses**

The Set-Up Costs estimated at USD 190,000 will be borne by the Sub-Fund and amortised over a period not to exceed the first five (5) years of the Sub-Fund commencing on the date of first issue of Shares of the Sub-Fund.

The Sub-Fund will bear on-going operational expenses as more particularly described in Section 21.6 of the Part I of this Prospectus.

## **16. INVESTOR SUITABILITY**

The Sub-Fund does not accept subscriptions from investors that are U.S. Persons.

## **17. SUSTAINABILITY RISK**

It is expected that this Sub-fund will be exposed to a broad range of sustainability risks. However, as the Sub-fund is broadly diversified, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

## **18. SUB-FUND SPECIFIC RISKS**

An investment in the Sub-Fund involves substantial risks, including but not limited to those described below. There can be no assurance that the Sub-Fund's investment objective can or will be achieved or that the Sub-Fund will be able to return any invested capital to investors. Investment results may vary substantially from period to period.

A Shareholder should limit the portion of its investment portfolio invested in the Company in order to achieve diversification of risk. In addition to other risks and related matters described in Part I of this Prospectus, a prospective investor should consider the following factors in determining whether an investment in the Sub-Fund is suitable in his or her circumstances. An adverse impact attributable to any factor occurring by itself, in combination with other factors or in combination with circumstances that are impossible to predict, could be material to the Fund or to a Shareholder.

### **18.1 Investment Strategy Risks**

#### *Trading Decisions Based on Fundamental or Technical Analysis*

The Investment Manager primarily bases its trading decisions on fundamental analysis. Fundamental factors include inflation, trade balances, inventories and interest rates, all factors extrinsic to the market. To the extent that external factors provide mixed or conflicting signals, a fundamental trading system may not be able to detect and take advantage of profitable price moves. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that econometric analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue despite the traders having correctly identified such mispricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

The Investment Manager may also base its investment strategy on the mathematical analysis of technical data such as price, volume and momentum. These strategies do not generally take into account fundamental factors except insofar as such factors may influence the technical data constituting input information for the strategy. Accordingly, technical systems may be unable to respond to markets reacting to fundamental causative events until after the impact of those events has ceased. Technical strategies rely on information intrinsic to the market itself, such as prices, price patterns, volume and volatility to determine trades. These strategies can incur major losses when factors exogenous to the markets themselves such as political events, natural catastrophes, acts of war or terrorism dominate the markets and/or when regulatory authorities impose restrictions on market activity in response to any such factors.

#### *Leverage*

The Sub-Fund may leverage its investment return with options, swaps, forwards, futures and other derivative instruments that are inherently leveraged and other forms of direct and indirect borrowings. The amount of indirect leverage that the Sub-Fund may have outstanding at any time may be large in relation to its capital. The use of leverage by the Sub-Fund in a market that moves adversely to the Sub-Fund's investments could result in a loss to the Sub-Fund that would be greater than if leverage were not employed by the Sub-Fund. In addition, the costs of leverage (including interest on borrowings and other expenses that may be associated with borrowings) may be substantial and will affect the operating results of the Sub-Fund.

As a general matter, the prices of leveraged instruments can be highly volatile, and investments in leveraged instruments may, under certain circumstances, result in losses that exceed the amounts invested.

#### *Market Valuations*

The success of the Sub-Fund's investment and trading activities will depend in part upon the Investment Manager's ability to identify overvalued and undervalued investment opportunities. Identification and exploitation of such opportunities involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to identify suitable opportunities in a manner consistent with the Investment Manager's expectations.

## 18.2 Market Risks

#### *Broker Insolvency Risk*

Transactions entered into by the Sub-Fund may be executed on various U.S. and non-U.S. exchanges and may be cleared and settled through various clearing houses, custodians, depositories, broker-dealers and prime brokers throughout the world. While U.S. rules and regulations applicable to these brokers may offer significant protections to the assets of their clients if one of them were to become insolvent, the assets of the Sub-Fund held at such broker could be at risk. For example, while U.S. brokers are required to segregate client assets from their proprietary assets and are required to hold specified amounts of capital in reserve, client assets are normally held in pooled client accounts for the benefit of all clients and not specifically in the name of a particular client, such as the Sub-Fund. Additionally, such a broker may be able to transfer client assets out of such client accounts in the ordinary course of its business. The Sub-Fund could experience losses if the clients' aggregate claims exceeded the amount of client assets such broker actually held at the time of the insolvency. In addition, while the return of a U.S. broker's client's property is designed to occur on an expedited basis (usually by transfer of the accounts to a solvent broker), the Sub-Fund may be unable to trade the securities that were held by the insolvent broker during this transfer period. The assets of the Sub-Fund also may be held by non-U.S. brokers. Although certain non-U.S. jurisdictions provide similar protections to client assets, many do not, and there can be no assurance that the Sub-Fund will not experience losses in any insolvency of such a non-U.S. broker. The Sub-Fund will attempt to execute, clear and settle transactions through entities that the Investment Manager believes to be sound, but there can be no assurance that a failure by any such entity will not lead to a loss to the Sub-Fund. In addition, the U.S. Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges in the United States and other countries are authorized to take extraordinary actions in the event of market

emergencies. Such actions could lead to a Sub-Fund loss as a result of delay in settling transactions or other circumstances.

#### *Counterparty Risk*

The Sub-Fund is subject to the risk that counterparties or issuers of derivative contracts and other instruments in which it invests and trades may default on their obligations under those instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. It is expected that many of the markets in which the Sub-Fund effects its transactions will be over-the-counter ("**OTC**") or inter dealer markets. The participants in such markets are typically not subject to credit evaluation by an exchange or clearing organization and may not be subject to the same level of regulatory oversight as are members of exchange-based markets. The Sub-Fund therefore will be exposed to a greater risk that a counterparty will not timely settle a transaction or otherwise perform its obligations in accordance with contractual terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem of the counterparty, thus causing the Sub-Fund to suffer a loss. In addition, in the case of a default by a counterparty, the Sub-Fund could become subject to adverse market movements while it attempts to unwind a transaction and/or arrange a replacement transaction or to liquidate or obtain proceeds of collateral. The Sub-Fund also may experience significant delays in recovering such losses in a bankruptcy or other legal proceeding, and may obtain only a limited recovery or no recovery. Counterparty risk is accentuated for contracts with longer maturities, where events may intervene to prevent settlement or where the Sub-Fund has concentrated its transactions with a single or small group of counterparties. These risks may differ materially from those entailed in exchange-traded or other cleared transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions, and segregation and minimum capital requirements applicable to intermediaries. Although the Sub-Fund intends to enter into transactions only with counterparties that the Investment Manager believes to be creditworthy, will attempt to reduce its exposure by obtaining collateral in appropriate cases, and will pursue any appropriate remedies under any of these contracts, there can be no assurance that a counterparty will not default, that applicable collateral policies will be followed in all respects at all times (including with respect to eligible collateral), and that the Sub-Fund will not sustain a loss on a transaction as a result.

To the extent that the Sub-Fund's transactions become concentrated with a relatively limited number of counterparties, the Sub-Fund may become subject to greater losses as a result of any such default.

#### *Emerging Markets Sovereign Debt Risk*

The Sub-Fund will invest in sovereign debt, including sovereign debt of emerging markets countries. A country whose debt is held by the Sub-Fund as an investment may be unwilling or unable to repay the principal and/or interest when due in accordance with the terms of such securities due to various factors, including political constraints. Certain emerging markets countries have defaulted or restructured their external debt obligations in the past and may do so again in the future. Restructurings of debt can result in a reduction in the amount of interest and principal payments. In addition, the Sub-Fund may have limited recourse against a defaulting sovereign debt issuer. If a country that issued sovereign debt held by the Sub-Fund defaulted on or restructured such investment, the Sub-Fund would suffer significant losses on its investment.

*Risk of Errors and Omissions in Information*

Companies in emerging markets are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Consequently, there is usually less publicly available information about a company located in an emerging market than about a company located in a developed country. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not be as high as in more developed economies. The quality and availability of accurate and reliable information about the local economy and securities may adversely affect the ability of the Investment Manager to source potential investments and to assess the merits and risks of particular investments by the Sub-Fund.

### *Investment and Repatriation Restrictions*

Some emerging market countries have laws and regulations that currently preclude direct foreign investment in the securities of their local companies. However, some countries permit indirect foreign investment in the securities of companies listed and traded on the stock exchanges in their countries through certain authorized investment funds. The Sub-Fund may invest in these investment funds. If the Sub-Fund invests in such investment funds, the investors will bear not only the expenses of the Sub-Fund, but also will indirectly bear indirectly similar expenses of the underlying investment funds.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some emerging market countries, and the extent of foreign investment in domestic companies may be subject to limitation in other emerging market countries. Foreign ownership limitations also may be imposed by the constituent documents of individual companies in emerging markets. For this and other reasons, some attractive securities may not be available to the Sub-Fund.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging market countries. The Sub-Fund could be adversely affected if the granting of any such governmental registration or approval is delayed or refused.

### *Legal Risk*

Many of the laws that govern private and foreign investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, the Sub-Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which assets of the Sub-Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Sub-Fund and its operations.

### *Issuer Insolvency*

Various laws enacted for the protection of creditors may apply to the investments in debt obligations made by the Sub-Fund by virtue of the Sub-Fund's role as a creditor with respect to such Investments made by the Sub-Fund. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an Investment made by the Sub-Fund and the grant of any security interest or other lien securing such Investment made by the Sub-Fund, and, after giving effect to the incurring of such indebtedness, the borrower (a) was insolvent; (b) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital; or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances,

subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to the Sub-Fund) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer of debt obligations, payments made on the investments in such issuer made by the Sub-Fund could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one (1) year) before insolvency depending on a number of factors, including the amount of equity of the issuer owned by the Sub-Fund and its Affiliates and any contractual arrangements between the issuer, on the one hand, and the Sub-Fund and its Affiliates, on the other hand. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the incurrence of the loan or that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such incurrence.

### 18.3 Operational Risk

#### *Compulsory Redemptions*

The Sub-Fund has the authority to require a Shareholder to redeem all or any portion of its Fund Shares, including, but not limited to, under circumstances in which the Sub-Fund has reason to believe that Fund Shares are held in violation of any applicable law, rule, regulation, interpretation, guideline or policy.

#### *Compliance, Litigation and Claims*

The Fund and the Sub-Fund must comply with various legal requirements, including requirements imposed by the securities laws, commodities laws and tax laws in various jurisdictions. As discussed below, regulation of the financial services industry is currently undergoing significant reform on a global basis, and thus the legal requirements to which the Fund or the Sub-Fund are subject over time could differ materially from current requirements. The Fund, the Sub-Fund and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Under the terms of the Investment Management Agreement the Fund shall indemnify and keep indemnified and hold harmless the Investment Manager, its affiliates, and their respective agents, officers, directors, members, employees and partners (the "**Indemnitees**") out of the assets of the Sub-Fund from and against any and all claims which may be made or brought against or directly or indirectly suffered or incurred by the Indemnitees in the performance or non performance of their obligations or duties thereunder or otherwise in connection with the Indemnitees providing portfolio management services to the Sub-Fund save to the extent that such claims are attributable to the (i) fraud, (ii) illegal acts, unless there was no reasonable cause for the Indemnitee to believe that its conduct was illegal; (iii) bad faith, willful misconduct or gross negligence, in the performance or non-performance by the Indemnitees of their obligations or their duties thereunder (as determined by the final order of a court of competent jurisdiction). Except in the event of a lawsuit or proceeding arising from conduct under (i) to (iv) above (as determined by the final order of a court of competent jurisdiction) by the Indemnitees in



the performance of their duties, expenses or liabilities of the Sub-Fund arising from any suit will be borne by the Sub-Fund.

#### 18.4 Legal and Regulatory Risk

##### *Recent Regulatory Developments*

The regulatory environment in which the Investment Manager, the Sub-Fund and other investment industry participants operate is undergoing wide-ranging reform on a global basis. New legislation as well as changes to existing legislation have been proposed and/or recently adopted in a number of jurisdictions that are expected to alter, in a variety of ways, the manner in which the investment fund industry is regulated. Although it is difficult to predict which proposals will become law and when and how new legislation will ultimately be implemented by regulators (including in respect of the extraterritorial effect of reforms), it is likely that significant aspects of existing regulatory regimes governing investment funds will change. These include changes in the way investment funds generally are regulated, restrictions on the conduct of certain lines of business and changes in disclosure obligations. The scope and pace of such reforms vary from jurisdiction to jurisdiction, and have been particularly expansive within the United States and Europe. Provisions in the Dodd-Frank Act (as hereinafter defined), EMIR, implementation of the Basel III capital and liquidity standards in the United States and the EU, as well as provisions in the proposed recast Markets in Financial Instruments Directive (2004/39/EC), could, individually or in the aggregate, have substantial adverse effects on the ability of the Investment Manager to successfully pursue the investment objective of the Sub-Fund.

##### *Dodd-Frank Wall Street Reform and Consumer Protection Act*

In the United States, financial services regulatory reform presently centers around the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"). The comprehensive reforms contemplated by the Dodd-Frank Act include, among numerous other things:

- various reporting and recordkeeping requirements applicable to certain investment advisers with respect to both themselves and their private investment fund clients;
- the establishment of comprehensive regulation of the U.S. over-the-counter derivatives markets, which can be expected to increase the historical costs of, and otherwise potentially impede, such trading activity;
- the designation of certain financial institutions (potentially including private investment funds) as "systemically important," which institutions would be subject to substantive regulation relating to various aspects of their operations, which could, among other things, include leverage limits; and
- the implementation of the so-called "Volcker Rule," which will require, among other things, that banks regulated in the United States, as well as their affiliates, disengage in various ways from certain activities related to private investment funds.

These and other reforms contemplated by the Dodd-Frank Act are being defined and implemented over time through administrative rulemaking procedures. While it is impossible to predict the extent to which

the Dodd-Frank Act will impact the operations of the Sub-Fund and the Investment Manager over time, it appears likely that such reforms will, at a minimum, lead to increased demands on the time and attention of the Investment Manager and its personnel in discharging their related compliance obligations. Such increased demands, either alone or together with any additional consequences of the ongoing reforms, could impair the Investment Manager's ability to successfully pursue the Sub-Fund's investment objective.

#### *Tax Risk*

Income and gains from investments held by the Sub-Fund may be subject to withholding taxes or other taxes in non-U.S. jurisdictions. In addition, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation and imposition of various taxes on dividends, interest, capital gains or other income that could adversely affect investments in those countries.

#### 18.5 Risk relating to investments in China Market

A Sub-Fund may invest in the People's Republic of China ("**PRC**") including bonds traded on the CIBM (the "**CIBM Bonds**") via the Bond Connect.

Investors should understand that the following is only intended to be a brief summary of the key risk factors associated with the relevant investments in the PRC securities market via Stock Connect, Bond Connect, rather than a complete explanation of all the risks involved in such investments.

#### Foreign exchange and currency risks

RMB is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. Exchange control regulations or any changes thereto may cause difficulties in the repatriation of funds, and the performance of a Sub-Funds' investments, in particular, may be affected.

For the purpose of investing in the PRC, a Sub-Fund will invest primarily in securities denominated in RMB. If a Sub-Fund issues Share Classes denominated in a currency other than RMB, the Sub-Fund will be exposed to currency risk if the Sub-Fund invests in a RMB product due to the need for the conversion of the currency into RMB. The Sub-Fund will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Sub-Fund purchases it and when the Sub-Fund redeems / sells it, the Sub-Fund will still incur a loss when it converts the redemption / sale proceeds into local currency if RMB has depreciated. Non-RMB based investors are exposed to foreign exchange risk. There is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. Under exceptional circumstances, payment of realization proceeds and/or dividend payment in RMB (if any) may be delayed due to the exchange controls and restrictions applicable to RMB.

Investors may also be subject to risks specific to the China market. Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market. The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate

significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Investors should also be aware that changes in mainland China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments in the Fund.

#### **Interest income from bonds / debt securities issued in mainland China**

On 22 November 2018, the Ministry of Finance ("MOF") and State Taxation Administration ("STA") of the PRC jointly issued circular Caishui [2018] No. 108 ("Circular 108") to address the tax issues in relation to bond interest income received by foreign institutional investors from investments in the PRC bond market. Under Circular 108, non-PRC tax residents without a permanent establishment (PE) in the PRC (or having a PE in the PRC but the income so derived in the PRC is not effectively connected with such PE), bond interest income received from 7 November 2018 to 6 November 2021 will be temporarily exempt from WIT and VAT. This is regardless of whether the non-PRC tax residents invest in the PRC bond market through QFII/RQFII and/or Bond Connect. Circular 108 did not specify the WIT and VAT treatments on income received by non-PRC tax residents from investment in other fixed income securities (such as asset-backed securities, certificates of deposits, etc.).

#### **Gains derived from trading bonds / debt securities issued in mainland China**

PRC tax risks in relation to Bond Connect Securities: There is no specific written guidance by the Mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. Hence, it is uncertain as to the relevant Sub-Fund's tax liabilities for trading in CIBM via Bond Connect.

#### **VAT treatment of gains derived from trading securities in China**

Gains realised from the trading of marketable securities in the PRC are generally subject to VAT at 6%; however, various Circulars issued by the authorities provide for exemptions from VAT for non-PRC tax residents investing via QFII/RQFII, the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and/or Bond Connect.

#### *Risk related to investing in China Bond Connect*

The Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of the Bond Connect ("Northbound Trading Link"). There will be no investment quota for the Northbound Trading Link.

Pursuant to the prevailing regulations in mainland China an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the People's Bank of China (currently recognised onshore custody agents are the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Because the Central Moneymarkets Units is only a nominee holder and not the beneficial owner of the securities, in the unlikely event that the Central Moneymarkets Units becomes subject to winding up proceedings in Hong Kong, investors should note that securities will not be regarded as part of the general assets of the Central Moneymarkets Units available for distribution to creditors even under the PRC law. However, the Central Moneymarkets Units will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in securities in the PRC. A failure or delay by the Central Moneymarkets Units in the performance of its obligations may result in a failure of settlement, or the loss, of securities and/or monies in connection with them and the relevant Funds and its investors may suffer losses as a result. Neither the Sub-Fund nor the Investment Manager or the Sub-Investment Manager and shall be responsible or liable for any such losses.

For investments via the Bond Connect, the relevant filings, registration with the People's Bank of China and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Funds are subject to the risks of default or errors on the part of such third parties.

Trading in securities via Bond Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities / make payment, the Sub-Fund may suffer delays in recovering its losses or may not be able to fully recover its losses. Investing in the CIBM via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. If the relevant mainland Chinese authorities suspend account opening or trading on the CIBM, the Funds' ability to invest in the CIBM will be adversely affected. In such event, the Funds' ability to achieve its investment objective will be negatively affected. There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the CIBM by eligible foreign institutional investors via the Bond Connect.

#### *Regulatory risks*

Bond Connect rules and regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. In addition, there can be no assurance that the Bond Connect rules and regulations will not be abolished in the future. A Sub-Fund(s), which invests in Bond Connect Securities, may be adversely affected as a result of any such changes or abolition.

#### *Investment restrictions*

Investments into Bond Connect are not subject to any quota but the relevant Chinese authorities suspend account opening or trading via Bond Connect, the relevant Sub-Fund's ability to invest in CIBM will be limited and, and the relevant Sub-Fund may not be able to effectively pursue its investment strategy or it may have an adverse effect on the relevant Sub-Fund's performance as the relevant Sub-Fund may be required to dispose of its CIBM holdings. The relevant Sub-Fund may also suffer substantial losses as a result.

## **19. CERTAIN CONFLICTS OF INTEREST**

The Investment Manager and its affiliates and principals, and various other service providers of the Sub-Fund will be subject to ongoing potential and/or actual conflicts of interest involving the Sub-Fund and/or its prospective and/or existing Shareholders, including, among others, the conflicts of interest described below. From time to time one or more such conflicts may be resolved in a manner unfavorable to the Sub-Fund and/or its prospective and/or existing Shareholders, which in turn may have material adverse effects on the Sub-Fund and/or its prospective and/or existing Shareholders.

The Investment Manager is not required to devote its full time or any material portion of its time to the Sub-Fund. The Investment Manager and/or its affiliates and related persons may sponsor, advise and/or manage certain other types of investment products or accounts without limitation, and are currently involved in, and may in the future become involved in, other business ventures, including other investment funds whose investment objectives and policies in certain respects may be the same as or similar to those of the Sub-Fund. The Sub-Fund and its Shareholders will not share in the risks or rewards of such other ventures, and such other ventures will compete with the Sub-Fund for the Investment Manager's and its affiliates' time and attention and might create additional conflicts of interest, as described below.

The Investment Manager and its affiliates may invest and trade in securities and other financial instruments for the accounts of clients other than the Sub-Fund (and the employees and principals of the Investment Manager and its affiliates may engage in personal trading for their own accounts) even if such securities and other financial instruments are the same as or similar to those in which the Sub-Fund invests and trades, and even if such trades compete with, occur ahead of or are opposite those of the Sub-Fund. The Investment Manager or its affiliates from time to time also may have incentives to favor one or more of their other clients over the Sub-Fund (including, for example, in any cross trade between the Sub-Fund and such other clients, or in the allocation of limited investment opportunities among the Sub-Fund and such other clients, where such other clients pay the Investment Manager or its affiliates higher fees for its services). However, the Investment Manager, its affiliates and their respective employees and principals will not knowingly trade for the accounts of clients other than the Sub-Fund or for their own accounts (as applicable) in a manner that is detrimental to the Sub-Fund, nor will they seek to profit from their knowledge that the Sub-Fund intends to engage in particular transactions.

Subject to the considerations set forth above, in investing and trading for client and personal accounts other than the Sub-Fund, the Investment Manager, its affiliates, and their respective employees and principals may make use of information obtained by them in the course of investing and trading for the Sub-Fund, and they will have no obligation to compensate the Sub-Fund or its Shareholders in any respect for their receipt of such information or to account to the Sub-Fund or its Shareholders for any profits earned from their use of such information.

The Investment Manager and its affiliates, employees and principals do not intend to make their trading records available for inspection by the Shareholders, except to the extent such disclosure may be required by applicable law.

If there is a limited supply of an investment opportunity, the Investment Manager and its affiliates will act in a fair and reasonable manner in allocating suitable investment opportunities among their client and

personal accounts (as applicable), but the Investment Manager and its affiliates cannot assure equality among all such accounts. In such cases, participation in such opportunities will be allocated by taking into account factors such as the relative amounts of capital available for new investments, relative exposure to short-term market trends and the investment programs and portfolio positions of the Sub-Fund and the clients for which participation is appropriate. No assurance can be given, however, that (i) the Sub-Fund will participate in all investment opportunities in which other clients of the Investment Manager or its affiliates (or personal accounts of their respective employees and principals) participate, (ii) particular investment opportunities allocated to clients other than the Sub-Fund (or to personal accounts) will not outperform investment opportunities allocated to the Sub-Fund, or (iii) equality of treatment between the Sub-Fund, on the one hand, and other client accounts of the Investment Manager or its affiliates (or personal trading accounts of their respective employees and principals), on the other hand, will otherwise be assured.

The Investment Manager is not required to combine orders for the execution of Sub-Fund portfolio transactions with orders for the execution of portfolio transactions of any other client or principal account of the Investment Manager, but it may do so to the extent permitted by applicable law.

Different investors in the Sub-Fund may have differing circumstances or objectives, and the actions of the Investment Manager in managing the Sub-Fund's portfolio may benefit certain investors more than others (or may benefit certain investors while being detrimental to others).

The Investment Manager or its affiliates may provide services to Shareholders that are separate from the services that they provide to the Sub-Fund. Any fees paid by a Shareholder to the Investment Manager or its affiliates with respect to such separate services will not reduce the fees indirectly borne by such Shareholder, or amounts owed by such Shareholder to the Sub-Fund, as a result of its ownership of the Shares, except as may be expressly agreed otherwise by the Investment Manager or its affiliates (as applicable).

In view of the substantial compensation that the Investment Manager and its affiliates may receive in connection with the operations of the Sub-Fund (and because the success of the Sub-Fund's operations are highly dependent upon the sale, and on Shareholders' continued holding, of Shares), investors communicating with any representatives of the Investment Manager and/or any of its affiliates concerning a potential investment in, or their continued holding of, Shares should regard the applicable representative(s) as having financial incentives to encourage the investor to purchase Shares, or to continue to hold Shares, as applicable. Accordingly, investors should not view any such representative(s) (or their recommendations) as disinterested.

The Sub-Fund may also engage in transactions with brokers, dealers, counterparties and others in which the Investment Manager or its affiliates have an interest.

## **APPENDIX B – VELOX FUND**

### **(A SUB-FUND OF MONTLAKE UCITS PLATFORM (LUX) SICAV)**

#### **THE "SUB-FUND"**

##### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The investment objectives are to achieve consistent capital growth on low volatility and independent of equity market movements utilising mainly a European based equity long-short strategy with a short to medium term trading focus and an investment process that combines ESG integration, fundamental, technical and systematic techniques.

The Sub-Fund falls within the scope of Article 8 of the SFDR as it (i) promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, and (ii) does not have sustainable investment as its objective.

The Sub-Fund will consider ESG factors as part of its investment process. Exposure to companies will be analysed according to the Sub-Fund's internal screening process designed to incorporate ESG factors and ESG data from third party vendors. ESG factors can materially differ by industry and region and the response to those factors can differ by company as well. ESG factors include, among others, governance, incentive structures, human capital development, interaction with society, ecological efficiency, product carbon footprint, etc. The application of these ESG factors should result in a reduction of the investible universe in a significantly engaging manner.

Furthermore, the Sub-Fund may actively engage with companies in order to seek to improve their ESG practices in the future.

Further information on the Sub-Fund's ESG policy is available upon request or by visiting the Investment Manager's website <http://www.marblebar.com/>.

The screen applied by the Sub-Fund may exclude companies on the basis of the activity from which they generate revenue. The Sub-Fund shall exclude long investments in companies whose business activity (i.e. one that accounts for more than 10% of the relevant company's revenue, unless otherwise specified) involves the following:

- mining coal or generating power from coal (completely excluded regardless of the revenue generated from this activity, excepted generators active in renewables (>5% of revenue));
- non-sustainable palm oil;
- production of controversial weapon systems or their critical components;

- licensors and producers of tobacco (completely excluded regardless of the revenue generated from this activity);
- supply, production or distribution of tobacco;
- gambling;
- predatory lending;
- cannabis; and
- adult entertainment.

The Sub-Fund may also exclude a company based on other criteria such as involvement in environmental damage, corruption, human rights issues, or labour practices. The Investment Manager may, in its discretion, elect to apply additional exclusions over time that it believes are consistent with the investment objective. Such additional restrictions will be disclosed as they are implemented on the Investment Manager's website <http://www.marblebar.com/>.

The Sub-Fund promotes environmental characteristic. As such, it is required as per article 6 of the Taxonomy Regulation to state that the “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

In light of the obligation above, investors' attention is drawn to the fact that the “do no significant harm” principle does not apply to any of the investments of this financial product, since investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and the financial product's portfolio alignment with such Taxonomy Regulation is not calculated.

In certain industries where the Sub-Fund identifies short interests can encourage better ESG practices, it may engage in short selling.

The Sub-Fund may initiate both long and short positions through the use of financial derivative instruments, as detailed below, both for hedging as well as for investment purposes.

On an ancillary basis, the Sub-Fund may also invest in financial derivative instruments, as detailed below, outside of the equity asset class for hedging and for investment purposes or for efficient portfolio management and in Depositary Receipts.

The Sub-Fund will offer an exposure to the following types of asset classes (either directly or through the use of financial derivative instruments): equity and equity related securities (including but not limited to ordinary or preferred shares, futures, options, convertible bonds and contracts for difference) debt securities of all types and cash equivalents, such as Money Market Instruments, short-term government



bonds, treasury bills and commercial papers. The Sub-Fund may also invest in cash, such as deposits at sight (normally up to 20% of its net assets except in the occurrence of extraordinary events).

The Sub-Fund will enter into contracts for difference (“**CFD**”) for investment purposes for such percentage of assets as set out in the table below (in percentage of the Net Asset Value of the Sub-Fund):

<b>Exposure</b>	<b>Maximum</b>	<b>Expected</b>
Contracts for differences	200%	75 – 150%

A CFD is a contract between two parties, typically described as “buyer” and “seller”, stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (if the difference is negative, then the buyer pays instead to the seller). It allows investors to gain exposure to underlying assets, which they may not be entitled to purchase directly, but also provides exposure to the price change without exposure to the related currency risk. Unlike futures contracts (which are settled through a clearing firm), contracts for difference are privately negotiated between two parties and are not standardised.

The Sub-Fund will not enter into securities lending and borrowing and/or repurchase, including reverse repurchase, transactions and/or buy-sell back transactions.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Sub-Fund does not have any target industry or sector.

The Sub-Fund is actively managed and is not managed in reference to a benchmark.

Furthermore, the Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants, convertible bonds and futures contracts and equity index options to hedge against market, region and currency risks for investment purposes as well as for efficient portfolio management, within the limits provided in the Section 9 "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives.

The Investment Manager does not consider the adverse impacts of its investment decisions on Sustainability Factors as there is no sufficient data available which is satisfactory in quality to allow the Investment Manager to adequately assess the potential adverse impact of its investment decision on sustainability factors.

The investments of the Fund do not take into account the EU criteria for environmentally sustainable economic activities which are determined by the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, as amended from time to time.

**2. INVESTMENT MANAGER**

Marble Bar Asset Management LLP has been appointed as the Investment Manager for the Sub-Fund, under the terms of an investment management agreement.

Marble Bar Asset Management LLP is authorised and regulated by the UK Financial Conduct Authority and has its registered office at Seventh Floor, South Block, 55, Baker Street, London W1U 8EW.

**3. CLASSES**

Currently, there are 31 Classes available for issue to eligible investors in the Sub-Fund.

Each class of Shares has the same rights and restrictions, except that (i) different Investment Management Fees apply (as defined below), (ii) they may have different distribution policies and (iii) there is a different minimum initial investment amount and residual holding amount.

The initial issue price of each class of Shares will be decided by the Board on the launch date of the relevant class of Shares.

<b>Class of Shares – Distribution policy</b>	<b>Invest or Profile</b>	<b>ISIN numbers</b>	<b>Minimum Initial Investment Amount and Residual Holding Amount</b>	<b>Investment Management Fee per Annum</b>	<b>Performance Fee</b>	<b>Subscription Fee</b>	<b>Redemption Fee</b>	<b>Exchange Fee</b>
<b>EUR Institutional RL – Acc</b>	Institutional	LU2085696784	EUR 5,000,000	1.00 % p.a	20.00%	0.00%	0.00%	0.00%

<b>GBP Institutional RL – Acc</b>	Institutional	Available on request	GBP 5,000,000	1.00 % p.a	20.00%	0.00%	0.00%	0.00%
<b>CHF Institutional RL – Acc</b>	Institutional	Available on request	CHF 5,000,000	1.00 % p.a	20.00%	0.00%	0.00%	0.00%
<b>USD Institutional RL – Acc</b>	Institutional	LU2367112344	USD 5,000,000	1.00 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR Institutional A – Acc</b>	Institutional	LU2085697758	EUR 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>GBP Institutional A – Acc</b>	Institutional	Available on request	GBP 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>CHF Institutional A – Acc</b>	Institutional	Available on request	CHF 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>USD Institutional A – Acc</b>	Institutional	LU2495477510	USD 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR Institutional B – Acc</b>	Institutional	LU1358059555	EUR 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>GBP Institutional B – Acc</b>	Institutional	LU2356382072	GBP 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%

<b>CHF Institutional B – Acc c</b>	Institutional	LU1358059803	CHF 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>USD Institutional B – Acc</b>	Institutional	LU1358059639	USD 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR Institutional C – Acc</b>	Institutional	LU2331752936	EUR 75,000,000	1.00 % p.a	10.00%	0.00%	0.00%	0.00%
<b>GBP Institutional C – Acc</b>	Institutional	Available on request	GBP 75,000,000	1.00 % p.a	10.00%	0.00%	0.00%	0.00%
<b>CHF Institutional C – Acc</b>	Institutional	Available on request	CHF 75,000,000	1.00 % p.a	10.00%	0.00%	0.00%	0.00%
<b>USD Institutional C – Acc</b>	Institutional	Available on request	USD 75,000,000	1.00 % p.a	10.00%	0.00%	0.00%	0.00%
<b>EUR RL – Acc</b>	No restriction	TBC	EUR 5,000,000	1.00 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR A – Acc</b>	No restriction	Available on request	EUR 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>GBP A – Acc</b>	No restriction	Available on request	GBP 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>CHF A – Acc</b>	No restriction	Available on request	CHF 5,000,000	1.25 % p.a	20.00%	0.00%	0.00%	0.00%

<b>USD A – Acc</b>	No restricti on	Available on request	USD 5,000,0 00	1.25 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR B – Acc</b>	No restricti on	Available on request	EUR 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>GBP Instituti onal B1 – Acc</b>	Instituti onal	LU135805 9712	GBP 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>CHF B – Acc</b>	No restricti on	Available on request	CHF 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>USD B – Acc</b>	No restricti on	Available on request	USD 250,000	1.50 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR Instituti onal F – Acc</b>	Instituti onal	LU135805 9126	EUR 250,000	2.00% p.a.	20.00%	0.00%	0.00%	0.00%
<b>USD Instituti onal F – Acc</b>	Instituti onal	LU135805 9399	USD 250,000	2.00 % p.a.	20.00%	0.00%	0.00%	0.00%
<b>EUR Instituti onal F1 – Acc</b>	Instituti onal	LU157664 4410	EUR 250,000	2.00 % p.a	20.00%	0.00%	0.00%	0.00%
<b>USD Instituti onal F1 – Acc</b>	Instituti onal	LU157664 4501	USD 250,000	2.00 % p.a	20.00%	0.00%	0.00%	0.00%
<b>EUR Instituti onal M – Acc</b>	Instituti onal	Unavailabl e	EUR 100,000	0.00%	0.00%	0.00%	0.00%	0.00%

<b>USD Institutional M – Acc</b>	Institutional	Unavailable	USD 100,000	0.00 % p.a.	00.00%	0.00%	0.00%	0.00%
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#### 4. BASE CURRENCY AND HEDGING

The Base Currency of the Sub-Fund is in Euro.

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with the ESMA "Opinion on UCITS share Classes" of 30 January 2017.

#### 5. GLOBAL EXPOSURE CALCULATION METHODOLOGY AND LEVERAGE

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 300% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

#### 6. PROFILE OF A TYPICAL INVESTOR

The Sub-Fund is considered suitable for professional investors seeking long term capital appreciation over a medium to long term investment horizon and who understand and are prepared to accept risks and a low/medium level of volatility. This Sub-Fund is not actively marketed to retail investors.

#### 7. SUBSCRIPTIONS

Upon launch of the relevant share class, Shares will be issued at the Initial Issue Price (the "Initial Offering Period"). Subscriptions generally must be made in the amount specified in Section **Error! Reference source not found.** above. Additional subscriptions generally must be made in an amount of at least \$1,000.00. Investors may apply to subscribe for Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 1.00 p.m. Luxembourg time one business day prior to a NAV Date, subject to the Management Company's discretion to determine otherwise, the Shares will be issued at the Subscription

Price calculated on the next following Dealing Day. Applications for subscriptions received or deemed to be received after 1.00 p.m. Luxembourg time one business day prior to a NAV Date will be deemed to have been received on the next NAV Date. The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such subscription will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

The full Subscription Price, payable in the currency of denomination of the relevant Class, must be received no later than close of business on the Business Day following the appropriate Dealing Day (or by such earlier or later date and/or time as the Management Company may at its discretion determine). The Sub-Fund will also have the right to accept subscriptions through contributions in kind of assets to a Sub-Fund in lieu of cash in accordance with Section 14.12 of Part I of this Prospectus.

If timely settlement is not made, the subscription may lapse and be cancelled at the cost of the applicant or its financial intermediary. Failure to make good settlement by the settlement date may result in the Fund bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Management Company and/or the Sub-Fund against any existing holding of the applicant in the Sub-Fund. In all cases any money returnable to the investor will be held without payment of interest pending receipt of the remittance.

## **8. REDEMPTIONS**

Shareholders may apply to redeem their Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 1.00 p.m. Luxembourg time one business day prior to a NAV date, subject to the Management Company's discretion to determine otherwise, the Shares will be redeemed at the Redemption Price calculated on the next following Dealing Day.

Applications for redemptions received or deemed to be received after 1.00 p.m. Luxembourg time one business day prior to a NAV Date will be deemed to have been received on the next NAV Date.

The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such redemption will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

Redemption requests must be sent in writing by facsimile or any other means as outlined in the redemption documents to, and must be received by, the Administrator, and must include the names and account number of the Shareholder(s), the Class and number of Shares requested to be redeemed or monetary amount for the value of which shares are to be redeemed and instructions for the remittance of the proceeds.

A redemption request will always be deemed to relate to the Shares that were first issued to a Shareholder in case the Shareholder subscribed several times to Shares of the relevant Class.

Redemption proceeds are paid in the reference currency of the relevant Class by or on behalf of the Depositary as soon as reasonably practicable and no later than three (3) Business Days after the relevant Dealing Day, unless statutory or legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary and Management Company, make it impossible to transfer the redemption amount to the country that the redeeming Shareholder has requested. In the circumstances mentioned under Section 20 of Part I ("Suspension of Determination of the Net Asset Value") where the Sub-Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions or where the value of the assets and liabilities of the Sub-Fund cannot be reasonably determined, the Sub-Fund may take longer than three(3) Business Days to effect settlements of redemptions or it may even suspend redemptions in accordance with the aforementioned Section.

## 9. CONVERSIONS

Solely with the consent and at the discretion of the Management Company, Shareholders may switch their Shares from any Class to another Class of Shares exclusively within the Sub-Fund on any Calculation Day by submitting a switch request to the Administrator prior to 1.00 p.m. Luxembourg time by no later than three (3) Business Days prior to the relevant Calculation Day.

Should the Investment Manager agree to such switch, the switch will be made at the prevailing Net Asset Value of the relevant Classes calculated on the relevant Calculation Day. Switches in the Sub-Fund will not be subject to any charge. In the event that a Shareholder's holding amount in respect of a Class of Shares fall below the minimum amount specified in Section **Error! Reference source not found.** in respect of such Class of Shares, such Shareholder will be considered to have made a request for all of its Shares of such Class to be switched to another Class of Shares as of the next Calculation Day, except to the extent such Shareholder's holding amount of such Shares is above the relevant minimum holding amount at such time.

## 10. FEES AND EXPENSES

### 10.1 Management Fee

In respect of its provision of management services to the Sub-Fund, the Management Company will receive from the Sub-Fund a management fee ("Management Fee") on a sliding scale at a maximum rate of 0.20% per annum of the Net Asset Value of the Sub-Fund. This is subject to an annual minimum fee of €155,000.

The Management Fee will be calculated and will accrue at each Calculation Day and is paid monthly in arrears together with reasonable vouched out of pocket expenses incurred by the Management Company in the performance of its duties. The Management Company is responsible for paying the fees and expenses of the Directors, Administrator, Depositary, Auditors (for the annual audit only) Costs out of the Management Fee.

The Management Company may charge additional fees for additional services, as may be agreed from time to time.



## 10.2 Investment Management Fee

The Sub-Fund pays to the Investment Manager an investment management fee ("**Investment Management Fee**") in respect of each Share Class as specified in Section **Error! Reference source not found.** "Classes" above. The Investment Management Fee will be calculated based on the Net Asset Value of the relevant Share Class, will accrue at each Calculation Day and will be paid monthly in arrears.

## 10.3 Performance Fee

The Investment Manager will also be entitled to receive a performance fee out of the assets of the Sub-Fund (the "**Performance Fee**").

The Auditor of the Fund will verify the Performance Fee calculation on an annual basis.

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (each a "**Performance Period**"). However, the first Performance Period will be the period commencing on the Business Day immediately following the launch of the Sub-Fund and ending on the next relevant Performance Period end.

The performance reference period equals the life of the Sub-Fund.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) net of all costs, but before deduction of the accrued Performance Fee, and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Investment Manager in relation to the Sub-Fund only when the high watermark test is met. The high watermark test that must be met takes into account the performance of the Sub-Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the high watermark test is met, the Performance Fee shall be of between 0 and 20% (as set out in the table in Section **Error! Reference source not found.** "Classes" above) of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the high watermark as at the end of a Performance Period, multiplied by the number of Shares in issue in the Sub-Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in Euro in arrears within 14 Business Days of the end of a Performance Period ("Crystallisation date") for all the Share Classes that levy Performance Fee.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the Sub-Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised.

There will be no cap on the performance fee.

If the Investment Management Agreement is terminated before the end of a Performance Period, the Performance Fee in relation to the Sub-Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period upon approval of the Board.

If (i) Shares are redeemed or converted into other Shares of any Share Class of a Sub-Fund or of another existing Sub-Fund or of another fund during the financial year and a Performance Fee has accrued for those Shares, or (ii) the assets of a Sub-Fund or of a Share Class are transferred to or merged with those of another Sub-Fund, or Share Class of another Sub-Fund within the Fund or within another fund, (iii) a Sub-Fund or of a Share Class are terminated, and a Performance Fee has accrued for those Shares, such Performance Fee will be crystallized respectively at the date of redemption or conversion, or at the effective date of the merger or at the effective date of termination and it will be considered as payable.

No Performance Fee shall crystallise where this Sub-Fund or a Share Class of this Sub-Fund is merged with a newly established receiving fund or Sub-Fund with no performance history and with an investment policy not substantially different from that of this Sub-Fund. In that case, the Performance Period of this Sub-Fund shall continue applying in the receiving fund or Sub-Fund.

A Performance Fee calculation example is provided here below:

			Year 1	Year 2	Year 3	Year 4	Year 5
<b>NAV per share at the beginning of the year</b>	A		100	90	99	103.56	150.15
<b>Example performance</b>	B		-10.00%	10.00%	5.00%	50.00%	5.00%
<b>NAV per share at the end of the year</b>	C	=A* (1+B)	90.00	99.00	103.95	155.3	157.7
<b>Net appreciation</b>	D	=C-A	-10.0	9.0	5.0	51.8	7.5
<b>Performance fee rate</b>	E		10%	10%	10%	10%	10%

<b>Performance fee @10% of the positive difference between NAV and HWM (in %)</b>	F	=if $D > 0$ and $C > \text{previous HWM}$ , then $10\% * (C / \text{previous HWM} - 1)$ , capped to fee cap; else 0	-	-	0.40	5.18	0.75
<b>NAV per share at the end of the year including performance fee</b>	G	$= C * (1 - F)$	90.00	99.00	103.56	150.15	156.91
<b>New High Water Mark</b>	H	The highest NAV of the previous 5 end-of financial years (G) <sup>[1]</sup>	100	100	103.56	150.15	156.91

#### 10.4 Expenses

No Set-Up Costs will be charged to the Sub-Fund.

The Sub-Fund will bear on-going operational expenses as more particularly described in Section 21.6 of the Part I of this Prospectus.

#### 10.5 Sales Charges

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Distributor three business days after the applicable Valuation Day.

### 11. INVESTOR SUITABILITY

The Sub-Fund does not accept subscriptions from investors that are U.S. Persons and the Sub-Fund is not suitable for retail investors.

Investors should also refer to the Section 32 "Risk Factors" of this Prospectus.

<sup>[1]</sup> If performance fee reference period is shorter than 5 years the highest end-of financial years NAV since starting date of performance reference period

## **12. SUB-FUND SPECIFIC RISKS**

An investment in the Sub-Fund involves substantial risks, including but not limited to those described below. There can be no assurance that the Sub-Fund's investment objective can or will be achieved or that the Sub-Fund will be able to return any invested capital to investors. Investment results may vary substantially from period to period.

A Shareholder should limit the portion of its investment portfolio invested in the Company in order to achieve diversification of risk. Investors of the Sub-Fund should be specifically aware that the general risks disclosed in Section 32 of Part I of this Prospectus above does apply to the Sub-Fund. The Sub-Fund will particularly be exposed to the following risk factors: issuer risk (32.23), derivatives risk (32.24 and 32.38), management risk (32.29), Depositary Receipts (32.45.5) and sustainability risk (32.51).

## **APPENDIX C - XP GLOBAL STRATEGIES FUND**

### **(A SUB-FUND OF MONTLAKE UCITS PLATFORM (LUX) SICAV)**

#### **THE "SUB-FUND"**

##### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The investment objective of the Sub-Fund is to achieve capital growth and an appropriate return by applying the principle of risk diversification through investments in a variety of eligible UCITS funds or UCITS ETF.

The Sub-Fund qualifies as a fund of funds and as such its assets will be invested in other eligible funds offering an exposure to a range of asset classes across fixed income, equities, money market and other sectors. The Sub-Fund will be actively managed.

Exposure to equity and fixed income sectors will be balanced. The Sub-Fund will hence normally hold around 60% of its assets in funds investing in fixed income and around 40% of its assets in equity related funds. On a short-term basis, the Sub-Fund may hold up to 100% of its assets in either funds investing in fixed income or in equity related funds.

Underlying funds may invest their assets worldwide and hence the Sub-Fund may offer a broad geographical diversification, including potentially exposure to countries considered as emerging markets.

The Sub-Fund may invest directly in Fixed Income. Such investments will normally not exceed 20% of the Sub-Fund's assets. Investments may be made in emerging markets, but the average rating of investments in Fixed Income shall remain BB or similar and no investments will be made in distressed/defaulted securities.

Under normal circumstances, the Sub-Fund will hold cash (normally up to 20% of its net assets except in the occurrence of extraordinary events) and cash equivalent investments (such as Money Market Instruments and treasury bills) only when the Investment Manager reasonably regards it as necessary in order to enable redemptions of Shares to be made, for the efficient management of the Sub-Fund, to protect capital or where the interest rate is higher from these deposits than capital otherwise employed and in accordance with the Sub-Fund's investment objectives.

The Sub-Fund may invest in other UCITS eligible funds managed by the Investment Manager. Any investments into these underlying funds shall incur no additional subscription fee at the underlying fund level and all investments into these funds will be done at commercial rates. Investors should note, however, that, should this occur, a potential conflict of interests may exist for the Investment Manager or any related party. No underlying fund will be purchased with an annual management fee greater than 3%.

The Investment Manager does not consider the adverse impacts of its investment decisions on Sustainability Factors as there is no sufficient data available which is satisfactory in quality to allow the Investment Manager to adequately assess the potential adverse impact of its investment decision on sustainability factors.

Notwithstanding the above, the investments of the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities which are determined by the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, as amended from time to time.

The Sub-Fund will not enter into TRS, securities lending and borrowing and/or repurchase, including reverse repurchase, transactions and/or buy-sell back transactions.

**2. INVESTMENT MANAGER**

XP Advisory US (the «Investment Manager»), a company incorporated under the laws of the State of Florida, USA, on 21 October 2014. It serves as the investment manager of the Sub-Fund and is supervised by the US Securities and Exchange Commission.

The registered office of the Investment Manager is located at 701 Brickell Avenue, Suite 2120, Miami, FL 33131, United States of America.

**3. CLASSES**

Currently, there are three Classes available for issue to eligible investors in the Sub-Fund.

Each class of Shares has the same rights and restrictions, except that (i) different Investment Management Fees apply (as defined below), (ii) there is a different minimum initial investment amount and residual holding amount and (iii) they may be subject to a capped total expense ratio. All Classes are Accumulation Classes.

<b>Class</b>	<b>Currency of Denomination</b>	<b>Retail/ Institutional</b>	<b>Initial Issue Price</b>	<b>Minimum Initial Investment Amount and Residual Holding Amount</b>	<b>Investment Management Fee per Annum</b>
<b>Class A Shares</b>	USD	Retail	USD 100	USD 1000	1.2% p.a

<b>Class I Shares</b>	USD	Institutional	USD 100	USD 1000000	0.9% p.a
<b>Class B Shares</b>	USD	Only available for funds managed by the Investment Manager and its subsidiaries	USD 100	USD 1000	0.6% p.a

#### **4. BASE CURRENCY**

The Base Currency of Sub-Fund is in U.S. dollars.

#### **5. GLOBAL EXPOSURE CALCULATION METHODOLOGY**

VaR Approach.

The Sub-Fund employs the absolute Value-at-Risk (VaR) approach to measure its market risk. The absolute VaR limit of the Sub-Fund shall be set at or below 20% of its Net Asset Value. This limit is based upon a one (1) month holding period and a 99% unilateral confidence interval.

The level of leverage is not expected to be in excess of 150% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

#### **6. BORROWING**

The Sub-Fund may borrow to cover operating expenses or for purposes of satisfying redemption requests or other obligations that would otherwise require the liquidation of the Sub-Fund investments, to the extent deemed appropriate by the Investment Manager, in its discretion, and provided the restriction set out in Section 7.7 of Part I of this Prospectus are complied with.

For clarification, the use of leverage is not generally meant to increase the Sub-Fund's risk exposure. Instead, it is generally used to reduce the risk of the Sub-Fund and/or to reduce the tracking error.

## **7. PROFILE OF A TYPICAL INVESTOR, DISTRIBUTION**

Investment in the Sub-Fund is suitable only for investors seeking current income through multi-asset classes and with a medium to long term investment horizon. The Fund may be suitable for investors willing to accept the different types of risks typically associated with investment in multi asset classes.

## **8. DETERMINATION OF THE NET ASSET VALUE**

For the purposes of calculation of the NAV per Share, all applications for subscription, redemption, switch and conversion of Shares of the Sub-Fund, as well as all contributions received in consideration for the issuance of Shares and all proceeds paid in consideration for the redemption or transfer of Shares shall be taken into account. In the case where a NAV calculation error is detected, the Administrator has a procedure in place in order to treat any NAV errors independently of any materiality threshold reached. Such procedure foresees incident reporting, escalation and corrective measures where required. In addition, in respect of NAV calculation errors above the materiality threshold and the de minimis rules as set forth in Circular 02/77, the Administrator will comply with the specific requirements of Circular 02/77, to the extent applicable to it.

Each Business Day will be a Calculation Day and a Dealing Day, as well as a NAV Date in respect of the immediately following Calculation Day. For the purpose of the Sub-Fund, a "Business Day" shall mean any day on which banks are open in the Grand Duchy of Luxembourg and the state of New York, USA.

The Net Asset Value per Share of each Class will be calculated on the Calculation Day in the currency of the relevant Class. It will be calculated by dividing the Net Asset Value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue. The resulting sum shall be rounded to three decimal places.

## **9. SUBSCRIPTIONS**

Upon launch of the relevant share class, Shares will be issued at the Initial Issue Price (the "Initial Offering Period"). Subscriptions generally must be made in the amounts indicated in table 3 above. Additional subscriptions generally must be made in an amount of at least \$1,000.00. Investors may apply to subscribe for Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time one business day prior to a NAV Date, subject to the Management Company's discretion to determine otherwise, the Shares will be issued at the Subscription Price calculated on the next following Dealing Day. Applications for subscriptions received or deemed to be received after 5.00 p.m. Luxembourg time one business day prior to a NAV Date will be deemed to have been received on the next NAV Date. The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such subscription will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

The full Subscription Price, payable in the currency of denomination of the relevant Class, must be received no later than close of business on the Business Day following the appropriate Dealing Day (or by such earlier or later date and/or time as the Management Company may at its discretion determine).



The Sub-Fund will also have the right to accept subscriptions through contributions in kind of assets to a Sub-Fund in lieu of cash in accordance with Section 14.12 of Part I of this Prospectus.

If timely settlement is not made, the subscription may lapse and be cancelled at the cost of the applicant or its financial intermediary. Failure to make good settlement by the settlement date may result in the Fund bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Management Company and/or the Sub-Fund against any existing holding of the applicant in the Sub-Fund. In all cases any money returnable to the investor will be held without payment of interest pending receipt of the remittance.

## **10. REDEMPTIONS**

Shareholders may apply to redeem their Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time one business day prior to a NAV date, subject to the Management Company's discretion to determine otherwise, the Shares will be redeemed at the Redemption Price calculated on the next following Dealing Day.

Applications for redemptions received or deemed to be received after 5.00 p.m. Luxembourg time one business day prior to a NAV Date will be deemed to have been received on the next NAV Date.

The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such redemption will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

Redemption requests must be sent in writing by facsimile or any other means as outlined in the redemption documents to, and must be received by, the Administrator, and must include the names and account number of the Shareholder(s), the Class and number of Shares requested to be redeemed or monetary amount for the value of which shares are to be redeemed and instructions for the remittance of the proceeds.

A redemption request will always be deemed to relate to the Shares that were first issued to a Shareholder in case the Shareholder subscribed several times to Shares of the relevant Class.

Redemption proceeds are paid in the reference currency of the relevant Class by or on behalf of the Depositary as soon as reasonably practicable and no later than three (3) Business Days after the relevant Dealing Day, unless statutory or legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary and Management Company, make it impossible to transfer the redemption amount to the country that the redeeming Shareholder has requested. In the circumstances mentioned under Section 20 of Part I ("Suspension of Determination of the Net Asset Value") where the Sub-Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions or where the value of the assets and liabilities of the Sub-Fund cannot be reasonably determined, the Sub-Fund may take longer than three(3) Business Days to effect settlements of redemptions or it may even suspend redemptions in accordance with the aforementioned Section.

## **11. CONVERSION OF SHARES**

Solely with the consent and at the discretion of the Management Company, Shareholders may switch their Shares from any Class to another Class of Shares exclusively within the Sub-Fund on any Calculation Day by submitting a switch request to the Administrator prior to 5.00 p.m. Luxembourg time by no later than three (3) Business Days prior to the relevant Calculation Day.

Should the Management Company agree to such switch, the switch will be made at the prevailing Net Asset Value of the relevant Classes calculated on the relevant Calculation Day. Switches in the Sub-Fund will not be subject to any charge. In the event that a Shareholder's holding amount in respect of a Class of Shares fall below the minimum amount specified in Section 3 in respect of such Class of Shares, such Shareholder will be considered to have made a request for all of its Shares of such Class to be switched to another Class of Shares as of the next Calculation Day, except to the extent such Shareholder's holding amount of such Shares is above the relevant minimum holding amount at such time.

## **12. FEES AND EXPENSES**

### **12.1 Management Fee**

In respect of its provision of management services to the Sub-Fund, the Management Company will receive from the Sub-Fund a management fee ("Management Fee") on a sliding scale at a maximum rate of 0.27 % per annum of the Net Asset Value of the Sub-Fund. This is subject to an annual minimum fee of up to €175,000.

The Management Fee will be calculated and will accrue at each Calculation Day and is paid monthly in arrears together with reasonable vouched out of pocket expenses incurred by the Management Company in the performance of its duties. The Management Company is responsible for paying the fees and expenses of the Directors, Administrator, Depository, Auditors (for the annual audit only) Costs out of the Management Fee.

The Management Company may charge additional fees for additional services, as may be agreed from time to time.

### **12.2 Investment Management Fee**

The Sub-Fund pays to the Investment Manager an investment management fee ("Investment Management Fee") in respect of each Share Class as specified in Section 3 above. The Investment Management Fee will be calculated based on the Net Asset Value of the relevant Share Class, will accrue at each Calculation Day and will be paid monthly in arrears. From time to time the Investment Manager in its sole discretion may enter into arrangements with one or more Shareholders (and not with other Shareholders) pursuant to which it agrees to rebate to such Shareholder(s) all or a portion of the Investment Management Fees paid to the Investment Manager in respect of some or all of the Shares of the applicable Shareholder.

### 12.3 Expenses

The Set-Up Costs estimated at EUR 30,000 will be borne by the Sub-Fund and amortised over a period not to exceed the first five (5) years of the Sub-Fund commencing on the date of first issue of Shares of the Sub-Fund.

The Sub-Fund will bear on-going operational expenses as more particularly described in Section 21.6 of the Part I of this Prospectus.

### 13. INVESTOR SUITABILITY

The Sub-Fund does not accept subscriptions from investors that are U.S. Persons.

### 14. SUB-FUND SPECIFIC RISKS

An investment in the Sub-Fund involves substantial risks, including but not limited to those described below. There can be no assurance that the Sub-Fund's investment objective can or will be achieved or that the Sub-Fund will be able to return any invested capital to investors. Investment results may vary substantially from period to period.

A Shareholder should limit the portion of its investment portfolio invested in the Company in order to achieve diversification of risk. Investors of the Sub-Fund should be specifically aware that the Sub-Fund is particularly exposed to the risk factors set out in Sections 32.45.2 and 32.45.3 of Part I of this Prospectus.

Specific Risk Factor applying to Fund of Funds: the performance and risks of a fund of funds directly correspond to the performance and risks of the underlying funds in which the fund invests. Shareholders bear indirectly their proportionate share of the expenses of other investment companies in which the fund invests.

### 15. CERTAIN CONFLICTS OF INTEREST

The Investment Manager and its affiliates and principals, and various other service providers of the Sub-Fund will be subject to ongoing potential and/or actual conflicts of interest involving the Sub-Fund and/or its prospective and/or existing Shareholders, including, among others, the conflicts of interest described below. From time to time one or more such conflicts may be resolved in a manner unfavorable to the Sub-Fund and/or its prospective and/or existing Shareholders, which in turn may have material adverse effects on the Sub-Fund and/or its prospective and/or existing Shareholders.

The Investment Manager is not required to devote its full time or any material portion of its time to the Sub-Fund. The Investment Manager and/or its affiliates and related persons may sponsor, advise and/or manage certain other types of investment products or accounts without limitation, and are currently involved in, and may in the future become involved in, other business ventures, including other investment funds whose investment objectives and policies in certain respects may be the same as or similar to those of the Sub-Fund. The Sub-Fund and its Shareholders will not share in the risks or rewards of such other ventures, and such other ventures will compete with the Sub-Fund for the

Investment Manager's and its affiliates' time and attention and might create additional conflicts of interest, as described below.

The Investment Manager and its affiliates may invest and trade in securities and other financial instruments for the accounts of clients other than the Sub-Fund (and the employees and principals of the Investment Manager and its affiliates may engage in personal trading for their own accounts) even if such securities and other financial instruments are the same as or similar to those in which the Sub-Fund invests and trades, and even if such trades compete with, occur ahead of or are opposite those of the Sub-Fund. The Investment Manager or its affiliates from time to time also may have incentives to favor one or more of their other clients over the Sub-Fund (including, for example, in any cross trade between the Sub-Fund and such other clients, or in the allocation of limited investment opportunities among the Sub-Fund and such other clients, where such other clients pay the Investment Manager or its affiliates higher fees for its services). However, the Investment Manager, its affiliates and their respective employees and principals will not knowingly trade for the accounts of clients other than the Sub-Fund or for their own accounts (as applicable) in a manner that is detrimental to the Sub-Fund, nor will they seek to profit from their knowledge that the Sub-Fund intends to engage in particular transactions.

Subject to the considerations set forth above, in investing and trading for client and personal accounts other than the Sub-Fund, the Investment Manager, its affiliates, and their respective employees and principals may make use of information obtained by them in the course of investing and trading for the Sub-Fund, and they will have no obligation to compensate the Sub-Fund or its Shareholders in any respect for their receipt of such information or to account to the Sub-Fund or its Shareholders for any profits earned from their use of such information.

The Investment Manager and its affiliates, employees and principals do not intend to make their trading records available for inspection by the Shareholders, except to the extent such disclosure may be required by applicable law.

If there is a limited supply of an investment opportunity, the Investment Manager and its affiliates will act in a fair and reasonable manner in allocating suitable investment opportunities among their client and personal accounts (as applicable), but the Investment Manager and its affiliates cannot assure equality among all such accounts. In such cases, participation in such opportunities will be allocated by taking into account factors such as the relative amounts of capital available for new investments, relative exposure to short-term market trends and the investment programs and portfolio positions of the Sub-Fund and the clients for which participation is appropriate. No assurance can be given, however, that (i) the Sub-Fund will participate in all investment opportunities in which other clients of the Investment Manager or its affiliates (or personal accounts of their respective employees and principals) participate, (ii) particular investment opportunities allocated to clients other than the Sub-Fund (or to personal accounts) will not outperform investment opportunities allocated to the Sub-Fund, or (iii) equality of treatment between the Sub-Fund, on the one hand, and other client accounts of the Investment Manager or its affiliates (or personal trading accounts of their respective employees and principals), on the other hand, will otherwise be assured.

The Investment Manager is not required to combine orders for the execution of Sub-Fund portfolio transactions with orders for the execution of portfolio transactions of any other client or principal account of the Investment Manager, but it may do so to the extent permitted by applicable law.

Different investors in the Sub-Fund may have differing circumstances or objectives, and the actions of the Investment Manager in managing the Sub-Fund's portfolio may benefit certain investors more than others (or may benefit certain investors while being detrimental to others).

The Investment Manager or its affiliates may provide services to Shareholders that are separate from the services that they provide to the Sub-Fund. Any fees paid by a Shareholder to the Investment Manager or its affiliates with respect to such separate services will not reduce the fees indirectly borne by such Shareholder, or amounts owed by such Shareholder to the Sub-Fund, as a result of its ownership of the Shares, except as may be expressly agreed otherwise by the Investment Manager or its affiliates (as applicable).

In view of the substantial compensation that the Investment Manager and its affiliates may receive in connection with the operations of the Sub-Fund (and because the success of the Sub-Fund's operations are highly dependent upon the sale, and on Shareholders' continued holding, of Shares), investors communicating with any representatives of the Investment Manager and/or any of its affiliates concerning a potential investment in, or their continued holding of, Shares should regard the applicable representative(s) as having financial incentives to encourage the investor to purchase Shares, or to continue to hold Shares, as applicable. Accordingly, investors should not view any such representative(s) (or their recommendations) as disinterested.

The Sub-Fund may also engage in transactions with brokers, dealers, counterparties and others in which the Investment Manager or its affiliates have an interest.

## **APPENDIX D - MACKENZIE EMERGING MARKETS ALL CAP FUND**

### **(A SUB-FUND OF MONTLAKE UCITS PLATFORM (LUX) SICAV)**

#### **THE “SUB-FUND”**

#### **1. INVESTMENT OBJECTIVE AND STRATEGY**

##### **Objective**

The Sub-Fund’s investment objective is to provide long-term capital growth by investing primarily in a portfolio of equity securities of companies in emerging markets (including China and/or Russia).

##### **Strategy**

The Sub-Fund will generally focus its investments in emerging market countries that the Investment Manager believes have strongly developing economies and in which the markets are becoming more sophisticated. An emerging market includes any country that is generally considered to be an emerging or developing country by MSCI.

The Sub-Fund’s investment approach follows a core investment style, looking for companies that are undervalued, of high quality and have good growth prospects. The Investment Manager uses a quantitative model-driven approach to stock selection, portfolio construction and transaction cost measurement. The Investment Manager seeks to employ fundamental investment ideas in a disciplined and risk-aware manner. The Sub-Fund will invest in large, mid, and small-cap emerging market stocks. The Sub-Fund may also have some exposure to companies based in Frontier markets being countries with investable stock markets that are less established than those in emerging markets.

Depending on market conditions, the Investment Manager’s investment style may result in a higher portfolio turnover rate than less actively managed funds. Generally, the higher the Sub-Fund’s portfolio turnover rate, the higher its trading-related expenses.

The Sub-Fund does not currently intend to hedge its exposures to foreign currencies but may in the future determine to implement partial or full hedging of such exposures.

The Sub-Fund may invest, subject to a maximum limit of 10% in aggregate of its net assets, in other eligible collective investment schemes. Any investment in eligible collective investment schemes will be for the purposes of meeting the Sub-Fund’s investment objective and no investment will be made into eligible collective investment schemes with an annual management fee higher than 1.00%.

Where investment is made in another sub-fund of the Fund or in another eligible fund managed by the Investment Manager, no additional management fees, subscription fee or investment management fees will be charged to the Sub-Fund in respect of that portion of the Sub-Fund’s assets invested in another sub-fund of the Fund or in another eligible fund managed by the Investment Manager. Investors should however note that should such investment be made, a potential conflict of interest may exist for the Investment Manager or any related party.

The Sub-Fund may also invest in depository receipts, including ADRs and GDRs which are listed on an Eligible Market. Any investment in depository receipts will be for the purposes of meeting the Sub-Fund’s investment objective. The Sub-Fund may also hold preferred shares, rights, warrants, installment receipts, convertible securities, securities issued by exchange traded funds (ETFs), units of closed-ended real estate investment trusts (REITs) and units of limited partnerships that are listed on an Eligible Market and where, in the opinion of the Investment Manager, adequate liquidity is available to meet redemptions.

The Sub-Fund may however only hold securities issued by collective investment schemes, ETFs and units of closed-ended REITs that are eligible under article 41 of the Law of 2010 and based on the investments restrictions detailed in Section 7 of the general part of this Prospectus.

The Sub-Fund may invest its cash balance (which may normally not exceed 20% of its net assets except in the occurrence of extraordinary events) or may otherwise invest for temporary defensive purposes in cash deposits (up to 20% of its net assets) and in short-term securities, such as commercial paper, bankers' acceptances, certificates of deposit, and government securities issued by a OECD Member State or by any supranational organisation provided that the securities are listed, traded or dealt in on an Eligible Market in an OECD Member State and are rated investment grade or better by any recognised rating agency.

The Sub-Fund may directly invest up to 30% of its net assets in China A shares listed or traded on any Eligible Market in China through the Shanghai Hong Kong Stock Connect and/or via any other permissible means available to the Sub-Fund under prevailing laws and regulations or indirectly by way of access to products or funds investing in fixed income securities listed or traded on any Eligible Market in China.

The performance of the Sub-Fund will be measured against the MSCI Emerging Markets Investable Market Index (IMI) (the "**Benchmark**"). For reporting purposes, the Benchmark will be used for performance comparisons, commentaries and attribution information. The Sub-Fund is actively managed and the use of this Benchmark is for comparison purposes only. Investment returns may therefore deviate materially from the performance of the Benchmark. The Benchmark may also be used to determine the initial universe of equity securities from which the Investment Manager ultimately selects the majority of the Sub-Fund's direct equity security holdings. Such use of the Benchmark is not binding and the composition of the portfolio of the Sub-Fund may therefore deviate materially from the composition of the Benchmark.

The Benchmark is an equity index which captures large, mid and small cap representation across emerging markets. With 3,234 constituents, the Benchmark covers approximately 99% of the free float-adjusted market capitalization in those emerging markets. The Benchmark is based on the MSCI Global Investable Market Indexes (GIMI) Methodology—a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalization size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The Benchmark is reviewed quarterly—in February, May, August and November—with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the Benchmark is rebalanced and the large, mid and small capitalization cut-off points are recalculated.

The Benchmark administrator, MSCI Limited is, at the date of this Prospectus, availing of the transitional arrangements afforded under the EU Benchmark Regulation and accordingly do not appear on the register of administrators and benchmarks maintained by ESMA pursuant to article 36 of the EU Benchmark Regulation.

Additional details of the Benchmark constituents, maintenance and rebalancing are available on the MSCI website: <http://www.msci.com>.

Pursuant to Article 8 of the SFDR, the Sub-Fund promotes environmental characteristics where it targets lower greenhouse gas ("**GHG**") emissions and the reduction of its carbon footprint by constraining the portfolio's weighted average GHG intensity to 75% or less of the Benchmark by using positive tilting to

lower carbon-intensive stocks and by excluding thermal coal companies (which are defined as companies which generate more than 10% of their revenue from thermal coal power extraction or power generation) from the investment universe.

Through the Investment Manager's quantitative model-driven stock selection process, the Sub-Fund also factors in sustainability considerations that are financially material such as water usage, recycling and paper consumption to support better investment outcomes using a proprietary ESG scoring model.

When considering governance factors such as companies breaching global standards or subject to controversies, risk is actively mitigated relative to the Benchmark. The Sub-Fund does not overweight (relative to Benchmark exposures) any of the below types of companies:

- Companies which violate the UN Global Compact Compliance principles;
- Companies with severe controversies;
- Companies which generate more than 10% of their revenue from:
  - Gambling,
  - Tobacco,
  - Adult Entertainment; and
- Companies which operate private prisons.

Companies or issuers with any direct involvement in controversial weapons which includes nuclear weapons, anti-personnel landmines, biological and chemical weapons, cluster munitions, white phosphorus, and depleted uranium, are excluded from the Sub Fund's investment universe.

While this Sub-Fund promotes environmental characteristics within the meaning of Article 8 of the SFDR, it does not currently make any "sustainable investment" within the meaning of the SFDR or the Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment ("Taxonomy Regulation"). Accordingly, it should be noted that this Sub-Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and its portfolio alignment with such Taxonomy Regulation is not calculated. Therefore, the "do not significant harm" principle does not apply to any of the investments of this Sub-Fund.

As of the date of this Prospectus, the Sub-Fund has not engaged and has no intention to engage in securities lending or borrowing, repurchase agreement transactions, reverse repurchase agreement transactions, sell/buy-back transactions or total return swaps.

The Investment Manager will ensure that all transactions are made with best execution. The Investment Manager may not retain the benefit of any cash commission paid by any broker-dealer with respect to any deals placed via this broker-dealer. The Investment Manager may enter into soft dollar arrangements with some broker-dealers, where this is legally permissible. In such case the availability of the soft dollar arrangement shall not be the prime reason for the Investment Manager to arrange transactions with such broker-dealer.

## **2. INVESTMENT MANAGER**

Mackenzie Investments Corporation ("**MIC**") serves as the Investment Manager for the Sub-Fund under the terms of an investment management agreement.

Founded in 2012, MIC is located in Boston, MA, USA, and is registered as an investment adviser with the U.S. Securities and Exchange Commission.

MIC, which specializes in implementing quantitative equity investment strategies, is a wholly-owned subsidiary of Mackenzie Financial Corporation, based out of Toronto, Canada, and founded in 1967.



Mackenzie Financial Corporation, with assets under management of approximately EUR 130 billion at the time of this Prospectus, is a wholly-owned subsidiary of IGM Financial Inc. (“IGM”), a public company listed on the Toronto Stock Exchange (Ticker TSX/IGM). IGM is in turn controlled by Power Corporation of Canada, another Toronto Stock Exchange listed company (Ticker TSX/POW).

### 3. CLASSES

The table below lists all share classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

Each class of Shares has the same rights and restrictions, except that (i) different Investment Management Fees apply (as defined below), (ii) there is a different minimum initial investment amount and residual holding amount and (iii) they may be subject to a different capped operating expense limit in respect of the following fees and expenses: Management Fee, distribution fee, custody, legal, Set-Up, CSSF annual charge, research and development, foreign marketing/registration and Luxembourg subscription tax. All Classes are Accumulation Classes.

<b>Class</b>	<b>Currency of Denomination</b>	<b>Retail/ Institutional</b>	<b>Initial Issue Price</b>	<b>Minimum Initial Investment Amount and Residual Holding Amount</b>	<b>Investment Management Fee per Annum</b>	<b>Operating Expense Limit per Annum</b>
<b>Class A Shares</b>	GBP	institutional	GBP 100	GBP 1,000,000	0.8%	0.25%
<b>Class A Shares</b>	EUR	institutional	EUR 100	EUR 1,000,000	0.8%	0.25%
<b>Class A Shares</b>	USD	institutional	USD 100	USD 1,000,000	0.8%	0.25%
<b>Class I Shares</b>	GBP	institutional	GBP 100	GBP 10,000,000	0.75%	0.25%
<b>Class I Shares</b>	EUR	institutional	EUR 100	EUR 10,000,000	0.75%	0.25%
<b>Class I Shares</b>	USD	institutional	USD 100	USD 10,000,000	0.75%	0.25%
<b>Class F Shares</b>	GBP	institutional	GBP 100	GBP 10,000,000	0.5%	0.2%
<b>Class F Shares</b>	EUR	institutional	EUR 100	EUR 10,000,000	0.5%	0.2%
<b>Class X Shares</b>	GBP	institutional	GBP 100	***	***	0.2%

<b>Class X Shares</b>	EUR	institutional	EUR 100	***	***	0.2%
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Class F Shares are intended for foundation investors in order to provide an incentive to such investors to grow the Sub-Fund in its early stages. Class F shares may only be offered to institutional investors, in certain limited circumstances at the discretion of the Investment Manager and will be limited to an aggregate total of US \$100,000,000.

Class X shares are only available to investors who have entered into a separate fee arrangement with the Investment Manager.

#### **4. BASE CURRENCY AND HEDGING**

The Reference Currency of the Sub-Fund is the U.S. Dollar.

#### **5. GLOBAL EXPOSURE CALCULATION METHODOLOGY AND LEVERAGE**

Commitment approach. The Sub-Fund employs the commitment approach. The commitment approach requires the relevant Fund to convert each financial derivative position into the market value of an equivalent position in the underlying asset of that derivative. The Fund may take into account netting and hedging arrangements when calculating its global exposure where these arrangements do not disregard the obvious and material risks and result in a clear reduction of risk exposure.

#### **6. PROFILE OF A TYPICAL INVESTOR**

Investment in the Sub-Fund is suitable only for investors seeking long-term capital growth through a quantitative equity strategy with a medium to long term investment horizon. The Sub-Fund may be suitable for investors willing to accept the different types of risks typically associated with investment in emerging markets.

#### **7. FEES AND EXPENSES**

##### **7.1 Management Fee**

In respect of its provision of management services to the Sub-Fund, the Management Company will receive from the Sub-Fund a management fee ("Management Fee") on a sliding scale at a maximum rate of 0.18 % per annum of the Net Asset Value of the Sub-Fund. This is subject to an annual minimum fee of EUR 135,000 in respect of the first annual period following the date of first issue of Shares of the Sub-Fund and EUR 155,000 in respect of the second and subsequent annual periods.

The Management Fee will be calculated and will accrue at each Calculation Day and is paid quarterly in arrears together with reasonable vouched out of pocket expenses incurred by the Management Company in the performance of its duties. The Management Company is responsible for paying the fees and expenses of the Directors, Administrator, Depositary, Auditors (for the annual legal audit only) and Umbrella Set-up Costs out of the Management Fee.

##### **7.2 Distribution Fee**

Distributors may be entitled to receive out of the assets of the Sub-Fund a fixed annual distribution fee to be agreed between the parties from time to time based on applicable market rates.

### 7.3 **Expenses**

The Set-Up Costs estimated at EUR 90,000 will be borne by the Sub-Fund and amortised over a period not to exceed the first five (5) years of the Sub-Fund commencing on the date of first issue of Shares of the Sub-Fund.

The Sub-Fund will bear ongoing operational expenses as more particularly described in section 21.6 of the Part I of this Prospectus.

## 8. **INVESTOR SUITABILITY**

The Sub-Fund does not accept subscriptions from investors that are U.S. Persons.

All Share Classes are reserved for Institutional Investors.

## 9. **SUB-FUND SPECIFIC RISKS**

An investment in the Sub-Fund involves substantial risks, including but not limited to those described below. There can be no assurance that the Sub-Fund's investment objective can or will be achieved or that the Sub-Fund will be able to return any invested capital to investors. Investment results may vary substantially from period to period.

A Shareholder should limit the portion of its investment portfolio invested in the Company in order to achieve diversification of risk. Investors of the Sub-Fund should be specifically aware that the general risks disclosed in section 32 of Part I of this Prospectus above does apply to the Sub-Fund. The Sub-Fund will particularly be exposed to the following risk factors: Country risks (32.1.8), Investment in Emerging Market Securities (32.4), Quantitative Investment Risk (32.1.10), Management Risk (32.1.36), Equities risks (32.4), Investment in Small Capitalisation Companies (32.4.2), Depositary Receipts (32.4.5), Real Estate Investment Trusts (32.5.1), Investments in Collection Investment Schemes (32.5.2), Exchange Traded Funds (32.45.3) and Currency Risk (32.6).

### 9.1. ***Specific risks linked to investments in Russia***

Moreover, investors should be aware that equity investments in Russia are currently subject to certain risks with regard to the ownership and custody of securities. This results from the fact that no physical share certificates are issued and ownership of securities is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depositary), other than by local regulation. No certificates representing shareholdings in Russian companies will be held by the Depositary or any of its local correspondents or in an effective central depository system.

Equity investments in Russia may also be settled using the local depository, National Settlement Depository ("NSD"). Although NSD is legally recognised as a central securities depository ("CSD"), it is not currently operated as a CSD and may not protect finality of title. Like local custodians, the NSD still has to register the equity positions with the registrar in its own nominee name.

### 9.2 ***Specific risks linked to investments in China through Stock Connect***

#### *Risks linked with dealing in securities in China via Stock Connect*

The Sub-Fund may seek exposure to stocks issued by companies listed on China stock exchanges via Stock Connect. Stock Connect is a mutual market access programme through which non-PRC investors can deal in select securities listed on a PRC stock exchange, currently the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE"), through a platform organised by the Hong Kong

Stock Exchange (“SEHK”) via a broker in Hong Kong and PRC domestic investors can deal in select securities listed on the SEHK through a platform put in place by a PRC stock exchange, currently the SSE and SZSE.

China A Shares accessed via Stock Connect shall be referred to hereinafter as “Stock Connect Shares”.

Under the Stock Connect programme, investors in Hong Kong and Mainland China can trade and settle shares listed on the other market via the exchanges and clearing houses in both jurisdictions. Stock Connect is subject to quota limitations, which may restrict a Fund’s ability to deal via Stock Connect on a timely basis. This may impact that Fund’s ability to implement its investment strategy effectively. Currently, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index, the SSE 380 Index, the SZSE Component Index, the SZSE Small/Mid Cap Innovation Index (with market capitalisation of RMB 6 billion or above) as well as all China A Shares dual-listed on either the SSE or SZSE and the SEHK except for listed shares which are not traded in RMB and/or which are under ‘risk alert’ or under delisting arrangements. The scope of the Stock Connect may be enlarged or reduced from time to time and investors should note that a security may be recalled from the scope of Stock Connect as set out below. This may adversely affect the Sub-Fund’s ability to meet its investment objective, e.g. when it wishes to purchase a security which is recalled from the scope of Stock Connect.

Under Stock Connect, China A Shares listed companies and trading of China A Shares are subject to market rules and disclosure requirements of the China A Shares market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. Foreign shareholding restrictions are also applicable to China A Shares.

Under the current Mainland China rules, once an investor holds or controls up to 5% of the shares of a company listed on either the SSE or SZSE, the investor is required to disclose his interest within three working days and during which he cannot trade the shares of that company. After that, the investor is also required to make disclosure within three working days every time a change in his shareholding reaches 5%. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not trade the shares of that company. Overseas investors holding China A Shares via Stock Connect are subject to the following restrictions (i) shares held by a single foreign investor, such as the Sub-Fund, investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (ii) total A Shares held by all foreign investors (e.g. Hong Kong and overseas investors) who make investments in a listed company must not exceed 30% of the total issued shares of such listed company. If the aggregate foreign shareholding exceeds the 30% restriction, the foreign investors would be required to unwind their positions on the excessive shareholding according to a last-in-first-out basis within five trading days.

Trading in securities through the Stock Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities/make payment, the Sub-Fund may suffer delays in recovering its losses or may not be able to fully recover its losses.

According to existing Mainland China practices, the Company as a beneficial owner of China A Shares traded via Stock Connect cannot appoint proxies to attend shareholders’ meetings on its behalf.

#### *Quotas used up*

Once the daily quota is used up, acceptance of the corresponding buy orders will be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will continued to be accepted.

### *Difference in trading day and trading hours*

Due to differences in public holiday between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours in the markets in Hong Kong and Mainland China. Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but it is not possible to carry out any China A Shares trading in Hong Kong. There may be a risk of price fluctuations in China A Shares during the time when Stock Connect is not trading.

### *The recalling of eligible stocks and trading restrictions*

A stock may be recalled from the scope of eligible stocks for trading via Stock Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Investment Manager.

### *Trading costs*

In addition to paying trading fees and stamp duties in connection with China A Shares trading, the Funds carrying out trading Stock Connect Shares via Stock Connect may also be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which would be determined by the relevant authorities.

The above may not cover all risks related to Stock Connect and any above mentioned laws, rules and regulations are subject to change.

## **10. VALUATION – DETERMINATION OF NET ASSET VALUE**

For the purposes of calculation of the NAV per Share, all applications for subscription, redemption, switch and conversion of Shares of the Sub-Fund, as well as all contributions received in consideration for the issuance of Shares and all proceeds paid in consideration for the redemption or transfer of Shares shall be taken into account. In the case where a NAV calculation error is detected, the Administrator has a procedure in place in order to treat any NAV errors independently of any materiality threshold reached. Such procedure foresees incident reporting, escalation and corrective measures where required. In addition, in respect of NAV calculation errors above the materiality threshold and the de minimis rules as set forth in Circular 02/77, the Administrator will comply with the specific requirements of Circular 02/77, to the extent applicable to it.

Each Business Day will be a Calculation Day and a Dealing Day, as well as a NAV Date in respect of the immediately following Calculation Day. With respect to this Sub-Fund, a Business Day shall mean any day on which banks are open in the Grand Duchy of Luxembourg and New York.

The Net Asset Value per Share of each Share Class will be calculated on the Calculation Day in the currency of the relevant Share Class. It will be calculated by dividing the Net Asset Value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue. The resulting sum shall be rounded to three decimal places.

## **11. SUBSCRIPTIONS**

Upon launch of the relevant Class, Shares will be issued at the applicable initial issue price set out above. Thereafter, Shareholders may apply to subscribe for Shares of each Class on any Business Day provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time, subject to the Management Company's discretion to determine otherwise, the Shares will be issued at

the Subscription Price calculated on the next following Dealing Day. Applications for subscriptions received or deemed to be received after 5.00 p.m. Luxembourg time on a Business Day will be deemed to have been received on the next Business Day. The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such subscription will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

Subscription proceeds, payable in the currency of denomination of the relevant Class, must be received no later than close of business on the appropriate Dealing Day (or by such earlier or later date and/or time as the Management Company may at its discretion determine).

If timely settlement is not made, the subscription may lapse and be cancelled at the cost of the applicant or its financial intermediary. Failure to make good settlement by the settlement date may result in the Fund bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Management Company and/or the Sub-Fund against any existing holding of the applicant in the Sub-Fund. In all cases any money returnable to the investor will be held without payment of interest pending receipt of the remittance.

## **12. REDEMPTIONS**

Shareholders may apply to redeem their Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time on a NAV Date, subject to the Management Company's discretion to determine otherwise, the Shares will be redeemed at the Redemption Price calculated on the next following Dealing Day.

Applications for redemptions received or deemed to be received after 5.00 p.m. Luxembourg time on a NAV Date will be deemed to have been received on the next NAV Date.

The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between Shareholders which are in the same situation is complied with and that any such redemption will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

## **13. CONVERSION**

Solely with the consent and at the discretion of the Management Company, Shareholders may convert their Shares from any Class to another Class of Shares exclusively within the Sub-Fund on any Calculation Day by submitting a conversion request to the Administrator prior to 5.00 p.m. Luxembourg time by no later than three (3) Business Days prior to the relevant Calculation Day, and, should the Investment Manager agree to such conversion, the conversion will be made at the prevailing Net Asset Value of the relevant Classes calculated on the relevant Calculation Day.

Conversion in the Sub-Fund will not be subject to any charge.

In the event that a Shareholder's holding amount in respect of a Class of Shares falls below the minimum amount specified in Section 3 in respect of such Class of Shares, such Shareholder will be considered to have made a request for all of its Shares of such Class to be converted to another Class of Shares as of the next Calculation Day, except to the extent such Shareholder's holding amount of such Shares is above the relevant minimum holding amount at such time.

## APPENDIX E - GBM MEXICO FUND

### (A SUB-FUND OF MONTLAKE UCITS PLATFORM (LUX) SICAV)

#### THE “SUB-FUND”

#### 1. INVESTMENT OBJECTIVE AND STRATEGY

##### Objective

The Sub-Fund's will seek to offer attractive returns by investing in stocks listed on the Mexican stock exchange market in which the Investment Manager believes there is value to be found. Specifically, the Sub-Fund will invest in companies with a solid balance sheet, growth opportunities, strong cash flow generation, and good management. Some of the advantages the Sub-Fund presents are the following:

- The Sub-Fund can be invested in the stock market in any percentage, allowing an aggressive asset distribution policy, making it aggressive in bullish markets and highly defensive in bearish markets.
- The ideas for investment are those where all the areas of the Investment Manager believe it will perform above the Mexican market and where the Investment Manager believes there is value to be found, in addition to a constant review by the research area.

The Sub-Fund is not constrained by any benchmark.

##### Strategy

The Sub-Fund will invest at least 60% of its net assets with an investment approach that will take advantage of market conditions based on fundamental research with a primary focus on value investing:

- directly in equities of companies that are listed on the Mexican stock exchange.
- in initial public offerings taking place in Mexico for up to 10% of the size of the deal and less than 3% of the net assets of the portfolio.
- in Exchange-Traded Funds (ETF's), qualifying as UCITS and other UCI pursuant that such ETF is subject to supervision considered by the CSSF to be equivalent, that replicate the performance of certain sectors, or in case, the Mexican market.

The other 40% of the net assets in the Sub-Fund will be invested across the most appealing companies within the MEXBOL index according to the Investment Manager's research.

Nevertheless, from time to time, on a temporary basis and under exceptional market conditions, the Sub-Fund may hold liquid assets for up to 100% of its net assets. In the aim of investing its liquid assets, the Sub-Fund may invest in cash deposits (normally only up to 20% of its net assets), short term papers, money-market instruments, bonds, new debt emissions, debt and currency ETF's, UCITS and other UCI themselves invested in cash deposits and/or money-market instruments.

Investments in units of UCITS and/or other eligible UCIs cannot represent more than 10% of the net assets of the Sub-Fund.

Given the nature of the investments, currency exposure in the Sub-Fund will be flexibly managed, meaning that it may employ on a regular basis currency management and hedging techniques.

The Sub-Fund may, within the legal limits, use financial derivative instruments for hedging purposes and efficient portfolio management, such as but not limited to futures, options and currency derivatives. However, the Sub-Fund will not enter into TRS, securities lending and borrowing and/or repurchase, including reverse repurchase, transactions and/or buy-sell back transactions.

The Sub-Fund does not have as its objective sustainable investment nor does it actively promote environmental or social characteristics. For the purposes of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, the Sub-Fund is a so-called Article 6 SFRD product.

For the purposes of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, prospective investors are hereby informed that the underlying investments of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The Investment Manager does not consider the adverse impacts of its investment decisions on Sustainability Factors as there is no sufficient data available which is satisfactory in quality to allow the Investment Manager to adequately assess the potential adverse impact of its investment decision on sustainability factors.

**2. INVESTMENT MANAGER**

GBM Administradora De Activos (the “Investment Manager”), a company incorporated in Mexico serves as the Investment Manager for the Sub-Fund under the terms of an investment management agreement.

Founded in 2001, the Investment Manager is located in Sur 1605 Piso 31, Col. San José Insurgentes, México, DF 03900 Benito Juarez, and is registered as an investment adviser with the Comision Nacional Bancaria Y De Valores (CNBV) under number DGA-965-1465.

**3. CLASSES**

The table below lists all share classes established within the Sub-Fund. Certain share classes may currently not be active or may be unavailable to investors in certain jurisdictions.

Each class of shares has the same rights and restrictions, except that (i) different Investment Management Fees apply (as defined below), (ii) there is a different minimum initial investment amount and residual holding amount and (iii) different subscription, redemption and conversion fees may apply.

<b>Class</b>	<b>Currency of Denomination</b>	<b>Retail/ Institutional</b>	<b>Minimum Initial Investment Amount and Residual Holding Amount</b>	<b>Subscription Fee</b>	<b>Redemption Fee</b>	<b>Conversion Fee</b>	<b>Investment Management Fee per Annum</b>
<b>Class B Shares</b>	USD	Retail/ Institutional	N/A	Up to 2%	Up to 2%	Up to 2%	1.1%
<b>Class D Shares</b>	EUR	Retail/ Institutional	N/A	Up to 2%	Up to 2%	Up to 2%	1.1%



<b>Class J Shares</b>	USD	Institutional	USD 2,500,000	Up to 2%	Up to 2%	Up to 2%	0.6%
<b>Class L Shares</b>	EUR	Institutional	EUR 2,000,000	Up to 2%	Up to 2%	Up to 2%	0.6%
<b>Class X Shares</b>	USD	Institutional	N/A	Up to 2%	Up to 2%	Up to 2%	0.2%

Subscription Fees, when applicable, will be paid to entities and agents active in sales and investment of shares.

Redemption and Conversion Fees, when applicable, will be paid to the disinvested Sub-Fund.

Class X Shares are only available to investors which are entities of the Investment Manager's group or which have entered into a separate fee arrangement with the Investment Manager or with entities of the Investment Manager's group.

#### **4. BASE CURRENCY AND HEDGING**

The reference currency of the Sub-Fund is the U.S. Dollar.

Share Classes are reserved for either Institutional and/or Retail Investors, as specified in Section Appendix C3 above.

#### **5. GLOBAL EXPOSURE CALCULATION METHODOLOGY AND LEVERAGE**

The Sub-Fund employs the commitment approach. The commitment approach requires the relevant Fund to convert each financial derivative position into the market value of an equivalent position in the underlying asset of that derivative. The Fund may take into account netting and hedging arrangements when calculating its global exposure where these arrangements do not disregard the obvious and material risks and result in a clear reduction of risk exposure.

#### **6. PROFILE OF A TYPICAL INVESTOR**

Investment in the Sub-Fund is suitable for small, medium and large investors who, due to their level of complexity and sophistication, wish to participate in a high-risk fund based on their objective and strategy. A long term investment horizon is desirable.

#### **7. FEES AND EXPENSES**

##### **7.1 Management Fee**

In respect of its provision of management services to the Sub-Fund, the Management Company will receive from the Sub-Fund a management fee ("Management Fee") on a sliding scale at a maximum

22.5 basis points per annum of the Net Asset Value of the Sub-Fund. This is subject to an annual minimum fee of EUR 155,000.

The Management Fee will be calculated and will accrue at each Calculation Day and is paid monthly in arrears together with reasonable vouched out of pocket expenses incurred by the Management Company in the performance of its duties. The Management Company is responsible for paying the fees and expenses of the Directors, Administrator, Depository, Auditors (for the annual legal audit only) out of the Management Fee.

The Management Company may charge additional fees for additional services, as may be agreed from time to time.

### **7.2 Investment Management Fee**

The Sub-Fund pays to the Investment Manager an investment management fee ("Investment Management Fee") in respect of each Share Class as specified in Section Appendix C3 above. The Investment Management Fee will be calculated based on the Net Asset Value of the relevant Share Class, will accrue at each Calculation Day and will be paid monthly in arrears.

### **7.3 Expenses**

The Set-Up Costs estimated at EUR 70,000 will be borne by the Sub-Fund and amortised over a period not to exceed the first five (5) years of the Sub-Fund commencing on the date of first issue of Shares of the Sub-Fund.

The Sub-Fund will bear onboarding and ongoing operational expenses as more particularly described in section 21.6 of the Part I of this Prospectus.

## **8. INVESTOR SUITABILITY**

The Sub-Fund does not accept subscriptions from investors that are U.S. Persons.

## **9. SPECIFIC RISKS**

An investment in the Sub-Fund involves substantial risks, including but not limited to those described below. There can be no assurance that the Sub-Fund's investment objective can or will be achieved or that the Sub-Fund will be able to return any invested capital to investors. Investment results may vary substantially from period to period.

A shareholder should limit the portion of its investment portfolio invested in the Company in order to achieve diversification of risk. Investors of the Sub-Fund should be specifically aware that the general risks disclosed in section 32 of Part I of this Prospectus above does apply to the Sub-Fund.

The Sub-Fund will particularly be exposed to the following risk factors: General Economic and Market Conditions (32.1.1), Investing in Emerging market securities (32.4), Concentration risk (32.6), Interest rate risk (32.20), Credit risk (32.21), Debt Securities Risk (32.25), Counterparty risk (32.41.2), Liquidity risk (32.41.3), Corporate Debt (32.42.2), Risks of investing in Non-Investment Grade Fixed Income Securities (32.42.6), Derivative risks (32.43), Equities risks (32.44), Exchange Traded Funds (32.45.3) and Currency risks (32.46).

## **10. VALUATION – DETERMINATION OF NET ASSET VALUE**

For the purposes of calculation of the NAV per Share, all applications for subscription, redemption, and conversion of Shares of the Sub-Fund, as well as all contributions received in consideration for the issuance of Shares and all proceeds paid in consideration for the redemption or transfer of Shares shall be taken into account. In the case where a NAV calculation error is detected, the Administrator has a procedure in place in order to treat any NAV errors independently of any materiality threshold reached. Such procedure foresees incident reporting, escalation and corrective measures where required. In addition, in respect of NAV calculation errors above the materiality threshold and the de minimis rules as set forth in Circular 02/77, the Administrator will comply with the specific requirements of Circular 02/77, to the extent applicable to it.

Each business day will be a Calculation Day and a Dealing Day, as well as a NAV Date in respect of the immediately following Calculation Day. With respect to this Sub-Fund, a Business Day shall mean any day on which banks are open in the Grand Duchy of Luxembourg and Mexico.

The Net Asset Value per Share of each Share Class will be calculated on the Calculation Day in the currency of the relevant Share Class. It will be calculated by dividing the Net Asset Value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue. The resulting sum shall be rounded to three decimal places.

## **11. SUBSCRIPTIONS**

On launch date, Shares will be issued at a subscription price based on the last available Net Asset Value of the GBM Asset Management Sicav – Mexico Fund. Thereafter, shareholders may apply to subscribe for Shares of each Class on any Business Day provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time, subject to the Management Company's discretion to determine otherwise, the Shares will be issued at the subscription price calculated on the next following Dealing Day. Applications for subscriptions received or deemed to be received after 5.00 p.m. Luxembourg time on a Business Day will be deemed to have been received on the next Business Day. The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between shareholders which are in the same situation is complied with and that any such subscription will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

Subscription proceeds, payable in the currency of denomination of the relevant Class, must be received no later than three business days following the Business day.

If timely settlement is not made, the subscription may lapse and be cancelled at the cost of the applicant or its financial intermediary. Failure to make good settlement by the settlement date may result in the Fund bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Management Company and/or the Sub-Fund against any existing holding of the applicant in the Sub-Fund. In all cases any money returnable to the investor will be held without payment of interest pending receipt of the remittance.

## **12. REDEMPTIONS**

Shareholders may apply to redeem their Shares of each Class on a NAV Date for processing on the next following Dealing Day. Provided the application form is received by the Administrator prior to 5.00 p.m. Luxembourg time on a NAV Date, subject to the Management Company's discretion to determine otherwise, the Shares will be redeemed at the Redemption Price calculated on the next following Dealing Day.

Applications for redemptions received or deemed to be received after 5.00 p.m. Luxembourg time on a NAV Date will be deemed to have been received on the next NAV Date.

Redemptions will normally be paid within four business days following the Calculation Day.

The Management Company may at its discretion waive this requirement, provided that the principle of equal treatment between shareholders which are in the same situation is complied with and that any such redemption will be at a Net Asset Value which is not yet known at the relevant cut-off time (i.e. before closure of the relevant market(s) and publication of the relevant Net Asset Value).

### **13. CONVERSION**

Solely with the consent and at the discretion of the Management Company, shareholders may convert their Shares from any Class to another Class of Shares exclusively within the Sub-Fund on any Calculation Day by submitting a conversion request to the Administrator prior to 5.00 p.m. Luxembourg time by no later than three (3) Business Days prior to the relevant Calculation Day, and, should the Investment Manager agree to such conversion, the conversion will be made at the prevailing Net Asset Value of the relevant Classes calculated on the relevant Calculation Day.

Conversion in the Sub-Fund will not be subject to any charge.

In the event that a shareholder's holding amount in respect of a Class of Shares falls below the minimum amount specified in Section 3 in respect of such Class of Shares, such shareholder will be considered to have made a request for all of its Shares of such Class to be converted to another Class of Shares as of the next Calculation Day, except to the extent such shareholder's holding amount of such Shares is above the relevant minimum holding amount at such time.