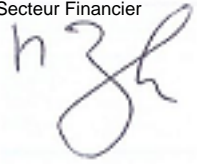


**VISA 2021/163769-11304-0-PC**

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

Luxembourg, le 2021-03-09

Commission de Surveillance du Secteur Financier

A handwritten signature in blue ink, appearing to be 'h3h' or similar, is written over a faint rectangular stamp.

## **Masayume Fund**

*Société d'Investissement à Capital Variable*

## **Prospectus**

**March 2021**

Masayume Fund (the "**Company**") is registered under part I of the Luxembourg law of 17 December 2010 concerning undertakings for collective investment, as may be amended from time to time (the "**Law**"). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS**"), as amended from time to time including by means of Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions (the "**UCITS Directive**"). The Company is managed by Fuchs Asset Management S.A. pursuant to chapter 15 of the Law.

The Shares (as such term is defined below) have not been registered under the United States Securities Act of 1933 and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States law.

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

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

All references herein to times and hours are to Luxembourg local time.

The Company and the Management Company, acting as joint controllers, as well as their service providers, will hold and process investors' personal data in accordance with 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 (GDPR) and with any implementing legislation applicable to them.

Further information is available in the Data Protection Notice attached to the Application Form. The Data Protection Notice provides individuals whose personal data (as this term is defined in the GDPR) are processed by the Company and the Management Company, as well as their service providers, with all legally required information regarding the personal data processed about them, including the reasons for which their personal data are processed and their rights in relation to such processing.

Where the investor is a financial institution, acting in its capacity as financial intermediary on behalf of one or more investors, or where the investor is a corporate or legal entity, the investor undertakes and agrees that in case it has provided personal data on any individual (such as authorized representatives, beneficial owners, employees or other individuals) to the Company, the Management Company and their service providers, it will provide the Data Protection Notice to such individuals.

The investor who shares personal data with the Company and the Management Company shall indemnify and hold the Company and the Management Company harmless for and against all direct and indirect damages and financial consequences arising from any breach of this warranty.

## **DIRECTORY**

Masayume Fund, Société d'Investissement à Capital Variable  
5, Allée Scheffer, L-2520 Luxembourg, Grand-Duchy of Luxembourg

### **Board of Directors of the Company**

Director and Chairman:

David Blair

Directors:

Fernando Perez Sala

Evgeni Leibovich

### **Management Company**

Fuchs Asset Management S.A.  
49, Boulevard Prince Henri, L-1724 Luxembourg, Grand-Duchy of Luxembourg

#### Board of Directors of the Management Company

Chairman:

Jean FUCHS

FUCHS ASSET MANAGEMENT S.A.,  
49, boulevard Prince Henri  
L-1724 Luxembourg

Directors:

Timothé FUCHS

FUCHS ASSET MANAGEMENT S.A.,  
49, boulevard Prince Henri  
L-1724 Luxembourg

Christophe PESSAULT

FUCHS ASSET MANAGEMENT S.A.  
16, rue Jean-Pierre Brasseur  
L-1258 Luxembourg

### **Investment Manager**

Capital Advisory Partners Ltd, with registered office at Sandhurst House, 297 Yorktown Road, GU47 0QA Berkshire, United Kingdom, and postal address at 4 Montpelier Street, number 120 London SW7 1EE, United Kingdom.

**Depository**

CACEIS Bank, Luxembourg Branch, 5, Allée Scheffer, L-2520 Luxembourg, Grand-Duchy of Luxembourg

**Administration Agent and Domiciliation Agent**

CACEIS Bank, Luxembourg Branch, 5, Allée Scheffer, L-2520 Luxembourg, Grand-Duchy of Luxembourg

**Auditors**

Deloitte Audit  
560, rue de Neudorf  
L-2220 Luxembourg

**Legal Advisors**

Clifford Chance  
10, boulevard G.-D. Charlotte  
L-1011 Luxembourg  
Grand-Duchy of Luxembourg

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## 1. DEFINITIONS

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

<b><i>Administration Agent</i></b>	CACEIS Bank, Luxembourg Branch, acting as registrar, transfer agent and administration agent as further described below
<b><i>Articles</i></b>	the articles of association of the Company, as amended from time to time
<b><i>AML Regulations</i></b>	the Luxembourg law of 27 October 2010 relating to the fight against money-laundering and the financing of terrorism, the law of 19 February 1973 on the sale of medicinal substances and the fight against drug addiction (as amended), the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended), and associated Grand Ducal, Ministerial and CSSF Regulations and the circulars of the CSSF applicable as amended from time to time
<b><i>Appendix</i></b>	an appendix to this Prospectus
<b><i>Board of Directors</i></b>	the board of directors of the Company
<b><i>Business Day</i></b>	a full business day on which banks and Eligible Markets are opened for business in Luxembourg
<b><i>CHF</i></b>	Swiss Franc
<b><i>Class(es)</i></b>	within each Compartment, separate classes of Shares which the Board of Directors may decide to issue from time to time, whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum investment amount, taxation, distribution policy, hedging policy or other feature may be applied
<b><i>Compartments</i></b>	A specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Class or Classes of Shares, which are distinguished mainly by their specific investment policy and objective and/or by the currency in which they are denominated. The specifications of each Compartment are described in the relevant Appendix to this Prospectus.
<b><i>CSSF</i></b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg authority supervising the financial sector
<b><i>Cut-off Time</i></b>	a deadline (as further specified in the Appendices) before which applications for subscription, redemption, or conversion of Shares of any Class in any Compartment must be received by the Administration Agent in relation to a Valuation Day. For the avoidance of doubt, cut-off times are stated in the Luxembourg time zone (UTC + 1)



<b><i>Depository</i></b>	CACEIS Bank, Luxembourg Branch acting as depository bank in the meaning of the Law
<b><i>Eligible Market</i></b>	a Regulated Market in an Eligible State
<b><i>Eligible State</i></b>	any Member State or any other state in (Eastern and Western) Europe, Asia, Africa, Australia, North and South America and Oceania, as determined by the Board of Directors
<b><i>EMIR</i></b>	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
<b><i>ESMA</i></b>	European Securities and Markets Authority
<b><i>EUR / Euro</i></b>	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as the same may be amended from time to time
<b><i>FATCA Rules</i></b>	the Intergovernmental Agreement (IGA) entered into between the Luxembourg and US Governments on March 2014, the forthcoming Luxembourg Law transposing the IGA, as well as to the extent relevant, provisions of the US Foreign Account Tax Compliance (this definition will need to be adjusted when the IGA will be transposed into national laws)
<b><i>FATF</i></b>	Financial Action Task Force (also referred to as <i>Groupe d'Action Financière</i> )
<b><i>Feeder Compartment</i></b>	a Compartment of the Company which investment policy consists in investing at least 85 % of its assets in units/shares in a Master Fund according to article 77 of the Law, by way of derogation from Article 2(2) first indent, Articles 41, 43 and 46, and Article 48(2) third indent of the Law, as further described in the relevant Appendix
<b><i>Hedged Share Class</i></b>	A class of Shares denominated in a currency other than the base currency of the Compartment and for which currency hedging transactions may be engaged in order to minimize exchange rate fluctuations between the currency of the Hedged Share Class and the Reference Currency of the Compartment
<b><i>Investment Manager</i></b>	the investment manager appointed by the Management Company (as the case may be) for a specific Compartment as further detailed in the Appendix
<b><i>KIID</i></b>	the key investor information document as defined by the Law and applicable laws and regulations
<b><i>Law</i></b>	the law of 17 December 2010 concerning undertakings for collective investments, as may be amended from time to time including by means of the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depository functions, remuneration policies and sanctions

<b><i>Management Company</i></b>	The Management Company appointed to act as the management of the Company pursuant to Chapter 15 of the Law, as further described herein
<b><i>Master Fund</i></b>	<p>A UCITS, or a Compartment thereof or a Compartment of the Company, as further described in the relevant Appendix into which a Feeder Compartment invests at least 85 % of its assets and which:</p> <p>(a) has among its unit-holders, at least one feeder UCITS;</p> <p>(b) is not itself a feeder UCITS; and</p> <p>(c) does not hold units of a feeder UCITS</p>
<b><i>Member State</i></b>	a member state as defined in the Law
<b><i>OECD Member State(s)</i></b>	a several State(s) member(s) of the Organisation for Economic Co-operation and Development as per the list available on Organisation for Economic Co-operation and Development's website OECD.org/List of OECD Member countries – Ratification of the Convention on the OECD
<b><i>Performance Period</i></b>	the period by reference to which the performance fee is calculated, as further described below in the relevant Appendices
<b><i>Principal Placement Agent</i></b>	the principal placement agent entrusted by the Management Company (as the case may be) with the promotion, marketing and distribution activities of the Company's Shares, as further described below
<b><i>Prospectus</i></b>	this prospectus currently in use
<b><i>Reference Currency</i></b>	the currency specified as such in the Prospectus and the relevant Appendix to the Prospectus
<b><i>Regulated Market</i></b>	a market within the meaning of Article 4(1)14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and any other market which is regulated, operates regularly and is recognised and open to the public
<b><i>Regulation 2008</i></b>	the Grand-ducal regulation of 8 February 2008
<b><i>Sustainability Risks</i></b>	means, as defined in SFDR, 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 Sub-Fund's investment
<b><i>SFDR</i></b>	the 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 amended from time to time

<b><i>SFTR</i></b>	the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse, and amending Regulation (EU) No 648/2012
<b><i>Sub-distributors</i></b>	entities active in the placement or public distribution of Shares which are sub-distributors appointed by the Management Company
<b><i>Subscription / Redemption Settlement Day</i></b>	the Business Day on which the consideration for subscription, or redemption is fully paid, which is to occur on a Business Day as further specified in each Appendix
<b><i>Shares</i></b>	a share of any Class of any Compartment in the capital of the Company, the details of which being specified in the Appendices
<b><i>Shareholders</i></b>	holders of Shares
<b><i>Subscription Price</i></b>	the net asset value per relevant Share/ Share Class of a Compartment as determined on the applicable Valuation Day plus the applicable sales commission (if any)
<b><i>UCI</i></b>	undertaking for collective investment within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in a Member State or not
<b><i>UCITS</i></b>	undertaking for collective investment in transferable securities as defined in the UCITS Directive and the Law
<b><i>UCITS Rules</i></b>	the set of rules formed by the UCITS Directive and any derived or connected EU or national act, statute, regulation, circular or binding guidelines, including but not limited to the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions and amending the law of 17 December 2010 relating to undertakings for collective investment, as amended, and the law of 12 July 2013 on alternative investment fund managers, as amended, and the Circular CSSF 14/587 (as amended by Circular CSSF 15/608) setting out provisions applicable to credit institutions acting as depositaries of UCITS subject to Part I of the law of 17 December 2010 relating to undertakings for collective investment and to all UCITS, as the case may be, represented by their management company
<b><i>Underlying Asset</i></b>	asset(s) to which Compartment may invest in accordance with its investment policy as described in the relevant Compartment's <b>Appendix</b>
<b><i>USD</i></b>	United States Dollars
<b><i>Valuation Day</i></b>	a Business Day by reference to which the net asset value per Share is calculated as detailed in the relevant Appendix of each Compartment. The Board of Directors may in its absolute discretion amend the Valuation Day for some or all of the Compartments. In such case the

Shareholders of the relevant Compartment will be duly informed and the Appendix will be updated accordingly

## **2. THE COMPANY**

Masayume Fund is an open-ended collective investment company ("*société d'investissement à capital variable*", or "SICAV") established under the laws of the Grand-Duchy of Luxembourg, with an "umbrella" structure comprising different Compartments each of which may be divided in separate Classes. In accordance with the Law, a subscription of Shares constitutes acceptance of all terms and provisions of the Prospectus and the Articles.

The Company was created on 10 August 2017. The Company is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 217.103. The articles of incorporation were published in *Recueil électronique des sociétés et des associations* on 16 August 2017 and have been filed with the R.C.S. where they are available for inspection and where copies can be made. Copies may also be obtained at the registered office of the Company.

The Company offers investors, within the same investment vehicle, a choice between several Compartments which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Compartment are described in the relevant Appendix.

The assets and liabilities of each Compartment, as further described under Section 12.5 "Allocation of Assets and Liabilities among the Compartments", shall be segregated from the assets and liabilities of those of the other Compartments, with creditors having recourse only to the assets of the Compartment concerned and where the liabilities can not be satisfied out of the assets of another Compartment. As between the Shareholders and creditors, each Compartment will be deemed to be a separate entity.

The Board of Directors may, at any time, decide on the creation of further Compartments and in such case, the Appendix will be updated. Each Compartment may have one or more Classes of Shares.

## **3. THE MANAGEMENT COMPANY**

The Directors of the Company have appointed Fuchs Asset Management S.A. effective as of the 10 August 2017 to serve as its designated management company within the meaning of the Law and pursuant to a Management Company Services Agreement.

The Management Company will provide, subject to the overall control of the Board of Directors of the Company, and without limitation:

- (i) asset management services;
- (ii) central administration, registrar and transfer agency services; and
- (iii) distribution services to the Company.

The rights and duties of the Management Company are further set out in articles 101 et seq. of the Law.

The Management Company must at all time act honestly and fairly in conducting its activities in the best interests of the Shareholders, and in conformity with the Law, this Prospectus and the Articles.

Fuchs Asset Management Luxembourg S.A. has been appointed as the management company of the Company. The Management Company is a Luxembourg law public limited company (*société anonyme*) incorporated on 10 June 2014, authorized by the CSSF as a management company pursuant to Chapter 15 of the law of 17 December 2010 relating to Undertakings for Collective Investment, as amended (the

“**Law**”), with registered office at 49, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Company Register under number B 188.359.

The Management Company currently also acts as management company for other investment funds. The subscribed capital of the Management Company is set at EUR 700,000.-.

The purpose of the Management Company is the management of the collective portfolio management of the Company and/or any of its Compartments for the account and in the exclusive interest of the Shareholders of the Company in compliance with Chapter 15 of the Law.

Besides managing the Company, the Management Company currently manages additional undertakings for collective investments, the list of which can be obtained from the Management Company.

The Management Company is vested with the day-to-day management and administration of the Company. In fulfilling its duties pursuant to the Law, and the Management Company Services Agreement, the Management Company is authorised, for the purposes of the efficient conduct of its business, to delegate, under its responsibility and control, and with the prior consent of the Company, and subject to the approval of the CSSF, part, or all of its functions and duties to any third party, which, having regard to the nature of the functions, and duties to be delegated, must be qualified and capable of undertaking the duties in question.

The Management Company will require any such agent to which the Management Company intends to delegate its duties to comply with the provisions of the Prospectus, the Articles, and the relevant provisions of the Management Company Services Agreement, as well as the Law.

In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms, and procedures, including risk management controls, and regular reporting processes in order to ensure the effective supervision of the third parties to whom functions, and duties have been delegated, and that the services provided by such third party service providers are in compliance with the Articles, this Prospectus and the agreements entered into with the relevant third party service providers, as well as the Law. When delegating a duty or a function, the Management Company shall ensure that nothing in the related agreement shall prevent it from giving at any time further instructions to the party to whom such duty or function has been delegated or from withdrawing the relevant mandate with immediate effect when this is in the interests of the Shareholders.

The Management Company shall be careful, and diligent in the selection, and monitoring of the third parties to whom functions and duties may be delegated, and ensure that the relevant third parties have sufficient experience, and knowledge, as well as the necessary authorisation required to carry out the functions delegated to such third parties.

The following functions have been delegated by the Management Company to third parties:

- investment management of the Sub-Funds;
- central administration; and
- marketing and distribution, as further set out in this Prospectus

The Management Company Services Agreement has been entered into for an undetermined period of time, and may be terminated, in particular, by either party upon serving to the other a written notice at least 3 (three) months prior to the termination.

Conflicts of Interest

The Board of Directors of the Company and/or of the Management Company will (in the event that any conflict of interest actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the Company and its shareholders.

#### Remuneration policy of the Management Company

The Management Company has in place a remuneration policy which is consistent with, and promotes, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles of the Compartments, the Prospectus and the Articles nor impair compliance with the Management Company's duty to act in the best interest of the Company and of its Shareholders.

The remuneration policy of the Management Company is in line with the business strategy, objectives, values and interests of the Management Company and of the other UCITS that it managed and of the interest of the Company, and includes measures to avoid conflicts of interest.

The assessment of performance is set in a multiyear framework appropriate to the holding period recommended to the investors of the UCITS managed by the Management Company in order to ensure that the assessment process is based on the longer term performance of the Company and its investment risks and that the actual payment of performance based components of remuneration is spread over the same period.

Due to the Management Company's remuneration policy it is ensured the fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.

The remuneration policy of the Management Company has been adopted by its board of directors of the Management Company and is reviewed at least annually.

Details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available at Fuchs Asset Management S.A. premises.

A paper copy of such document is available free of charge from the Management Company upon request.

## **4. INVESTMENT POLICIES AND RESTRICTIONS**

### **4.1 General Investment Policies for all Compartments**

The provisions of this section apply only insofar as they are compatible with the specific investment policy disclosed in the relevant Appendix.

The Board of Directors determines the specific investment policy and investment objectives of each Compartment, which are described in more detail in the respective Appendix. The investment objectives of the Compartments will be carried out in compliance with the investment restrictions set forth in section 4.3.

In the general pursuit of obtaining an above-average total investment return as may be consistent with the preservation of capital, efficient portfolio management techniques may be employed to the extent permitted by the investment and borrowing restrictions stipulated by the Board of Directors.

The Compartments may from time to time also hold, on an ancillary basis, cash reserves or include other permitted assets with a short remaining maturity, especially in times when rising interest rates are expected.

Investors are invited to refer to the description of the investment policy of each Compartment in the Appendix for details.

The historical performance of the Compartments will be published in the KIID for each Compartment. Past performance is not necessarily indicative of future results.

None of the Compartment promotes environmental or social characteristics within the meaning of article 8 SFDR, nor is classified as a product that has sustainable investments as its objective for the purposes of article 9 SFDR.

## **4.2 Specific Investment Policies for each Compartment**

The specific investment policy of each Compartment is described in the Appendix.

## **4.3 Investment and Borrowing Restrictions**

The Articles provide that the Board of Directors shall, based upon the principle of spreading of risks, determine the corporate and investment policy of the Company and the investment and borrowing restrictions applicable, from time to time, to the investments of the Company.

In order for the Company to qualify as a UCITS under the Law and the UCITS Directive, the Board of Directors has decided that the following restrictions shall apply to the investments of the Company and, as the case may be and unless otherwise specified for a Compartment in the Appendix, to the investments of each of the Compartments:

I.

(1) The Company, for each Compartment, may invest in:

- (a) transferable securities and money market instruments admitted to or dealt in 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 year of the issue;
- (c) units of UCITS and/or other UCI, whether situated in a Member State or not, provided that:
  - (i) such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured,
  - (ii) the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders 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 of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the Luxembourg regulatory authority as equivalent to those laid down in EU law;
- (e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
  - (i) the underlying consists of instruments covered by this section I. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their investment objective;
  - (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (iii) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- (f) 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, a third country 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 an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, such as, but not limited to, a credit institution which has its registered office in a country which is an OECD Member State and a FATF State.
  - (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 laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which presents and publishes its annual accounts 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 securitisation vehicles which benefit from a banking liquidity line.



- (2) In addition, the Company may invest a maximum of 10% of the net assets of any Compartment in transferable securities and money market instruments other than those referred to under (1) above.
- (3) Under the conditions and within the limits laid down by the Law, the Company may, to the widest extent permitted by the Regulations (i) create a Compartment qualifying either as a Feeder Compartment or as a master Fund, (ii) convert any existing Compartment into a Feeder Compartment, or (iii) change the Master Fund of any of its Feeder Compartment.
  - (a) A Feeder Compartment shall invest at least 85% of its assets in the units of another Master Fund.
  - (b) A Feeder Compartment may hold up to 15% of its assets in one or more of the following:
    - (i) ancillary liquid assets in accordance with paragraph II below;
    - (ii) financial derivative instruments, which may be used only for hedging purposes.
  - (c) For the purposes of compliance with paragraph III (1) (c) below, the Feeder Compartment shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of under (b) with either:
    - (i) the Master Fund actual exposure to financial derivative instruments in proportion to the Feeder Compartment investment into the Master Fund; or
    - (ii) the Master Fund potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS.

II. The Company may hold on an ancillary basis cash.

III.

- (1)
  - (a) The Company may invest no more than 10% of the net assets of any Compartment in transferable securities and money market instruments issued by the same issuing body.
  - (b) The Company may not invest more than 20% of the net assets of any Compartment in deposits made with the same body.
  - (c) The risk exposure of a Compartment 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 I. (1) d) above or 5% of its net assets in other cases.
- (2) Moreover, where the Company holds on behalf of a Compartment investment in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Compartment, the total of all such investments must not account for more than 40% of the total net assets of such Compartment.

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

Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine for each Compartment:

- (a) investments in transferable securities or money market instruments issued by a single body,
  - (b) deposits made with a single body, and/or
  - (c) exposures arising from OTC derivative transactions undertaken with a single body
  - (d) in excess of 20% of the net assets of each Compartment.
- (3) The limit of 10% laid down in sub-paragraph III. (1) (a) above 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, including the federal agencies of the United States of America, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, or by public international bodies of which one or more Member States are members.
- (4) The limit of 10% laid down in sub-paragraph III. (1) (a) 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 Compartment 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 value of the assets of the Compartment.

- (5) The transferable securities and money market instruments referred to in paragraphs (3) and (4) shall not be included in the calculation of the limit of 40% in paragraph (2).

The limits set out in sub-paragraphs (1), (2), (3) and (4) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Compartment'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 the seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended, or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III. (1) to (5).

The Company may cumulatively invest up to 20% of the net assets of a Compartment in transferable securities and money market instruments within the same group.

- (6) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Compartment, 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 OECD Member State, the G20 or Singapore or by public international bodies of which one or more member states of the EU, provided that such Compartment 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 Compartment.**

#### IV.

- (1) Without prejudice to the limits laid down in paragraph V, the limits provided in paragraph III. (1) to (5) 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 Compartment 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 disclosed in the relevant Compartment's investment policy.
- (2) The limit laid down in paragraph (1) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### V.

- (1) The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- (2) The Company 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;
  - (c) 10% of the money market instruments of the same issuer;

These limits under 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 paragraph V 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 of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-member state of the EU 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 Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III. (1) to (5), V. (1) and (2) and VI.

#### VI.

- (1) Unless otherwise provided for in the Appendix to the Prospectus for a Compartment, no more than 10% of a Compartment's net assets may be invested in aggregate in the units of UCITS and/or other UCIs referred to in paragraph I. (1) (c).

In the case the restriction of the above paragraph is not applicable to a specific Compartment as provided in its investment policy, (i) such Compartment may acquire units of UCITS and/or other UCIs referred to in paragraph I. (1) (c) provided that no more than 20% of the Compartment's net assets be invested in the units of a single UCITS or other UCI, and (ii) investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Compartment.

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

- (2) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III. (1) to (5) above.
- (3) When the Company invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs, except for any applicable dealing charge payable to the UCITS and/or UCIs. In the case where a substantial proportion of the net assets are invested in investment funds the Appendix of the relevant Compartment will specify the maximum management fee (excluding any performance fee, if any) charged to the Compartment and each of the UCITS or other UCIs concerned.
- (4) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units 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 issued by the UCITS or other UCI concerned, all Compartments combined.

## VII.

- (1) The Company may not borrow for the account of any Compartment amounts in excess of 10% of the net assets of that Compartment, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back to back loans;
- (2) The Company may not grant loans to or act as guarantor on behalf of third parties.
- (3) This restriction shall not prevent the Company from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) (c), (e) and (f) which are not fully paid.
- (4) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- (5) The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.
- (6) The Company may not acquire either precious metals or certificates representing them.

## VIII.

- (1) The Company needs not comply with the limits laid down in this chapter 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 Compartments may derogate from paragraphs III. (1) to (5), IV. and VI. (1) and (2) for a period of six months following the date of their creation.
- (2) If the limits referred to in paragraph (2) are exceeded for reasons beyond the control of the Company 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 interest of its Shareholders.

- (3) 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 paragraphs III. (1) to (5), IV. and VI.
- IX. Each Compartment may, subject to the conditions provided for in the Articles as well as this Prospectus, subscribe, acquire and/or hold securities to be issued or issued by one or more Compartments of the Company without the Company being subject to the requirements of the Luxembourg law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own Shares, under the condition however that:
- (1) the target Compartment does not, in turn, invest in the Compartment invested in this target Compartment;
  - (2) no more than 10% of the assets of the target Compartment whose acquisition is contemplated may, pursuant to the Articles be invested in aggregate in units of other target Compartments of the same Company;
  - (3) voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Compartment concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - (4) *in any event, for as long as these securities are held by the Company, their value will not be taken into consideration of the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law.*

#### **4.4 Financial Derivative Instruments**

As specified in I. (1) (e) above, the Company may in respect of each Compartment invest in financial derivative instruments.

The Management Company shall ensure, as part of the risk management process, that global exposure relating to derivative instruments for each Compartment is monitored, as further described below in section 5. "Risk-Management Process".

Each Compartment may invest in financial derivative instruments within the limits laid down in I. (1) (e), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause III. (1) to (5). When a Compartment invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in III. 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 restriction. When a Compartment qualifies as a Feeder Compartment, that Feeder Compartment shall calculate its global exposure related to financial derivative instruments in accordance with Section 3 I. (3) above.

The Compartments may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the Law. Under no circumstances shall the use of these instruments cause a Compartment to diverge from its investment policy.

#### **4.5 Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments**

The Company, in order to generate additional revenue for Shareholders, may engage in securities lending transactions subject to complying with the provisions set forth in CSSF Circular 08/356 and the provisions on efficient management portfolio techniques set-forth in CSSF Circular 14/592.

At the date of this Prospectus the Company does not contemplate to engage, on behalf of its Compartments, in any of the securities financing transactions foreseen by the SFTR, i.e. (a) repurchase transactions, (b) securities or commodities lending and securities or commodities borrowing, (c) buy-sell back transactions or sell-buy back transactions, and (d) margin lending transactions, nor invest in total return swaps. In case the Company contemplates to employ any of the above, the Prospectus will be prior updated accordingly.

Should the Company engage in securities lending transactions on behalf of any of the Compartments, the relevant Appendix will be updated beforehand accordingly.

In accordance with the CSSF Circular 14/592, all revenues arising from efficient portfolio management techniques, net of any direct and indirect operational costs/fees, will be returned to the Company unless otherwise provided by the Appendix. In particular, fees and cost may be paid to the Management Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Company through the use of efficient portfolio management techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they have with the Depositary Bank or Management Company - will be available in the annual report of the Company, if applicable, and disclosed in the Compartment Appendices. The Company may enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement entitle the seller to repurchase from the purchaser the securities at a price and at a time agreed amongst the two parties at the conclusion of the agreement. Should the Company engage in repurchase or reverse repurchase agreements on behalf of any of the Compartments, the relevant Appendix will be updated beforehand accordingly.

The Company may act either as purchaser or as seller in repurchase transactions. Its entering in such agreements is however subject to the following rules:

- The Company may purchase or sell securities in the context of a repurchase agreement only if its counterpart is a highly rated financial institution which are experts in this type of transactions and which are subject to prudential supervision rules considered by the Luxembourg regulatory authority as equivalent to those prescribed by EU law.
- During the lifetime of a repurchase agreement, the Company may not sell the securities which are the object of the agreement either before the repurchase of the securities by the counterparty has been carried out or the repurchase period has expired.
- The Company must ensure to maintain the value of purchased securities subject to a repurchase obligation at a level such that it is able, at any time, to meet its obligations to redeem its own Shares.
- The Company must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- When the Company enters into a reverse repurchase agreement, it must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the Company.
- When the Company enters into a repurchase agreement, it should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

#### **4.6 Management of collateral for OTC Derivative transactions and efficient portfolio management techniques**

Where the Company enters into OTC Derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of paragraph V above.
- (b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place
- (c) Issuer credit quality – collateral received should be of high quality.
- (d) Correlation – the collateral received by the Company must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and OTC Derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

A Compartment may be fully collateralized in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong, provided that the Company receives securities from at least six different issues and that securities from any single issue should not account for more than 30% of the net asset value. Should a Compartment be fully collateralized in securities issued or guaranteed by a Member State, the relevant Appendix should identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their net asset value. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Detailed information regarding the nature of eligible collateral to be received by each Compartment, as well as relevant applicable haircuts is provided in each relevant Appendix to the Prospectus.

- (f) Risks linked to the management of collateral, such as operational and legal risks, must be identified, managed and mitigated by the risk management process.
- (g) 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.
- (h) Collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

- (i) Non-cash collateral received should not be sold, re-invested or pledged.
- (j) Cash collateral received should only be:
  - (i) placed on deposit with entities prescribed in paragraph I. (1) (d) above;
  - (ii) invested in high-quality government bonds;
  - (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
  - (iv) Invested in short-term money market funds.
- (k) Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

#### **4.7 Exercise of Voting Rights**

The Company will exercise its voting rights in respect of instruments held by the Company in each Compartment in accordance with the voting policy of the Management Company or as the case may be the Investment Manager.

### **5. RISK-MANAGEMENT PROCESS**

The Management Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions in its portfolios and their contribution to the overall risk profile of its portfolios.

In accordance with the Law and the applicable regulations, in particular Circulars CSSF 07/308 and 11/512, the Management Company uses for each Compartment a risk-management process which enables it to assess the exposure of each Compartment to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material to that Compartment. The Management Company may use either the Value-at-Risk (VaR) or the commitment approach to monitor and measure the global exposure as further specified for each Compartment in the relevant Appendix.

Under the commitment approach, global exposure relating to derivative instruments is the sum of the absolute values of these net commitments and is typically expressed as a percentage of the total net assets of each Compartment. Global exposure relating to derivative instruments is limited to 100% for Compartments using the commitment approach.

The VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. It is generally used for compartments that are engaging in more complex strategies and for which the commitment approach doesn't adequately capture the market risk of the portfolio.

The VaR approach distinguishes between two different methods: relative and absolute VaR. The relative VaR approach is generally used for compartments having a defined benchmark that reflects the investment strategy of the compartment. The relative VaR limit is expressed in terms of the ratio between the VaR of the portfolio and the VaR of the benchmark and cannot be higher than 200%.

The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark, for example with absolute return funds. Under the absolute VaR approach a limit is set as a percentage of the net asset value of the Compartment. The absolute VaR limit of a Compartment has to be set at or below 20% of its net asset value. This limit is based upon a 20 (twenty) business days holding period and a 99% unilateral confidence interval.



The expected level of leverage (using the sum of notional approach) is indicated for each Compartment using the VaR approach; this is however not a limit and higher levels of leverage may occur.

## **6. RISK WARNINGS**

The following is a general description of a number of risks which may affect the value of Shares. See also the section of the relevant Appendix to the Prospectus (if any) for a discussion of additional risks particular to a specific issue of Shares. The description of the risks made below is not, nor is it intended to be, exhaustive. Not all risks listed necessarily apply to each issue of Shares, and there may be other considerations that should be taken into account in relation to a particular issue. What factors will be of relevance to a particular Compartment will depend upon a number of interrelated matters including, but not limited to, the nature of the Shares and the Compartment's Investment Policy.

No investment should be made in the Shares until careful consideration of all these factors has been made.

The Company bears the general risks laid down below. However, each Compartment is subject to specific risks, which the Board of Directors will seek to lower.

Past performance of a specific Compartment is not necessarily a guide to future performance and Shares should be regarded as a medium to long-term investment.

### **6.1 Introduction**

The value of investments and the income from them, and therefore the value of and income from Shares relating to a Compartment can go down as well as up and an investor may not get back the amount the investor invests. Due to the various commissions and fees which may be payable on the Shares, an investment in Shares should be viewed as medium to long term. Short or leveraged funds are associated with higher risks and may better be considered as short to medium term investments. An investment in a Compartment should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisers. The legal, regulatory, tax and accounting treatment of the Shares can vary in different jurisdictions. Any descriptions of the Shares set out in the Prospectus, including any Appendix, are for general information purposes only. Investors should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment. Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares.

### **6.2 General risks**

*Valuation of the Shares:* the value of a Share will fluctuate as a result of changes in the value of, amongst other things, the Compartment's assets, the Underlying Asset and, where applicable, the financial derivative instruments used to expose the Compartment to the Underlying Asset synthetically.

*Valuation of the Underlying Asset and the Compartment's assets:* the Compartment's assets, the Underlying Asset or the financial derivative instruments used to expose the Compartment to the Underlying Asset synthetically may be complex and specialist in nature. Valuations for such assets or financial derivative instruments will usually only be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations.

*Risks associated with discretionary management:* the Management Company and/or the Investment Manager (if any) has implemented its investment strategies to create well-diversified funds. The securities to which the Compartments are exposed are selected based on the quantitative and systematic models developed by the Investment Manager which help to optimise the level of diversification achieved in relation with the benchmark. It can therefore not be excluded that the Management Company and/or the Investment Manager (if any) does not choose the most profitable assets.

*Exchange rates:* Although Shares in the Company may be denominated in a particular currency, the Company may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The net asset value of the Company as expressed in its base currency will fluctuate in accordance with the changes in the foreign exchange rate between that currency and the currencies in which the Company's investments are denominated. The Company may therefore be exposed to a number of risks as follows:

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

*Interest rates:* fluctuations in interest rates of the currency or currencies in which the Shares, the Compartment's assets and/or the Underlying Asset are denominated may affect financing costs and the real value of the Shares.

*Inflation:* the rate of inflation will affect the actual rate of return on the Shares. An Underlying Asset may reference the rate of inflation.

*Yield:* returns on Shares may not be directly comparable to the yields which could be earned if any investment were instead made in any Compartment's assets and/or Underlying Asset.

*Correlation:* the Shares may not correlate perfectly, nor highly, with movements in the value of Compartment's assets and/or the Underlying Asset.

*Volatility:* the value of the Shares may be affected by market volatility and/or the volatility of the Compartment's assets and/or the Underlying Asset. Stock markets are volatile and can move significantly in response to the issuer, demand and supply, political, regulatory, market and economic developments.

*Credit Risk:* Credit risk involves the risk that an issuer of a bond (or similar money-market instruments) held by the Compartment may default on its obligations to pay interest and repay principal and the Compartment will not recover their investment.

*Counterparty risk:* The Company may be subject to the risk of the inability of the counterparty, or any other entities, in or with which an investment or transaction is made, to perform in respect of undertaken transactions, whether due to insolvency, bankruptcy or other causes.

In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds. No counterparty of the Company or a Compartment involved in such transactions is subject to the general supervision of the Depositary Bank to the extent such counterparty does not hold assets of the Company or a Compartment.

The Compartments may enter into futures, options and swap contracts including CDS or use derivative techniques, each of which involves the risk that the counterparty will fail to respect its commitments under the terms of each contract.

*Liquidity risk:* certain types of securities may be difficult to buy or sell, particularly during adverse market conditions, which may affect their value. The fact that the Shares may be listed on a stock exchange is not an assurance of liquidity in the Shares.

*Repurchase and Reverse Repurchase Agreement Risk:* The use of repurchase and reverse repurchase agreements, if any, by certain Compartments involves certain risks. For example, if the seller of securities to the relevant Compartment under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the said Compartment will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the ability of the relevant Compartment to dispose of the underlying securities may be restricted. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Compartment may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

*Leverage:* the Compartment's assets, Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may comprise elements of leverage (or borrowings) which may potentially magnify losses and may result in losses greater than the amount borrowed or invested by the Compartment.

*Political factors, emerging markets and non-OECD Member State assets:* the performance of the Shares and/or the possibility to purchase, sell, or repurchase the Shares may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements. Such risks can be heightened in investments in, or relating to, emerging markets or non-OECD Member States. In addition, local custody services remain underdeveloped in many non-OECD and emerging market countries and there is a heightened transaction and custody risk involved in dealing in such markets. In certain circumstances, a Compartment may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets or non-OECD Member States, may not provide the same degree of investor information or protection as would generally apply to major markets.

*Share subscriptions and repurchases:* provisions relating to the subscription and repurchase of Shares grant the Company discretion to limit the amount of Shares available for subscription or repurchase on any Business Day and, in conjunction with such limitations, to defer or pro rata such subscription or repurchase. In addition, where requests for subscription or repurchase are received after the cut-off deadline, there will be a delay between the time of submission of the request and the actual date of subscription or repurchase. Such deferrals or delays may operate to decrease the number of Shares or the repurchase amount to be received.

*Listing:* there can be no certainty that a listing on any stock exchange applied for by the Company will be achieved and/or maintained or that the conditions of listing will not change. Further, trading in Shares on a stock exchange may be halted pursuant to that stock exchange's rules due to market conditions and investors may not be able to sell their Shares until trading resumes.

*Legal and regulatory:* the Company must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the investment restrictions, which might require a change in the investment policy and objectives followed by a Compartment. The Compartment's assets, the Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may also be subject to change in laws or regulations and/or regulatory action which may affect the value of the Shares. The Company is domiciled in Luxembourg and Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Investors should consult their financial or other professional adviser for further information in this area.

*Nominee arrangements:* where an investor invests in Shares via a placement and distribution agent, its sub-distribution or private placement agents and/or a nominee or holds interests in Shares through a clearing agent (as the case may be), such Shareholder will typically not appear on the register of Shareholders of the Company and may not therefore be able to exercise voting or other rights available to those persons appearing on the register.

*Use of derivatives:* Under certain conditions and for the purpose of efficient portfolio management, the Company may use options and futures on securities, indices and interest rates, contracts for difference on transferable securities, currencies or any other type of financial instruments (“CFDs”). Also, where appropriate, the Company may hedge market and currency risks using futures, options, CFDs, or forward foreign exchange contracts. In order to facilitate efficient portfolio management and to better replicate the performance of the benchmark, the Company may finally, for a purpose other than hedging, invest in derivative instruments. The Company may only invest within the limits set out in the Prospectus under “Investment Restrictions”. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the Investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Financial futures prices are highly volatile and influenced by a variety of diverse factors including, changing supply and demand relationships, government, fiscal, monetary and exchange control programs and policies, national and international political and economic events and government intervention in certain markets, particularly in the currency and interest rate markets. Futures are also subject to illiquid situations when market activity decreases or when a daily price fluctuation limit has been reached.

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

The attention of the Shareholders is drawn to the fact, that due to the use of derivative instruments to cover the inherent credit risk of some issuers or to achieve its investment objective, combined with the possibility to effect borrowings, there may be circumstances where the Company’s exposure may not entirely be covered by the assets of the Company. The risk associated with the use of the said instruments may not exceed 100% of the net asset value of the relevant Compartment.

*Taxation:* Potential investors’ attention is drawn to the taxation risks associated with investing in the Company. Further details relating to the Luxembourg tax legislation are given under the heading “Tax Aspects” in the main part of the prospectus. However, nothing in this Prospectus may be construed any tax advice and investors should consult their own professional advisers regarding any tax issues in the context of any contemplated investment in the Company.

*U.S. Foreign account Tax Compliance Requirements:* Although the Company will attempt secure the compliance of its counterparties with FATCA rules and avoid imposition of the 30% withholding tax on its US source income, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected.

*Fund of funds/ duplication of costs:* The Compartments incur costs of its own management and administration comprising the fees paid to the Management Company, the Investment Manager (if any), the Depositary, unless otherwise provided hereinafter and other service providers. It should be noted that, in addition, the Compartments incur similar costs in its capacity as an investor in the funds in which a Compartment invests, which in turn pay similar fees to their manager and other service providers. It is endeavoured to reduce duplication of management charges by negotiating rebates where applicable in favour of the Company with such funds or their managers. Further, the investment strategies and techniques employed by certain funds may involve frequent changes in positions and a consequent portfolio turnover. This may result in brokerage commission expenses which exceed significantly those of the funds of comparable size. The funds may be required to pay performance fees to their manager. Under these arrangements the managers will benefit from the appreciation, including unrealised appreciation of the investments of such funds, but they are not similarly penalised for realised or unrealised losses. As a consequence, the direct and indirect costs borne by the Compartment are likely to represent a higher percentage of the net asset value per Share than would typically be the case with UCITS which invest directly in equity and bond markets (and not through other UCITS/UCI/funds).

### **6.3 Underlying Asset risks**

#### **(a) General**

*Underlying Asset calculation and substitution:* in certain circumstances described in the relevant Appendix, the Underlying Asset may cease to be calculated or published on the basis described or such basis may be altered or the Underlying Asset may be substituted. In certain circumstances such as the discontinuance in the calculation or publication of the Underlying Asset or suspension in the trading of any constituents of the Underlying Asset, it could result in the suspension of trading of the Shares or the requirement for market makers to provide two way prices on the relevant stock exchanges.

*Corporate actions:* securities comprising an Underlying Asset may be subject to change in the event of corporate actions in respect of those securities.

*Tracking error:* the following are some of the factors which may result in the value of the Shares varying from the value of the Underlying Asset: investments in assets other than the Underlying Asset may give rise to delays or additional costs and taxes compared to an investment in the Underlying Asset; investment or regulatory constraints may affect the Company but not the Underlying Asset; the fluctuation in value of a Compartment's assets; where applicable, any differences between the maturity date of the Shares and the Maturity Date of the relevant Compartment's assets; and the existence of a cash position held by a Compartment.

*No investigation or review of the Underlying Asset(s):* none of the Management Company, the Investment Manager (if any) or any of their delegates (if any) or affiliates has performed or will perform any investigation or review of the Underlying Asset on behalf of any prospective investor in the Shares. Any investigation or review made by or on behalf of the Company, the Management Company, the Investment Manager (if any) or any of their delegates (if any) or any of their affiliates is or shall be for their own proprietary investment purposes only.

#### **(b) Certain risks associated with particular Underlying Assets**

Certain risks associated with investment in particular Underlying Assets or any securities comprised therein are set out below.

*Shares:* the value of an investment in Shares will depend on a number of factors including, but not limited to, market and economic conditions, sector, geographical region and political events.

*Pooled investment vehicles:* alternative investment funds, mutual funds and similar investment vehicles operate through the pooling of investors' assets. Investments are then invested either directly into assets or are invested using a variety of hedging strategies and/or mathematical modelling techniques, alone or in combination, any of which may change over time. Such strategies and/or techniques can be speculative, may not be an effective hedge and may involve substantial risk of loss and limit the opportunity for gain. It may be difficult to obtain valuations of products where such strategies and/or techniques are used and the value of such products may depreciate at a greater rate than other investments. Pooled investment vehicles are often unregulated, make available only limited information about their operations, may incur extensive costs, commissions and brokerage charges, involve substantial fees for investors (which may include fees based on unrealised gains), have no minimum credit standards, employ high risk strategies such as short selling and high levels of leverage and may post collateral in unsegregated third party accounts.

*Indices:* the compilation and calculation of an index or portfolio will generally be rules based, account for fees and include discretions exercisable by the index provider or investment manager. Methodologies used for certain proprietary indices are designed to ensure that the level of the index reaches a pre-determined level at a specified time. However, this mechanism may have the effect of limiting any gains above that level. Continuous protection or lock-in features designed to provide protection in a falling market may also result in a lower overall performance in a rising market.

*Real estate:* the risks associated with an indirect investment in real estate include, but are not limited to: the cyclical nature of real estate values, changes in environmental, planning, landlord and tenant, tax or other laws or regulations affecting real property, demographic trends, variations in rental income and increases in interest rates.

*Commodities:* prices of commodities are influenced by, among other things, various micro and macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other events.

*Structured finance securities:* structured finance securities include, without limitation, asset-backed securities and credit-linked securities, which may entail a higher liquidity risk than exposure to sovereign or corporate bonds. Certain specified events and/or the performance of assets referenced by such securities, may affect the value of, or amounts paid on, such securities (which may in each case be zero).

*Warranties or Warrants:* The value of warrants generally fluctuate more than the prices of the underlying securities because of the greater volatility of warrant prices. In adverse market conditions, the assets underlying these securities may be illiquid and react negatively in case of default and / or positive evolution of interest rates.

*Master-Feeder Structure:* Using a "feeder-master" fund structure, in particular the existence of multiple feeder funds investing in a Master fund, presents certain risks to the investors. Smaller feeder funds may be materially affected by the actions of larger feeder funds. For example, it is expected that a feeder fund may initially, and perhaps for the life of the Master Fund, hold a larger portion of the net asset value of the outstanding interests of the Master Fund. Consequently, if such feeder fund were to redeem from the Master Fund, the remaining feeder funds, including the Feeder Compartment, may experience higher pro rata operating expenses, thereby producing lower returns, and the Master Fund may become less diverse due to redemption by a larger feeder fund, resulting in increased portfolio risk.

A Feeder Compartment may hold only a minority of the net asset value of the outstanding voting interests of the Master Fund and, consequently, will not be able to control matters that require a vote of the investors of the Master Fund.

*Emerging Markets:* Underlying investments in emerging markets involve additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for the Reference Currency; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Compartment's financial instruments with brokers and securities depositories. Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Compartment may be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Company or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Compartments may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in local courts.

Investments in securities of issuers in emerging markets may be subject to greater risks than investments in securities of issuers from OECD Member States due to a variety of factors including currency controls and currency exchange rates fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations, expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. There may be less publicly available information about issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies and subject to lower levels of government supervision than those on the OECD. The investments in such markets may be considered speculative and subject to significant custody and clearance risks and delay in settlement.

*Others:* underlying Asset(s) may include other assets which involve substantial financial risk such as distressed debt, low quality credit securities, forward contracts and deposits with commodity trading advisors (in connection with their activities).

## **6.4 Other risks**

*Potential conflicts of interest:* The Management Company, the Investment Manager (if any), their delegates (if any), the sales agents, the Administration Agent, and the Depositary may from time to time act as management company, investment manager or adviser, sales agent, administration agent, registrar or custodian in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of any Compartment.

The Management Company, the Investment Manager (if any) and their delegates (if any) will enter into all transactions on an arm's length basis. The directors of the Management Company, the directors of the Investment Manager (if any), their delegates (if any) and any affiliate thereof, members, and staff may engage in various business activities other than their business, including providing consulting and other services (including, without limitation, serving as director) to a variety of partnerships, corporations and other entities, not excluding those in which the Company invests.

In the due course of their business, the above persons and entities may have potential conflicts of interest with the Company or Compartment. Any kind of conflict of interest is to be fully disclosed to the Board of Directors. In such event, each person and entities will at all times endeavour to comply with its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Compartment.

The directors of the Management Company, the directors of the Investment Manager (if any), the directors of their delegates (if any) and their members will devote the time and effort necessary and appropriate to the business of the Company.

Although it is aimed to avoid such conflicts of interest, the Management Company, the Investment Manager (if any), their delegates (if any) and their members will attempt to resolve all nonetheless arising conflicts in a manner that is deemed equitable to all parties under the given circumstances so as to serve the best interests of the Company and its Shareholders.

*Allocation of shortfalls among Classes of a Compartment:* the right of holders of any Class of Shares to participate in the assets of the Company is limited to the assets (if any) of the relevant Compartment and all the assets comprising a Compartment will be available to meet all of the liabilities of the Compartment, regardless of the different amounts stated to be payable on the separate Classes (as set out in the relevant Appendix). For example, if on a winding-up of the Company, the amounts received by the Company under the relevant Compartment's assets (after payment of all fees, expenses and other liabilities which are to be borne by the relevant Compartment) are insufficient to pay the full redemption amount payable in respect of all Classes of Shares of the relevant Compartment, each Class of Shares of the Compartment will rank *pari passu* with each other Class of Shares of the relevant Compartment and the proceeds of the relevant Compartment will be distributed equally amongst the Shareholders of that Compartment pro rata to the amount paid up on the Shares held by each Shareholder. The relevant Shareholders will have no further right of payment in respect of their Shares or any claim against any other Compartment or any other assets of the Company. This may mean that the overall return (taking account of any dividends already paid) to Shareholders who hold Shares paying dividends quarterly or more frequently may be higher than the overall return to Shareholders who hold Shares paying dividends annually and that the overall return to Shareholders who hold Shares paying dividends may be higher than the overall return to Shareholders who hold Shares paying no dividends. In practice, cross liability between Classes is only likely to arise where the aggregate amounts payable in respect of any Class exceed the assets of the Compartment notionally allocated to that Class, that is, those amounts (if any) received by the Company under the relevant Compartment's assets (after payment of all fees, expenses and other liabilities which are to be borne by such Compartment) that are intended to Company payments in respect of such Class or are otherwise attributable to that Class. In these circumstances, the remaining assets of the Compartment notionally allocated to any other Class of the same Compartment may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Class.



*Consequences of winding-up proceedings:* If the Company fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the Company. The commencement of such proceedings may entitle creditors (including the Swap Counterparty) to terminate contracts with the Company and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company being dissolved at a time and its assets (including the assets of all Compartments) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the Company's liabilities, before any surplus is distributed to the Shareholders of the Company. In the event of proceedings being commenced, the Company may not be able to pay the full amounts anticipated by the relevant Appendix in respect of any Class or Compartments.

## **7. ISSUE, REDEMPTION AND CONVERSION OF SHARES**

Shares in the Company will be issued in the registered form.

As further described in each relevant Appendix, the Company may create within each Compartment issue different Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Compartment.

A distinct fee structure, currency of denomination, dividend policy, minimum holding amount, eligibility requirements or other specific feature may apply. The Company may notably issue Shares reserved to retail investors and Shares reserved to institutional investors. The range of available Classes and their features are described in the relevant Appendices.

Shares of a Compartment may be listed on the Luxembourg Stock Exchange or any other Regulated Market at the discretion of the Board of Directors and may be cleared through Clearstream Banking or Euroclear or other central depositories.

### **7.1 Subscription, Redemption and Conversion Requests**

Unless otherwise provided for a specific Compartment in the relevant Appendix, requests for subscription, redemption and conversion of Shares should be sent to the Administration Agent. Requests may also be accepted by facsimile transmission, or at the discretion of the Company by other means of telecommunication. An application form can be obtained from the Company.

Unless otherwise specified in the Appendix to the Prospectus for any Compartment, requests for subscriptions, redemptions and conversions from or to any Compartment will be dealt with on the relevant Valuation Day on which they are received, provided they are received by the Company prior to the cut-off time specified in the relevant Appendix.

Requests received after such time will be accepted on the next Valuation Day. As a result, requests for the subscription, redemption and conversion of Shares shall be dealt with on an unknown net asset value basis before the determination of the net asset value for that day.

The Company does not permit market timing (as set out in CSSF circular 04/146) or related excessive, short-term trading practices.

The Company has the right to reject any request for the subscription or conversion of Shares from any investor engaging in such practices or suspected of engaging in such practices and to take such further action as it may deem appropriate or necessary.

Subscription, redemption and conversion of Shares of a given Compartment shall be suspended whenever the determination of the net asset value per Share of such Compartment is suspended by the Company.

The Management Company may enter into an agreement with the distribution agent giving the distribution agent the power to sub delegate the distribution pursuant to which they agree to act as or appoint nominees for investors subscribing for Shares through their facilities. In such capacity the distributor or sales agent may effect subscriptions, conversion and redemptions of Shares in the nominee name on behalf of individual investors and request the registration of such transactions on the register of Shareholders of the Company in the nominee name.

The appointed nominee maintains its own records and provides the investor with individualised information as to its holdings of Shares in the Company. Except where local law or custom prohibits the practice, investors may invest directly in the Company and not avail themselves of a nominee service.

Unless otherwise provided by local law, any Shareholder holding Shares in a nominee account with a distributor has the right to claim, at any time, direct title to such Shares.

## **7.2 Deferral of Redemptions and Conversion**

If the total requests for redemption and conversion out of a Compartment on any Valuation Day exceed 10% of the total value of Shares in issue of that Compartment, the Company may decide that redemption and conversion requests in excess of 10% shall be deferred until the next Valuation Day. On the next Valuation Day, or Valuation Days until completion of the original requests, deferred requests will be dealt with in priority to later requests.

## **7.3 Settlements**

Subscriptions will generally be settled in cash.

However on an exceptional basis the Board of Directors may agree to issue shares as consideration for a contribution in kind of securities, in accordance with the Articles and in compliance with the conditions set forth by Luxembourg law, which may in particular provide for the obligation to deliver a valuation report from the auditor of the Company ("*réviseur d'entreprises agréé*") and provided that such securities comply with the investment objectives and policies of the relevant Compartment. Subscription in kind may be accepted in lieu, or in addition to cash payments. All costs and expenses related to the organisation of the contribution in kind of securities shall be borne by the relevant Shareholder(s).

If, on the Settlement Day as determined in the Appendix, banks are not open for business, or an interbank settlement system is not operational, in the country of the currency of the relevant Class, then settlement will be on the next Business Day on which those banks and settlement systems are open.

Confirmation of completed subscriptions, redemptions and conversions will normally be dispatched on the Business Day following the execution of the transaction.

No redemption payments will be made until the original application form and relevant subscription monies have been received from the Shareholder and all the necessary anti-money laundering checks have been completed. Redemption proceeds will be paid on receipt of faxed instructions where such payment is made into the account specified by the Shareholder in the original application form submitted. However, any amendments to the Shareholder's registration details and payment instructions can only be effected upon receipt of original documentation.

## **7.4 Minimum Subscription and Holding Amounts**

A minimum initial and subsequent subscription amount and minimum holding amounts for each Class may be set forth, as further detailed in the Appendices to the Prospectus. The Company has the discretion, from time to time, to waive or reduce any applicable minimum subscription amounts.

The right to transfer, redeem or convert Shares is subject to compliance with any conditions (including any minimum subscription or holding amounts and eligibility requirements) applicable to the Class from which the redemption or conversion is being made, and also the Class into which the conversion is to be effected.

The Board of Directors may also, at any time, decide to compulsorily redeem all Shares from Shareholders whose holding is less than the minimum holding amount specified in the relevant Appendix to the Prospectus or who fail to satisfy any other applicable eligibility requirements set out above. In such case the Shareholder concerned will receive one month's prior notice so as to be able to increase its holding above such amount or otherwise satisfy the eligibility requirements.

If a redemption or conversion request would result in the amount remaining invested by a Shareholder falling below the minimum holding amount of that Class, such request will be treated as a request to redeem or convert, as appropriate, the Shareholder's total holding in that Class. If the request is to transfer Shares, then that request may be refused by the Company.

The Company may restrict or prevent the ownership of Shares in the Company by any person, firm or corporate body, if in the opinion of the Company such holding (i) may be detrimental to the Company, (ii) if it may result in a breach of any law or regulation, whether Luxembourg or foreign, (iii) if as a result thereof the Company may become exposed to tax disadvantages or other financial disadvantages that it would not have otherwise incurred or (iv) if such person, firm or corporate body would not comply with the eligibility criteria of a given Class of Shares. Such persons, firms or corporate bodies to be determined by the Board of Directors.

If the Company becomes aware that a Shareholder is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or would otherwise be detrimental to the interests of the Company or that the Shareholder has become or is a US Person, the Company may, in its sole discretion, redeem the Shares of the Shareholder. "US Person" shall have the meaning given in Regulation S under the U.S. Securities Act of 1933, as amended, and shall mean any resident of the United States of America or of any of its territories or possessions or areas subject to its jurisdiction or any person who is normally resident therein (including the estate of any such person or corporations or partnerships created or organised therein).

Shareholders are required to notify the Company immediately in the event that they are or become US Persons or hold Shares for the account or benefit of US Persons or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or otherwise be detrimental to the interests of the Company.

Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Company may compulsorily redeem all Shares so owned in accordance with the provisions of the Articles.

## **7.5 Issue of Shares**

Subscriptions for Shares can be made in relation to any day that is a Valuation Day for the relevant Compartment. Shares will be allotted at the subscription price of the relevant Class i.e. the net asset value per Share of such Class determined on the applicable Valuation Day for which the request has been accepted plus the applicable sales commission, if any. Any subscription request shall be irrevocable.

A subscription fee may be levied on the amount of subscriptions, as further described in the relevant Appendix to the Prospectus.

Failure to make good settlement by the Settlement Day as determined in the Appendix, may result in the Management Company bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Company against any existing holding of the applicant in the Company. In all cases any money returnable to the investor will be held by the Company without payment of interest pending receipt of the remittance.

Payment for Shares must be received by the Company in the Reference Currency of the relevant Class. Requests for subscriptions in any other major freely convertible currency will be accepted.

Investors are advised to refer to the terms and conditions applicable to subscriptions, which may be obtained by contacting the Company.

The Company may also limit the distribution of a given Class or Compartment to specific countries.

The Company may also restrict the distribution of the Company's Shares by distributors or agents who have not been approved.

The Company may also restrict or prevent the ownership of Shares by any person, firm or corporation, if such ownership may be against the interests of the Company or of the majority of Shareholders or of any Compartment or Class therein.

Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Company may compulsorily redeem all Shares so owned in accordance with the provisions of the Articles.

The Company may, in its absolute discretion, delay the acceptance of any subscription for Shares of a Class restricted to institutional investors until such date as it has received sufficient evidence of the qualification of the investor as an institutional investor.

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

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, CSSF Regulation 12/02 and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification.

This identification procedure must be complied with by the Administration Agent, acting as registrar and transfer agent (or the relevant competent agent of registrar and transfer agent) in the case of direct subscriptions to the Company, and in the case of subscriptions received by the Company from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under AML Regulations.

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the subscriber providing no or only incomplete documentation.

## **7.7 Redemption of Shares**

Requests for the redemption of Shares can be made in relation to any Valuation Day for the relevant Compartment. Redemptions will be carried out at the redemption price of the relevant Class i.e. the net asset value per Share of such Class determined on the applicable Valuation Day on which the request has been accepted less the applicable redemption commission, if any. Any redemption request shall be irrevocable.

A redemption fee may be levied on the amount of redemptions, as further described in the relevant Appendix to the Prospectus.

The Administration Agent may carry out any authentication procedures that it considers appropriate relating to a redemption request. This aims to mitigate the risk of error and fraud for the Company, its agents or Shareholders. Where it has not been possible to complete any authentication procedures to its satisfaction, the Company may delay the processing of payment instructions until authentication procedures have been satisfied.

This will not affect the Valuation Day on which the redemption request is accepted and the redemption to be applied. The Company shall not be held responsible to the Shareholder or anyone if it delays execution or declines to execute redemption instructions in these circumstances.

The Board of Directors may, upon request of one or more Shareholders, decide at its full discretion and provided that this does not affect the rights of the remaining Shareholders, to redeem the Shares in all or in part *in kind* in lieu of paying the redemption price in cash. In the case of several Shareholders redeeming in kind, assets transferred from the Compartments shall be distributed on a *prorata* basis. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other holders of Shares of the relevant Class or Classes of Shares and the valuation used shall be confirmed by a special report of the auditor of the Company. The costs of any such transfers shall be borne by the transferee. The short fall, if any, shall be satisfied in cash. All stamp duties, transfer and registration fees shall be paid by the redeeming Shareholder(s).

Redemption payments will normally be paid in the Reference Currency of the Class by bank transfer within 2 Business Days of the relevant Valuation Day. Neither the Company are responsible for any delays or charges incurred at any receiving bank or settlement system. A Shareholder may request, at its own cost and subject to agreement by the Company that their redemption proceeds be paid in a currency other than the Reference Currency of the relevant Class.

If, in exceptional circumstances, redemption proceeds cannot be paid within the period specified above, payment will be made as soon as reasonably practicable thereafter (not exceeding, however, 10 Business Days) at the redemption price calculated on the relevant Valuation Day, it being understood that the Board of Directors will always ensure the overall liquidity of the Company.

If any redemption charge is applied in relation to any particular Compartment, it will be disclosed in the relevant Appendix to the Prospectus. The Company may be entitled to receive the redemption charge (if any).

Shares redeemed by the Company become null and void.

## **7.8 Conversion of Shares**

Subject to any provision under this Prospectus and its Appendices, Shareholders have the right to convert all or part of their Shares of any Class of a Compartment into Shares of another Class of that or another Compartment, by applying for conversion in the same manner as for the subscription and redemption of Shares. Conversions within the Company are permitted provided that the Shareholder satisfies the eligibility requirements and minimum holding amounts set out in the Appendix to the Prospectus and such other conditions applicable to the contemplated Classes.

Conversion may be requested on a common Valuation Day for the original Class and the contemplated Class. The number of Shares issued upon conversion will be based upon the redemption price of the

original Class and the net asset value of the contemplated Class, plus a conversion charge (if any), as disclosed in the relevant Appendix to the Prospectus. The Company is entitled to any charges arising from conversions and any rounding adjustment. Any conversion request shall be irrevocable.

A conversion fee may be levied on the amount of conversions, as further described in the relevant Appendix to the Prospectus.

## **7.9 Transfer of Shares**

Subject to the restrictions described herein, Shares are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to the relevant Class.

The transfer of Shares may normally be carried out by delivery to the relevant distributor and sales agent of the Company of an instrument of transfer in appropriate form. On the receipt of the transfer request, and after reviewing the endorsement(s), signature(s) may be required to be certified by an approved bank, stock broker or public notary.

The right to transfer Shares is subject to the minimum investment and holding requirements as detailed above and in the Appendix.

Shareholders are advised to contact the relevant distributor, sales agent or the Company prior to requesting a transfer to ensure that they have the correct documentation for the transaction.

## **8. DISTRIBUTION POLICY**

The general policy regarding the appropriation of net income and capital gains is as follows:

With respect to capital appreciation Classes of Shares, the Board of Directors does intend to recommend at the annual general meeting the reinvestment of their net assets.

Distributions may take place either in the form of a distribution of dividends or through redemption of Shares according to the rules defined in the Compartments Appendices.

With respect to distributing Classes of Shares, the Board of Directors may decide to distribute interim dividends in the form of cash in the relevant currency of the Class.

No distribution will be made to the extent that it would lead the capital of the Company to fall below EUR 1,250,000.

Dividends may in any case result from a decision of the Shareholders in general meeting, subject to a majority vote of those present or represented and within limits provided by law, and a concurring decision at the same majority in the relevant Compartment.

Distribution proceeds unclaimed after five years from the date of declaration will lapse and revert to the Company in the relevant Compartment.

## **9. MANAGEMENT AND ADMINISTRATION**

The Directors of the Company are responsible for its management and supervision including the determination of investment policies.

### **9.1 Management Company**

The Company has concluded an agreement (the "**Fund Management Agreement**") appointing Fuchs Asset Management S.A. as Management Company of the Company.

This agreement has been concluded for an indefinite duration and may be terminated by either party in writing with three months' notice.

The Management Company shall at all time act in the best interests of the Shareholders and according to the provisions set forth by the Law, the Prospectus and the Articles.

In fulfilling its responsibilities set forth by the Law and the Fund Management Agreement, the Management Company is permitted to delegate all or a part of its functions to third parties, provided that it retains responsibility and oversight over such delegates. The appointment of third parties is subject to the approval of the Company and the CSSF. The Management Company's liability shall not be affected by the fact that it has delegated its functions to third parties.

The Management Company shall also ensure compliance of the Company with the investment restrictions and oversee the implementation of the investment policy of each Compartment.

The Management Company will receive periodic reports from the Company's service providers in relation to the services which they provide. The Management Company shall also submit its own report to the Board of Directors on a periodic basis and inform the Board of Directors without delay of any non-compliance of the Company with the investment restrictions of each Compartment.

The Management Company may act as the management company of other open-ended collective investment schemes. The names of these other collective investment schemes are available upon request.

(a) Conflicts of Interest

For the purpose of identifying the types of conflict of interest that arise in the course of providing services and activities and whose existence may damage the interest of the Company, the Management Company will take into account, by way of minimum criteria, the question of whether the Management Company or a relevant person, or a person directly or indirectly linked by way of control to the Management Company, is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise:

- (i) the Management Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Company;
- (ii) the Management Company or that person has an interest in the outcome of a service or an activity provided to the Company or another client or of a transaction carried out on behalf of the Company or another client or, which is distinct from the Company interest in that outcome;
- (iii) the Management Company or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the Company;
- (iv) the Management Company or that person carries on the same activities for the Company and for another client or clients which are not UCITS; and
- (v) the Management Company or that person receives or will receive from a person other than the Company an inducement in relation to collective portfolio management activities provided to the Company, in the form of monies, goods or services, other than the standard commission or fee for that service.

When identifying any potential types of conflict of interests, the Management Company will take into account

- (i) the interests of the Management Company, including those deriving from its belonging to a group or from the performance of services and activities, the interests of the clients and the duty of the Management Company towards the Company as well as
- (ii) the interests of two or more managed UCITS.

The summary description of the strategies referred to in that paragraph will be made available to the investors on request

#### (b) Best Execution

The Management Company will act in the best interests of the Company when executing decision to deal on behalf of the Company in the context of the portfolio management of the Compartment. For that purpose the Management Company will take all reasonable steps to obtain the best possible results for the Company, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order (best execution).

The relative importance of such factors will be determined by reference to the following criteria:

- (i) the objectives, investment policy and risks specific to the Company,
- (ii) the characteristics of the order.

For its services, the Management Company shall receive remuneration as further described in the relevant Appendix to the Prospectus ("**Management Company Fee**"). In addition, the Management Company is entitled to charge EUR 6.500 p.a. with respect to Risk Management Reporting (as further described below in the Appendices). The Management Company is also entitled to receive a fee of EUR 10.000 p.a. for the services it renders as AML compliance officer ("*Responsable du contrôle du respect des obligations*") of the Company under the AML Regulations.

## 9.2 Investment Manager

The Management Company, with the consent of the Board of Directors and the CSSF and under its supervision and responsibility, has appointed Capital Advisory Partners Ltd as Investment Manager. The Investment Manager is a private limited company registered in England and Wales under number 5694364 and authorised and regulated by the UK Financial Conduct Authority ("**FCA**") (under number 450657).

Pursuant to an investment management agreement dated 10 August 2017 (the "**Portfolio Management Agreement**"), the Management Company has delegated to the Investment Manager the day-to-day conduct of the portfolio management of each Compartment. This Portfolio Management Agreement was concluded for an indefinite duration and may be terminated as provided therein. The Investment Manager may use, from time to time, advisors to obtain investment information, recommendations and research concerning prospective and existing investments. Any fees payable to such advisors will be deducted from the Investment Management Fee (as described below).

In consideration for its services, the Investment Manager shall receive remuneration paid out of the Compartment's assets as further described in the relevant Appendices to the Prospectus, namely the investment management fee ("**Investment Management Fee**") and the performance fee ("**Performance Fee**").



### 9.3 Administration Agent

With the Company's consent, the Management Company has concluded an agreement (the "**Services Agreement**") appointing CACEIS Bank, Luxembourg Branch as Administration Agent (which mainly comprises the services of Administrative Agent, Transfer Agent and Registrar).

The Company has concluded a Domiciliary Services agreement appointing CACEIS Bank, Luxembourg Branch as the Domiciliary Agent of the Company.

These agreements have been concluded for an indefinite duration and may be terminated by either party in writing with three (3) months' notice.

In its capacity as Administration Agent of the Company, CACEIS Bank, Luxembourg Branch shall notably perform the calculation of the net asset value per Shares for each existing Class or Compartment of the Company, management of accounts, the preparation of the annual and semi-annual financial statements and execute all tasks required as central administration.

In its capacity as the transfer and registration agent of the Company, CACEIS Bank, Luxembourg Branch shall in particular execute subscription, redemption and conversion applications and keep and maintain the register of Shareholders of the Company. In such capacity it is also responsible for supervising anti-money laundering measures under the AML Regulations. CACEIS Bank, Luxembourg Branch may request documents necessary for identification of investors.

For its services under the Services Agreement and the Domiciliary Services agreement, CACEIS Bank, Luxembourg Branch shall receive remuneration as further described in the relevant Appendix to the Prospectus.

### 9.4 Depositary

CACEIS Bank, Luxembourg Branch, established at 5, allée Scheffer, L-2520 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 209.310 is acting as depositary of the Company (the "Depositary") in accordance with a depositary agreement dated 10 August 2017 as amended from time to time (the "Depositary Agreement") and the relevant provisions of the Law and UCITS Rules.

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de contrôle prudentiel et de résolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg. Investors may consult upon request at the registered office of the Company, the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary.

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Compartments' assets, and it shall fulfil the obligations and duties provided for by Part I of the Law. In particular, the Depositary shall ensure an effective and proper monitoring of the Company' cash flows.

In due compliance with the UCITS Rules the Depositary shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the Company are carried out in accordance with the applicable national law and the UCITS Rules or the Articles;
- (ii) ensure that the value of the Shares is calculated in accordance with the UCITS Rules, the Articles and the procedures laid down in the Directive;
- (iii) carry out the instructions of the Company, unless they conflict with the UCITS Rules, or the Articles;
- (iv) ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and
- (v) ensure that an Company's income is applied in accordance with the UCITS Rules and the Articles.

The Depositary may not delegate any of the obligations and duties set out in (i) to (v) of this clause.

In compliance with the provisions of the Directive, the Depositary may, under certain conditions, entrust part or all of the assets which are placed under its custody and/or recordkeeping to correspondents or third party custodians as appointed from time to time. The Depositary's liability shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the Law.

A list of these correspondents /third party custodians are available on the website of the Depositary ([www.caceis.com](http://www.caceis.com), section “ veille réglementaire” ). Such list may be updated from time to time. A complete list of all correspondents /third party custodians may be obtained, free of charge and upon request, from the Depositary. Up-to-date information regarding the identity of the Depositary, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation are also made available to investors upon request. There are many situations in which a conflict of interest may arise, notably when the Depositary delegates its safekeeping functions or when the Depositary also performs other tasks on behalf of the Company, such as administrative agency and registrar agency services. These situations and the conflicts of interest thereto related have been identified by the Depositary. In order to protect the Company's and its Shareholders' interests and comply with applicable regulations, a policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise have been set in place within the Depositary, aiming namely at:.. (a) identifying and analysing potential situations of conflicts of interest;

- (b) recording, managing and monitoring the conflict of interest situations either in:
  - relying on the permanent measures in place to address conflicts of interest such as maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members; or
  - implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

The Depositary has established a functional, hierarchical and/or contractual separation between the performance of its UCITS depositary functions and the performance of other tasks on behalf of the Company, notably, administrative agency and registrar agency services.

The Company and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. The Company may, however, dismiss the Depositary only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and

responsibilities until such time as the entire assets of the Compartments have been transferred to the new depositary bank.

The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments. The Depositary is a service provider to the Company 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 Company.

For its services as Depositary, CACEIS Bank Luxembourg Branch shall receive a remuneration as further described in the relevant Appendix to the Prospectus.

## **10. CHARGES & EXPENSES**

The Company shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- standard brokerage fees and bank charges originating from the Company's business transactions; all fees due to the Board of Directors of the Company including Board of Directors Insurance and reasonable traveling expenses;
- all fees due to the Management Company, the Investment Manager, the Administration Agent and the Depositary, including Management Company Fees, Investment Management Fees, Performance Fees, as further described in the relevant Appendix and otherwise herein;
- all fees due to the Auditor;
- all fees due to the legal advisors or similar administrative charges, incurred by the Company, the Management Company and the Depositary for acting on behalf of the Shareholders, including but not limited to the fees for the set-up of the Company;
- all reasonable expenses of the Board of Directors of the Company, the Management Company, the Administration Agent and the Depositary;
- all expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing global certificates and proxy forms for general meetings for the Shareholders, the cost of publishing the issue and redemption prices, and also the cost of printing, the distribution of the annual and semi-annual reports, the Prospectus as well as the KIID, including translation costs;
- all expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- all fees due to any sub-paying agent, to representatives in foreign countries and any other agents;
- the costs related to extraordinary measures, in particular any expertise or trial aiming at the protection of the Shareholders' interests;
- the costs and fees of FATCA CRS- support service agent;
- the costs and fees of the Swiss or other local Representatives and paying agents;
- the costs and fees of local paying agents;
- the costs and fees of the EMIR support service agent;
- the costs and fees of valuation agents employed for a proper valuation of the Company's assets.

Any costs incurred by the Company, which are not attributable to a specific Compartment, will be charged to all Compartments in proportion to their net assets. Each Compartment will be charged with all costs or expenses directly attributable to it.

## **11. TAXATION**

### **11.1 The Company**

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

The Company is liable to an annual subscription tax (*taxe d'abonnement*) in Luxembourg calculated, in accordance with Article 174 of the Law, at the rate of 0.05% of the net assets of the Company. This tax is payable quarterly on the basis of the net assets of the Company, calculated at the end of the quarter to which the tax relates.

Any Class reserved to retail investors is therefore liable in Luxembourg to the 0.05% subscription tax per annum. However, the 0.05% rate may be reduced to 0.01% per annum for (i) any Class or Compartment reserved to institutional investors, (ii) undertakings whose exclusive policy is the investment in money market instruments and the placing of deposits with credit institutions, or (iii) undertakings having the exclusive object to invest in deposits with credit institutions.

Moreover, according to Article 175 of the Law, the Company can also benefit from an annual tax exemption if, notably, (i) its securities are listed or dealt in on at least one stock exchange or another regulated market, operating regularly and recognized and open to the public and (ii) provided that its exclusive object is to replicate the performance of one or more indices.

The value of assets represented by units and shares held in other UCIs is exempt from the subscription tax provided such units or shares have already been subject to this tax.

The regular income of the Company from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered. The Company may be liable to certain other foreign taxes.

As regards capital contribution, a Luxembourg SICAV is subject to a flat registration duty of EUR 75 to be paid upon incorporation and to be paid upon future modification (if any) of its articles of incorporation.

### **11.2 Shareholders**

#### **(a) Taxation of Luxembourg resident shareholders**

##### **(i) Individual shareholders**

Dividends and other payments derived from the Shares by resident individuals shareholders, who act in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rate with a current maximum marginal rate of 42% applicable for the part of the income exceeding EUR 200,004 (EUR 400,008 for couples taxed jointly). For solidarity surcharge purposes, such income tax rate is increased by 7% for income not exceeding EUR 150,000 for single taxpayers and EUR 300,000 for couples taxed jointly, and by 9% for income above these amounts. Under current Luxembourg tax laws, 50 per cent of the gross amount of dividends received by resident individuals from (i) a fully-taxable Luxembourg resident company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in a EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive is exempt from income tax.

Capital gains realised on the disposal of the Shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative gains and are subject to income tax at ordinary rates if the Shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse/partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than ten per cent of the share capital of the Company. Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method, (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the Shares.

Capital gains realised on the disposal of the Shares by resident individual shareholders, who act in the course of their professional / business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

(ii) Luxembourg resident corporate shareholders

Dividends and other payments derived from the Shares by a Luxembourg fully-taxable resident company are subject to corporate income tax and municipal business tax at the current aggregate rate of 24.94% (for the municipality of Luxembourg-city).

Capital gains realised by a Luxembourg fully-taxable resident company on the Shares are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

The Shares are subject to net wealth tax in the hands of a Luxembourg fully-taxable resident company, levied annually at the rate of 0.5%, computed on the net asset value of the Luxembourg company as at 1 January of each year (the rate is reduced to 0.05% for the portion of the net asset value exceeding EUR 500,000,000).

(iii) Tax exempt shareholders

A shareholder who is either (i) an undertaking for collective investment subject to the Law, (ii) a specialised investment fund governed by the law of 13 February 2007, (iii) a family wealth management company governed by the law of 11 May 2007 or (iv) a reserved alternative investment fund (not opting for the treatment as an investment company in risk capital) governed by the law of 23 July 2016, is exempt from income tax in Luxembourg. Dividends derived from and capital gains realised on the Shares are thus not subject to income tax in their hands.

(b) Taxation of Luxembourg non-residents shareholders

Non-resident shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable are not liable to any taxation in Luxembourg in relation to the holding, sale, redemption or transfer of the Shares.

Dividends received by a Luxembourg permanent establishment or permanent representative, as well as capital gains realised on the Shares, are subject to Luxembourg income tax at ordinary rates.

(c) Inheritance tax and gift tax

Under Luxembourg tax law, where an individual shareholder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes. Gift tax may be due on a gift or donation of shares, if embodied in a Luxembourg deed or otherwise registered in Luxembourg.

#### (d) Common Reporting Standard (CRS)

The Organisation for Economic Co-operation and Development ("**OECD**") has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information 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 EU Member States. The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in an EU Member State other than Luxembourg or in a country listed in a Grand-Ducal Regulation.

Accordingly, the Company may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding an Investor 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 Luxembourg tax authorities will therefore automatically transfer this information to the competent foreign tax authorities on a yearly basis.

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

The Investors shall undertake to inform the Luxembourg Reporting Financial Institution within thirty (30) days of receipt of these notifications should any personal data included therein be not accurate and provide all supporting documentary evidence of any changes relating to the information following the occurrence of such changes.

### 11.3 FATCA

#### (a) General Rules and Legal background

FATCA is part of the U.S. Hiring Incentives to Restore Employment Act. It is designed to prevent U.S. tax payers from avoiding U.S. tax on their income by investing through foreign financial institutions and offshore funds.

FATCA applies to so called Foreign Financial Institutions ("**FFIs**"), which notably include certain investment vehicles ("**Investment Entities**"), among which a UCITS.

According to the FATCA Rules, FFIs, unless they can rely under ad-hoc lighter or exempted regimes, need to report to the IRS certain holdings by/ and payments made to a/ certain U.S. investors b/ certain U.S. controlled foreign entity investor, c/ non U.S. financial institution investors that do not comply with their own obligations under FATCA and d/clients that are not able to document clearly their FATCA status. Investors not properly documented or not complying with their FATCA obligations may also suffer a 30% withholding tax on so called "withholdable payments"

On 24 March 2014, the Luxembourg and U.S. governments entered into a Model I IGA which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions.

According to the terms of the IGA, Reporting Luxembourg FFIs will have to report to the Luxembourg tax authorities instead of directly to the IRS. Information will be communicated onward by the Luxembourg authorities to the IRS under the general information exchange provisions of the U.S. Luxembourg income tax treaty.

(b) Other parties

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the U.S. Investors holding investments via distributors or custodians that are not in Luxembourg or in another IGA country should check with such distributors or custodians as to the distributor's or custodian's intention to comply with FATCA. Additional information may be required by the Company, custodians or distributors from certain investors in order to comply with their obligations under FATCA or under an applicable IGA.

IGA needs now to be transposed into Luxembourg national laws. The foregoing is only a summary of the implications of FATCA, is based on the current interpretation thereof and does not purport to be complete in all respects.

Investors should contact their own tax adviser regarding the application of FATCA to their particular circumstances.

#### 11.4 Reporting of Information

Each Investor shall provide in a timely manner any information, form, disclosure, certification or documentation ("**Tax Information**") that the Company and/or the Management Company may reasonably request in writing in order to maintain appropriate records and/or report such information as may be required to be reported to the Luxembourg tax authorities or any other tax or competent authority (the "**Tax Reporting Regimes**") in order to comply with:

- the FATCA provisions; or
- the CRS provisions; or
- the European Union Council Directive 2011/16/EU (the "**DAC**"), as amended; or
- the Multilateral Agreement; or
- the Luxembourg law dated 21 December 2018 that transposed the anti-tax avoidance rules laid down in the Council Directive (EU) 2016/1164 of 12 July 2016 ("**ATAD**") and the Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries ("**ATAD 2**"); or
- any law, rule or regulation pursuant to or implementing any of the FATCA, the DAC, the CRS, the ATAD, the ATAD 2 or any other regime requiring the exchange of Tax Information the Company deem reasonably necessary for the conduct of the Company's affairs.

The Investors shall use all reasonable endeavours to promptly provide to the Company and/or the Management Company such Tax Information that may reasonably be requested by the Company and/or the Management Company in order to comply with any applicable or future legal, or regulatory or tax requirements pursuant to this section.

Each Investor further agrees to update or replace any such Tax Information promptly to the extent such Investor is aware of any changes to any of the Tax Information it has provided, or that such Tax Information has become obsolete. In addition, each Investor shall take such actions as the Company

and/or the Management Company may request in order to enable any relevant entity to comply with any Tax Information requirements or mitigate any taxation and hereby authorizes each relevant entity to take such actions as it determines are needed in order to enable any relevant entity to comply with any Tax Information requirements or mitigate any taxation (including but not limited to the disclosure of personal data).

In the event an Investor fails to comply with any of the requirements set out in this section, or any requests of the Company and/or the Management Company under this section, and fails to rectify such failure to comply in a timely manner and the Management Company reasonably considers that any of the following is necessary, advisable or desirable having regard to the interests of the Company and the Shareholders generally, the relevant Investor shall indemnify the Company, the Management Company and the other investors for all loss, costs, expenses, damages, claims and/or requests (including, but not limited to, any withholding tax, penalties or interest borne by the Company and/or the other Investors) arising as a result of such Investor's failure to comply with any of the requirements set out in this section, or any requests of the Company and/or the Management Company under this section, in a timely manner, and the Management Company shall have full authority (but shall not be obliged) to take any action that the Management Company deem in good faith to be necessary or appropriate to mitigate any adverse effect on the Company or any other Shareholder.

If requested by the Company and/or the Management Company, the Investor shall promptly execute any and all documents or take such other actions as the Company and/or the Management Company may require pursuant to this section.

## **11.5 Tax Liability**

Irrespective of the application of the "Reporting of Information" section above, in the event that the Company or any of its associates incurs a liability for any tax, whether directly or indirectly, as a result of the participation of a particular Investor (or particular Investors) in the Company, the Management Company may, in its absolute discretion, determine that an amount equal to such tax liability shall be treated as an amount that has been allocated and distributed to such Investor (in which case such deemed allocation and distribution will be made between the relevant Investor(s) on an appropriate pro rata basis, as the Management Company may determine in its absolute discretion).

The Management Company will give notice of such deemed allocation and distribution to the relevant Investor (or Investors).

In the event where the Management Company did not or would not be able to proceed to the deemed allocation and distribution of a tax liability as described above, the amount equal to the tax liability determined by the Management Company must be repaid by the relevant Investor(s) to the Company when so requested by the Management Company.

## **12. GENERAL INFORMATION**

### **12.1 Organisation**

The Company is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* subject to Part I of the Law. The Company was incorporated in Luxembourg on 10 August 2017. The Company is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 217.103. The articles of incorporation were published in the *Recueil électronique des sociétés et des associations* on 16 August 2017.

**The minimum capital of the Company required by Luxembourg law shall be EUR 1,250,000.**



## **12.2 The Shares**

Shares will be issued in registered form. Fractional entitlements to Shares will be rounded up to 4 decimal places, unless otherwise provided in the relevant Appendix, and the provisions of the Articles shall apply with respect to the participation of such fractional shares in the net assets attributable to the relevant Class of Shares. Subject to the restrictions described herein, Shares in each Compartment are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Class of the relevant Compartment. The rules governing such allocation are set forth under 5. "Allocation of Assets and Liabilities among the Compartments".

The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each one is entitled to one vote at all meetings of Shareholders. Shares redeemed by the Company become null and void.

Should the Shareholders, at an annual general meeting, decide any distributions in respect of distribution Shares (if issued) these will be paid within one month of the date of the annual general meeting. Under Luxembourg law, no distribution may be decided as a result of which the net assets of the Company would become less than the minimum provided for under Luxembourg law.

## **12.3 Meetings**

The annual general meeting of Shareholders will be held at the registered office of the Company in Luxembourg on the second Tuesday of April of each year at 11 a.m. or, if such day is a legal or a bank holiday in Luxembourg, the annual general meeting shall be held on the next following business day. Notices will be sent to the holders of registered Shares recorded by the transfer agent in the Share register of the Company by post at least 8 calendar days prior to the meeting at their addresses shown on the register of Shareholders. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required in the Articles of the Company and by Luxembourg law and laid down in Articles 450-1 and 450-3 of the Luxembourg law of 10 August 1915 on commercial companies (as amended).

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class concerned. Any change in the Articles affecting the rights of a Compartment must be approved by a resolution of both the general meeting of the Company and the Shareholders of the Compartment concerned.

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

## **12.4 Reports and Accounts**

Audited annual reports shall be published within 4 months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 months following the period to which they refer. The annual and semi-annual reports shall be made available at the registered offices of the Company, the Depositary, the representatives and paying agents during ordinary office hours. The Company's accounting year ends on 31 December each year. The first accounting year will end on 31 December 2017. The Reference Currency of the Company is the EUR. The aforesaid reports will comprise consolidated accounts of the Company expressed in EUR as well as individual information on each Compartment expressed in the Reference Currency of each Compartment.

## **12.5 Allocation of assets and liabilities among the Compartments**

For the purpose of allocating the assets and liabilities between the Compartments, the Board of Directors has established a pool of assets for each Compartment in the following manner:

1. the proceeds from the issue of each Share of each Compartment are to be applied in the books of the Company to the pool of assets established for that Compartment and the assets and liabilities and income and expenditure attributable thereto are applied to such pool subject to the provisions set forth hereafter;
2. Where any asset is derived from another asset, such derivative asset is applied in the books of the Company to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;
3. Where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
4. in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the net asset values of the relevant Compartments;
5. upon the payment of dividends to the holders of Shares in any Compartment, the net asset value of such Compartment shall be reduced by the amount of such dividends.

If there have been created within each Compartment different Classes of Shares, the rules shall mutatis mutandis apply for the allocation of assets and liabilities amongst Classes.

## **12.6 Determination of the net asset value**

The net asset value of each Class of Shares of each Compartment shall be expressed in the Reference Currency of the relevant Compartment. The net asset value shall be determined by the Administration Agent on each Valuation Day and on any such day that the Board of Directors may decide from time to time by dividing the net assets of the Company attributable to each Class by the number of outstanding Shares of that Class.

The Administration Agent calculates the net asset value per Class of Shares in each Compartment on the Valuation Day as defined in the Appendix. In order to avoid market timing in their units, and prevent arbitrage opportunities, where the Compartment is a Feeder Compartment, the Valuation Day shall be the same day as the Valuation Day of the Master Fund.

The calculation of the net asset value of the Shares of any Compartment and the issue, redemption, and conversion of the Shares of any Compartment may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of the Compartment's investments, or in which trading is restricted or suspended,
- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of the Compartment, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Compartment,
- during any breakdown in the means of communication normally employed in determining the price of any of the Compartment's investments or the current prices on any stock exchange,

- when for any reason beyond the control of the Board of Directors, the prices of any investment held by the Compartment cannot be reasonably, promptly or accurately ascertained, or,
- during any period when remittance of money which will or may be involved in the purchase or sale of any of the Compartment's investments cannot, in the opinion of the and/or the Board of Directors, be effected at normal rates of exchange;
- when calculating the net asset value of a UCITS/UCIs in which the Company has invested a substantial portion of the assets of one or more Compartments or one or more classes is suspended or unavailable, or where the issue, redemption or conversion of shares or units of such UCITS or other UCI is suspended or restricted;
- in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up or merge the Company or one or more Compartment(s) is to be proposed or;
- during any period when in the opinion of the Directors of the Company there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Compartment of the Company

Furthermore, a Feeder Compartment may temporarily suspend the redemption, reimbursement or subscription of its Shares, when its master UCITS temporarily suspends the redemption, reimbursement or subscription of its shares/units, whether this be at its own initiative or at the request of its competent authorities, for a period identical to the period of suspension imposed on the master UCITS.

The suspension of the calculation of the net asset value and of the issue, redemption, and conversion of shares shall be published in a daily newspaper in Luxembourg and in another newspaper generally available in jurisdictions in which the Company is registered.

The value of the assets of each Class of Shares of each Compartment is determined as follows:

I. The assets of the Company contain the following:

1. all fixed-term deposits, money market instruments, cash in hand or cash expected to be received or cash contributions including interest accrued;
2. all debts which are payable upon presentation as well as all other money claims including claims for purchase price payment not yet fulfilled that arise from the sale of investment fund Shares or other assets;
3. all investment fund Shares;
4. all dividends and distributions due in favour of the Company, as far as they are known to the Company;
5. all interest accrued on interest-bearing securities that the Company holds, as far as such interest is not contained in the principal claim;
6. all financial rights which arise from the use of derivative instruments;
7. the provisional expenses of the Company, as far as these are not deducted, under the condition that such provisional expenses may be amortised directly from the capital of the Company;
8. all other assets of what type or composition, including prepaid expenses.

The value of such assets is fixed as follows:

1. Investment funds are valued at their net asset value.
2. Liquid assets are valued at their nominal value plus accrued interest.
3. Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value. Other money market instruments with a residual maturity of no more than 12 months are valued as follows (linear valuation): the determining rate for these investments will be gradually adapted during repayment starting from the net acquisition price and keeping the resulting return constant. If there are notable changes in market conditions, the bias for valuation of money market instruments will be adapted to new market returns.
4. Commercial papers are valued at their nominal value plus accrued interest. Commercial papers with an original term of more than 90 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the commercial paper is invested has been concluded including that the commercial papers are terminable at any time and the yield adjusted price corresponds to the realisation value.
5. Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available closing price at the time when the valuation is carried out. If the same security is quoted on a Regulated Markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors or their delegate.
6. Unlisted securities or financial instruments are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
7. Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
8. OTC derivative financial instruments must be value at their «fair value» in accordance with CSSF Circular 08/356.
9. Units or shares of the Master Fund will be valued at their last determined and available net asset value.
10. In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of each Compartment.

II. The liabilities of the Company contain the following:

1. all loans, bills of exchange and other sums due, including deposits of security such as margin accounts, etc. in connection with the use of derivative instruments; and
2. all administrative expenses that are due or have been incurred, including the costs of formation and registration at the registration offices as well as legal fees, auditing fees, all fees owed to the Management Company, the Administration Agent, the Investment Manager (if any), the Depositary

and all other representatives and agents of the Company, the costs of mandatory publications, the Prospectus and the KIID, conclusions of transactions and other documents which are made available to the Shareholders. If the fee rates agreed between the Company and the employed service providers (such as the Management Company, the Administration Agent, Depositary or Investment Manager (if any)) for such services deviate with regard to individual Classes, the corresponding varying fees shall be charged exclusively to the respective Class; and

3. all known liabilities, whether due or not, including dividends that have been declared but not yet been paid; and
4. a reasonable sum provided for taxes, calculated as of the day of the valuation as well as other provisions and reserves approved by the Board of Directors; and
5. all other liabilities of the Company, of whatever nature, vis-à-vis third parties; however, each Compartment shall be exclusively responsible for all debts, liabilities and obligations attributable to it.

For the purpose of valuing its liabilities, the Company may include all administrative and other expenses of a regular or periodic nature by valuing these for the entire year or any other period and apportioning the resulting amount proportionally to the respective expired period of time. The method of valuation may only apply to administrative or other expenses which concern all of Shares equally.

For the purpose of valuation within the scope of this chapter, the following applies:

1. Shares that are redeemed in accordance with the provisions under "issue, redemption and conversion of shares" above shall be treated as existing Shares and shall be posted until immediately after the point in time set by the Board of Directors for carry out the valuation; from this point in time until the price is paid, they shall be treated as a liability of the Company; and
2. All investments, cash in hand and other assets of any fixed assets that are not in the denomination of the Share Class concerned shall be converted at the exchange rate applicable on the day of the calculation of net asset value, taking into consideration their market value; and
3. On every Valuation Day, all purchases and sales of securities which were contracted by the Company on this very Valuation Day must be included in the valuation to the extent possible.

## **12.7 Liquidation / Merger of Compartments**

The Board of Directors may decide to liquidate any Compartment if, in its reasonable judgement, the protection of the interests of Shareholders require so. This will be the case when 1/ net assets of the Compartment have not reached or later on, have decreased to an amount which does not allow such a Compartment to be operated in an economically efficient manner; or 2/ a change in the economic or political situation relating to the Compartment concerned would justify such liquidation.

The decision of the liquidation will be notified to the Shareholders concerned prior to the effective date of the liquidation and the notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of the Shareholders of the Compartment concerned, the latter may continue to request redemption or conversion of their Shares on the basis of the applicable net asset value, taking into account the estimated liquidation expenses. Formation expenses will be fully amortized.

Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Compartment will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

In accordance with the provisions of the Law applying to a Compartment qualifying as Feeder Compartment, the Feeder Compartment shall be liquidated upon the Master Fund being either

liquidated, divided into two or more UCITS or merged with another UCITS, unless the CSSF approves either (a) the investment of at least 85 % of the assets of the Feeder Compartment into units of another master Fund, or (b) the Feeder Compartment's conversion into a UCITS which is not a feeder UCITS within the meaning of the Law.

Termination of a Compartment for other reasons than those mentioned in the preceding paragraph, may be effected only upon prior approval by the Shareholders of the Compartment to be terminated, at a duly convened Compartment's Shareholders meeting which may be validly held without quorum and may decide by a simple majority of the Shareholders of the relevant Compartment present or represented.

The Board of Directors may decide to merge any Compartment into another Compartment or into another UCITS or a compartment within such UCITS (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) in compliance with the procedures laid down in the Law.

Any merger will be carried out in accordance with the provisions and requirements of the Law which governs all the consequences arising therefrom.

## **12.8 Liquidation of the Company**

The Company is incorporated for an unlimited period. Dissolution and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders, in accordance with the Articles.

Such a meeting must be convened by the Board of Directors within 40 calendar days if:

- the net assets of the Company become less than two thirds of the minimum capital required by Law. In this case the meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting;
- the net assets of the Company fall below one quarter of the minimum capital, in which case the dissolution may be resolved by Shareholders holding one quarter of the Shares at the meeting.

In the event of dissolution of the Company, liquidation shall be carried out by one or several liquidators appointed by the meeting of Shareholders. Liquidators will proceed to the liquidation of the Compartment(s) portfolio in the best interests of the Shareholders and Shareholders will receive the net proceeds of liquidation. The net liquidation proceeds of each Compartment shall be distributed to the Shareholders of the relevant Compartment in proportion to their respective holdings.

At the close of liquidation, the proceeds of liquidation corresponding to liquidation proceeds that could not be repaid, will be kept in escrow at the Caisse de Consignation in Luxembourg. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law.

## **12.9 Material Contracts**

The following material contracts have been entered into:

1. an agreement between the Company and Fuchs Asset Management S.A., pursuant to which the latter acts as Management Company of the Company. This Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice;
2. an agreement between the Company and CACEIS Bank Luxembourg pursuant to which the latter was appointed as Depositary of the Company. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice.
3. an agreement between the Company and CACEIS Bank Luxembourg pursuant to which the latter was appointed as Domiciliary Agent of the Company. The Agreement is entered into for

an unlimited period and may be terminated by either party not less than six (6) months prior to the date upon which such termination becomes effective; and

4. an agreement between the Company, Fuchs Asset Management S.A. and CACEIS Bank Luxembourg pursuant to which the latter acts as registrar and transfer agent - paying and administration agent of the Company. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.

#### **12.10 Documents**

Copies of the contracts mentioned above are available for inspection, and copies of the Articles, the current Prospectus, the KIIDs and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the Company in Luxembourg and at the Management Company's premises and on website at [www.fuchsgroup.com](http://www.fuchsgroup.com).

#### **12.11 Complaints Handling**

Shareholders of each Compartment of the Company may file complaints free of charge with the Management Company in an official language of their home country.

Shareholders can access the complaints handling procedure upon request at the registered office of the Management Company.

## **13. APPENDIX 1- Masayume Fund – Marathon**

### **13.1 Investment Objectives**

Masayume Marathon's (the "**Sub-fund**") objective is, first, wealth preservation and, second, wealth growth through a global balanced portfolio. It aims to generate long term capital appreciation by investing in a highly diversified portfolio. Investments will be allocated to different assets classes: cash, fixed income, and equities but also in other eligible assets classes such as shares or units of other UCITS and/or other UCIs referred to below, and cash/cash equivalents. The portfolio of the Sub-fund will be diversified in terms of currencies and geographic areas. The Sub-fund will seek the right balance between the different asset classes to generate return while reducing risks and volatility of returns under different market conditions. It will try to benefit from global market opportunities.

The Investment Manager will allocate dynamically to and within the above asset classes and consider other categories of eligible assets such as structured products, transferable securities listed on the commodity markets, derivatives, money market instruments as well as other treasury instruments and equivalents, either directly or through investing in shares or units of other UCITS and/or other UCIs referred to below.

### **13.2 Investment Strategy**

The investment Manager will apply a discretionary decision process and an active investment style. The Investment Manager may protect the portfolio with hedging strategies.

Investments in bonds will principally comprise investment-grade, government and non-government bonds, it being understood that the Sub-fund may not invest more than 30% of its assets in high-yielding bonds, sub investment grade bonds or bonds issued by issuers located in emerging markets, either directly or through units of other UCITS and/or other UCIs referred to below. Bonds can have conversion or subscription rights to other assets attached to them (e.g. convertible bonds).

The Sub-fund will invest in equities mainly in countries of the Eurozone and in other G10 countries (e.g. Japan, USA, Great Britain and Canada) provided that the Investment Manager may also consider investments in other regions and currencies according to opportunities, it being understood that the Sub-Fund will not invest directly in Chinese assets.

As of 14 September 2020, the Sub-fund will be also allowed to acquire units of UCITS and/or other UCIs referred to in section 4.3 "Investment and Borrowing Restrictions" paragraph I. (1) (c) up to 49% of the Sub-Fund's net assets provided that (i) no more than 20% of the Sub-fund's net assets be invested in the units of a single UCITS or other UCI, and (ii) investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of the Sub-fund.

For the remaining assets, if any, the Investment Manager has the freedom to invest outside the Sub-fund's principal geographies, market sectors, currency or asset classes.

Investments in the targeted assets may be made directly or through investing in other UCITS and other UCIs, including through the use of listed exchange-traded funds ("ETFs") meeting the criteria of article 1, paragraph (2), sub-paragraphs a) et b) of the UCITS Directive, which are duly regulated, open-ended and offering a diversification of risks comparable to such granted under Part I of the Law (the "**Target Funds**").



The Sub-fund may in particular invest in Target Funds with an exposure to emerging countries. The Sub-fund will not invest directly in Chinese assets but may do so through other eligible UCITS and UCIs. Investments in such UCITS and UCIs mentioned in this paragraph may however not exceed 10% of the Sub-fund's net assets.

While investing in Target Funds, the Sub-fund might be exposed to certain fee duplications. In addition to the running costs supported by the Sub-fund, Target Funds are also subject to costs and commissions at their level, which the Sub-fund bears indirectly. The aggregate management fees levied both at the level of the Sub-fund and at the Target Fund's level may not exceed 6%. This maximum level shall also be reported in the annual report of the Company.

Where the Sub-fund would invest directly or by delegation in Target Funds managed by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Sub-Fund may not be charged subscription or redemption fees on account of its investment in the units of such other Target Funds. For the avoidance of doubt, the Sub-fund may invest in other Compartments of the Company subject to the conditions contained under paragraph IX (1)-(4) of section 4.3 "Investment and Borrowing Restrictions" of the Prospectus.

The Sub-fund may invest up to 25% of its net assets in structured products that are eligible under the Law.

Structured products are transferable securities issued by first class financial institutions that have the features of other underlying assets and which performance is linked to such underlying assets. Underlying assets must be eligible assets according to the Sub-fund's investment policy and the related risks must not exceed the investment limits described hereafter. Investments in structured products embedding derivatives are not contemplated, but should the Sub-fund invest in such products, the assets underlying the derivative instruments shall qualify as eligible assets according to article 41 of the Law and Article 8 of the Regulation 2008.

Investments in transferable securities listed on the commodity markets ("ETC") meeting the criteria of article 41 a) – d) of the Law and of article 2 of the Regulation 2008 as well as section 17 of ESMA recommendations 07-044b. These products may not embed derivatives and will not give rise to physical delivery of underlying commodities.

The Sub-fund may also invest in financial derivatives with eligible commodity indices as underlying, within the meaning of article 41 (1) g) of the Law.

The Sub-fund may consider to use further derivative instruments, being it for investment, portfolio efficiency or hedging purposes, each time in compliance with the limitations set-out in the Law and applicable regulations.

As a general principle, the use of derivative instruments may not change significantly the risk profile of the Sub-fund as compared to the risk inherent in the portfolio without exposure to derivatives.

The Investment Manager may in particular use the following derivative instruments: warrants, forwards, options, futures, contracts for difference ("**CFDs**"), and swaps including credit default swaps ("**CDS**") but excluding total return swaps.

As a matter of illustration the Sub-fund may use financial derivatives in order to gain exposure to any class of eligible assets, including CFDs up to the maximum limit of 10% of its net assets in order to be synthetically exposed to short sale or buying on such assets. Underlying investments will be only eligible assets according to the Law.

CDS may not in aggregate represent more than 20% of the net assets of the Sub-fund.

Investments in warrants may not represent more than 20% of the Sub-funds assets. The Sub-Fund is actively managed and is not managed in reference to a benchmark within the meaning of the Commission Regulation (EU) No 583/2010 (the "KIID regulation").

To determine the global exposure of the Sub-fund linked to derivative instruments, the Management Company is using the commitment approach. The global exposure of the Sub-fund relating to derivative instruments may not exceed 100% of its net asset value.

While the objective of the Sub-fund is to perform mid and long term investments, the Sub-fund will also derive profits from arbitrages and may hold liquidities on a temporary basis. Further, with due consideration given to the restrictions on investments required by applicable law and regulations, in circumstances where market conditions would require so, the Sub-fund may from time to time be entirely invested in cash, term deposits, fixed income securities or monetary instruments with a maturity below 12 months, as well as in money market Target Funds.

There will be no restriction on the issuing currency of such liquid instruments. Investments in cash and term deposits may however not exceed 49% of the net assets of the Sub-fund.

The Sub-fund will not invest in distressed or defaulted securities.

Investor Profile: investment in this Sub-Fund is suitable for investors seeking long term performance from various asset classes, it being understood that the strategy pursued is an absolute return strategy (no benchmark).

### **13.3 Specific Risk Factors**

*Emerging Markets:* Underlying investments in emerging markets involve additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for the Reference Currency; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Compartment's financial instruments with brokers and securities depositories. Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Compartment may be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Company or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place

may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Compartments may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in local courts.

Investments in securities of issuers in emerging markets may be subject to greater risks than investments in securities of issuers from OECD Member States due to a variety of factors including currency controls and currency exchange rates fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations, expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. There may be less publicly available information about issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies and subject to lower levels of government supervision than those on the OECD. The investments in such markets may be considered speculative and subject to significant custody and clearance risks and delay in settlement.

*Investments in China:* Investments in the People's Republic of China ("PRC"), directly or indirectly, is subject to the risks of investing in emerging markets (please refer above to the section "Emerging Markets") and additional risks which are specific to the PRC market. The economy of the PRC is in a state of transition from a planned economy to a more market oriented economy and investments may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention. In extreme circumstances, the Sub-Fund may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution and settlement of trades. Currently, the Sub-fund may invest in Chinese assets only indirectly through other eligible UCITS and/or UCIs.

*Credit Default Swaps (CDS):* these contracts represent a credit derivative, whose market value will change in line with the perceived credit standing of the underlying security or basket of securities. Where protection has been sold, the Sub-Fund has a similar credit exposure to the underlying security or basket of securities as if they had actually been bought. Where protection has been bought, the Sub-Fund will receive a payment from the counterparty to the swap if the underlying security (or one in the basket of securities) defaults, based on the difference between the notional principal of the swap and the expected recovery value, as determined by the market at the time of default. The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk. Collateral is arranged to mitigate this risk. The documentation risk for CDS is reduced by adhering to standard ISDA documentation. The liquidity of a CDS may be worse than the liquidity of the underlying security or securities in the basket and this may adversely affect the ability to close out a CDS position or the price at which such a close out is transacted.

*Warrants:* The value of warrants generally fluctuate more than the prices of the underlying securities because of the greater volatility of warrant prices. In adverse market conditions, the assets underlying these securities may be illiquid and react negatively in case of default and / or positive evolution of interest rates.

*Convertible Securities:* Convertible securities and exchangeable bonds are stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Sub-Fund is called for redemption, the Sub-Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Sub-Fund's ability to achieve its investment objective.

*High Yield Securities:* The value of investments in bonds or other debt instruments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. The Sub-fund may invest in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments. High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk.

### **13.4 Reference Currency**

The Reference Currency of the Sub-Fund is the EUR.

### **13.5 Classes of Shares**

The schedules hereafter describe the features of the different Classes of Shares and Shares which may currently be issued by the Company:

- "R" stands for "Retail ". "R" Classes of Shares are available for retail investors only.
- "I" stands for "Institutional Investors". "I" Class of Shares are available for institutional investors only.
- "S" stands for "Selected Investors". "S" Classes of Shares are reserved for selected investors which are expressly authorised by the Investment Manager.
- "HDG" stands for "Currency Hedged Classes of Shares".

Term of the Compartment	Unlimited								
Share Class Name	Masayume Marathon R-EUR-ACC	Masayume Marathon R-CHF-ACC-HDG	Masayume Marathon R-USD-ACC-HDG	Masayume Marathon I-EUR-ACC	Masayume Marathon I-CHF-ACC-HDG	Masayume Marathon I-USD-ACC-HDG	Masayume Marathon S-EUR-ACC	Masayume Marathon S-CHF-ACC-HDG	Masayume Marathon S-USD-ACC-HDG
Share Classes	R Class	R Class	R Class	I Class	I Class	I Class	S Class	S Class	S Class
Reference Currency	EUR	CHF	USD	EUR	CHF	USD	EUR	CHF	USD
Target Investors	Retail			Institutional only			Only selected investors authorised by the Investment Manager		
Type of Shares	Capitalisation			Capitalisation			Capitalisation		
Initial Subscription Period	N/A			N/A			Such period has not commenced at the date of the visa of this Prospectus. It will be determined at the Board of Director's or its delegate's discretion, and the Prospectus will be updated accordingly at the next available occasion.		
Launch Date	This Share Class was launched on 2 October 2017.			This Share Class was launched on 2 October 2017.			This Share Class will be launched on 13 August 2020 or as soon as practicable thereafter		
Minimum Initial Subscription	1,000 in the relevant Reference Currency			1000,000 in the relevant Reference Currency			100,000 in the relevant Reference Currency		
Minimum Holding	1,000 in the relevant Reference Currency			1000,000 in the relevant Reference Currency			100,000 in the relevant Reference Currency		
Initial Issue Price	100,00 in the relevant Reference Currency			100,00 in the relevant Reference Currency			100,00 in the relevant Reference Currency		
Valuation Day	Every Business Day								
Subscription Dealing Day	Every Business Day								
Redemption Dealing Day	Every Business Day								
Conversion Dealing Day	Every Business Day								
Management Company Fee	Up to 8 basis points p.a. with a minimum fee of EUR 3,000			Up to 8 basis points p.a. with a minimum fee of EUR 3,000			Up to 8 basis points p.a. with a minimum fee of EUR 3,000		
Investment Management Fee	Up to 1.625%			Up to 1.125%			Up to 0.10%		
Performance Allocation	quarterly Performance Fee of up to 10% of the positive performance of the Class based on the High Watermark			quarterly Performance Fee of up to 10% of the positive performance of the Class based on the High Watermark			quarterly Performance Fee of up to 20% of the positive performance of the Class based on the High Watermark		

<b>Administration Fee &amp; Depositary Fee</b>	up to 0.25%
<b>Risk Management Reporting Fee</b>	EUR 6,500 per year
<b>Subscription Fee*</b>	up to 2%
<b>Redemption Fee*</b>	up to 1%
<b>Conversion Fee*</b>	up to 2%
<b>Cut-off for Redemption, Subscription and Conversion</b>	2 p.m. on the Business Day preceding the relevant Valuation Day
<b>Redemption Settlement Day</b>	Within 3 Business Days following the relevant Valuation Day
<b>Subscription Settlement Day</b>	Within 3 Business Days following the relevant Valuation Day
<b>Conversion Settlement Day</b>	Within 3 Business Days following the relevant Valuation Day

\* The Company may in its discretion waive the above-mentioned subscription, redemption and conversion fees.

### **HDG Share Classes will be hedged**

Currency Hedged Classes of Shares are Classes of Shares with respect to which the Investment Manager will seek to hedge the exposure of the Company's portfolio to currencies other than the Reference Currency of the relevant Class of Shares. For such Classes, the Company will hedge the currency exposure of portfolio securities denominated in a currency other than the Class Currency of the Class of Shares, in proportion to the amount of Shares in issue for the relevant Class of Shares. It should be noted that hedged Classes of Shares may not necessarily be 100% hedged at all times. The Investment Manager will take hedging positions from time to time in the best interest of investors and on a best effort basis.

The currency hedging shall not have adverse impact on the Shareholders of the other Classes of Shares the Compartment. The cost and resultant profit or loss of such hedging shall be allocated of that hedged Class only.

### **13.6 Performance Allocation**

The Investment Manager is entitled to receive a Performance Fee calculated for each Class of Shares, except for the S Share Class, as follows (the "**Performance Fee**"):

Quarterly Performance Fee of up to 10% of the positive performance of the Class based on the historic high water mark principle (the "**High Watermark**"). The High Watermark involves that no Performance Fee is payable for a relevant quarter unless the net asset value of the Class as at the end of the quarter exceeds the net asset value based on which a Performance Fee was last paid. The amount of Performance Fee payable is calculated on the basis of the last Valuation Day of the relevant quarter.

For Shareholders redeeming during the course of the relevant quarter, the accumulated provisional Performance Fee set aside pertaining to the Shares being redeemed is crystallised and to be distributed to the Investment Manager.

For Shareholders who have subscribed for Shares during the course of the relevant quarter, the Performance Fee (if any) will be determined in respect of the quarter during which the Shareholders subscribed for the Shares by reference to the NAV at which they subscribed for the Shares.

### **13.7 Environmental, Social & Governance (ESG) Considerations**

The Investment Manager does not expect that Sustainability Risks would have a material adverse impact on the return or the investment performance of the Sub-Fund. As the Sub-Fund invests in a widely diversified selection of positions, across a number of asset classes, ESG constraints are expected not to impact the portfolio as a whole. The Investment Manager therefore does not include Sustainability Risks in the investment decision-making process, and does not consider such risks in the context of its due diligence procedures or ongoing assessment of the portfolio.

## **14. APPENDIX 2- Masayume Fund – Reflex**

### **14.1 Investment Objectives**

Reflex (the "Sub-fund") seeks to achieve long term absolute return through discretionary investing, primarily in the world equity market via means of exchange traded futures on financial indices. The Sub-fund may invest in highly liquid, investment grade government and corporate bonds with a maximum maturity of three (3) years. The Sub-fund may, on a temporary basis, to protect investors, deviate from the primary investment objectives and hold money market instruments, money market funds, bonds and cash.

### **14.2 Investment Strategy**

The objective is to achieve long term positive absolute return through long and or short strategies, primarily discretionary trading in futures markets.

The investment aim is to produce absolute returns with no or little correlation to global bonds and equity markets. This investment policy is implemented through a strategy of active trading long and short in the most liquid equity indices and bonds futures markets.

The Sub-Fund may invest its assets in equities, cash, cash equivalents or bonds, futures/options on equity indices, bonds and currencies as well as money market funds meeting the criteria of article 1, paragraph (2), sub-paragraphs a) et b) of the UCITS Directive, which are duly regulated, open-ended and offering a diversification of risks comparable to such granted under Part I of the Law.

Investments in bonds will principally comprise investment-grade, government and corporate bonds with short-term maturity, it being understood that the Sub-fund may not invest more than 30% of its assets in high-yielding, sub investment grade bonds or bonds issued by issuers located in emerging markets.

No more than 10% of the Sub-fund's net assets may be invested in aggregate in the units of UCITS and/or other UCIs referred to in section 4.3 "Investment and Borrowing Restrictions" paragraph I. (1) (c). The Sub-fund is eligible for investments by other UCITS.

For the remaining assets, if any, the Investment Manager has the freedom to invest outside the Sub-fund's principal geographies, market sectors, currency or asset classes.

The Sub-fund will invest mainly in countries of the Eurozone and in other G10 countries (e.g. Japan, USA, Great Britain and Canada).

To achieve its investment objective, the Sub-Fund may use derivative instruments for investment, portfolio efficiency or hedging purposes, each time in compliance with the limitations set-out in the Law and applicable regulations, including either listed derivatives or OTC, such as, but not limited to, contracts for differences, swaps (excluding total return swaps), options and forwards.

The Sub-Fund is actively managed and is not managed in reference to a benchmark within the meaning of the Commission Regulation (EU) No 583/2010 (the "KIID regulation").

To determine the global exposure of the Sub-Fund, the Management Company is using the absolute Value-at-Risk (VaR) method. The level of leverage may vary over time. The level of leverage of the Sub-Fund is expected to amount up to 400% of the net asset value. Leverage should be calculated as the sum of the notionals of the derivatives used. Leverage is not an additional investment limit and may vary over time. A higher leverage can be reached under



various circumstances for example higher market volatility. Investors must be aware of the possibility of higher leverage levels under certain circumstances.

The Sub-fund will not invest in distressed or defaulted securities.

Investor Profile: investment in this Sub-Fund is suitable for investors seeking capital gains with a high level of volatility.

### 14.3 Specific Risk Factors

*High Yield Securities*: The value of investments in bonds or other debt instruments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. The Sub-fund may invest in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments. High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk.

### 14.4 Reference Currency

The Reference Currency of the Sub-Fund is the USD.

### 14.5 Classes of Shares

The schedules hereafter describe the features of the different Classes of Shares and Shares which may currently be issued by the Company:

- "R" stands for "Retail ". "R" Classes of Shares are available for retail investors only.
- "I" stands for Institutional Investors. "I" Class of Shares are available for institutional investors only.
- "S" stands for "Selected Investors". "S" Classes of Shares are reserved for selected investors which are expressly authorised by the Investment Manager.
- "HDG" stands for "Currency Hedged Classes of Shares".

Term of the Compartment	Unlimited								
Share Class Name	Masayume Reflex R-EUR-ACC-HDG	Masayume Reflex R-CHF-ACC-HDG	Masayume Reflex R-USD ACC	Masayume Reflex I-EUR-ACC-HDG	Masayume Reflex I-CHF-ACC-HDG	Masayume Reflex I-USD ACC	Masayume Reflex S-EUR-ACC-HDG	Masayume Reflex S-CHF-ACC-HDG	Masayume Reflex S-USD ACC
Share Classes	R Class	R Class	R Class	I Class	I Class	I Class	S Class	S Class	S Class
Reference Currency	EUR	CHF	USD	EUR	CHF	USD	EUR	CHF	USD
Target Investors	Retail			Institutional only			Only selected investors authorised by the Investment Manager		
Type of Shares	Capitalisation			Capitalisation			Capitalisation		
Initial Subscription Period	N/A			N/A			N/A		
Launch Date	This Share Class was launched on 1 <sup>st</sup> September 2017.			This Share Class was launched on 1 <sup>st</sup> September 2017.			This Share Class was launched on 1 <sup>st</sup> September 2017.		
Minimum Initial Subscription	1,000 in the relevant Reference Currency			500,000 in the relevant Reference Currency			1,000,000 in the relevant Reference Currency		
Minimum Holding	1,000 in the relevant Reference Currency			500,000 in the relevant Reference Currency			1,000,000 in the relevant Reference Currency		

<b>Initial Issue Price</b>	100,00 in the relevant Reference Currency	100,00 in the relevant Reference Currency	100,00 in the relevant Reference Currency
<b>Valuation Day</b>	Every Business Day		
<b>Subscription Dealing Day</b>	Every Business Day		
<b>Redemption Dealing Day</b>	Every Business Day		
<b>Conversion Dealing Day</b>	Every Business Day		
<b>Management Company Fee</b>	Up to 8 basis points p.a. with a minimum fee of EUR 3,000	Up to 8 basis points p.a. with a minimum fee of EUR 3,000	Up to 8 basis points p.a. with a minimum fee of EUR 3,000
<b>Investment Management Fee</b>	Up to 2%	Up to 1,50%	Up to 0.5%
<b>Performance Allocation</b>	quarterly Performance Fee of up to 20% of the positive performance of the Class based on the High Watermark	quarterly Performance Fee of up to 20% of the positive performance of the Class based on the High Watermark	quarterly Performance Fee of up to 20% of the positive performance of the Class based on the High Watermark
<b>Administration Fee &amp; Depositary Fee</b>	up to 0.25%		
<b>Risk Management Reporting Fee</b>	EUR 6,500 per year		
<b>Subscription Fee*</b>	2%		
<b>Redemption Fee*</b>	1%		
<b>Conversion Fee*</b>	2%		
<b>Cut-off for Redemption, Subscription and Conversion</b>	2 p.m. on the Business Day preceding the relevant Valuation Day		
<b>Redemption Settlement Day</b>	Within 3 Business Days following the relevant Valuation Day		
<b>Subscription Settlement Day</b>	Within 3 Business Days following the relevant Valuation Day		
<b>Conversion Settlement Day</b>	Within 3 Business Days following the relevant Valuation Day		

\* The Company may in its discretion waive the above-mentioned subscription, redemption and conversion fees.

#### **HDG Share Classes will be hedged**

Currency Hedged Classes of Shares are Classes of Shares with respect to which the Investment Manager will seek to hedge the exposure of the Company's portfolio to currencies other than the Reference Currency of the relevant Class of Shares. For such Classes, the Company will hedge the currency exposure of portfolio securities denominated in a currency other than the Class Currency of the Class of Shares, in proportion to the amount of Shares in issue for the relevant Class of Shares. It should be noted that hedged Classes of Shares may not necessarily be 100% hedged at all times. The Investment Manager will take hedging positions from time to time in the best interest of investors and on a best effort basis.

The currency hedging shall not have adverse impact on the Shareholders of the other Classes of Shares the Compartment. The cost and resultant profit or loss of such hedging shall be

allocated of that hedged Class only.

#### **14.6 Performance Allocation**

The Investment Manager is entitled to receive a Performance Fee calculated for each Class of Shares as follows (the "**Performance Fee**"):

Quarterly Performance Fee of up to 20% of the positive performance of the Class based on the historic high water mark principle (the "**High Watermark**"). The High Watermark involves that no Performance Fee is payable for a relevant quarter unless the net asset value of the Class as at the end of the quarter exceeds the net asset value based on which a Performance Fee was last paid. The amount of Performance Fee payable is calculated on the basis of the last Valuation Day of the relevant quarter.

For Shareholders redeeming during the course of the relevant quarter, the accumulated provisional Performance Fee set aside pertaining to the Shares being redeemed is crystallised and to be distributed to the Investment Manager.

For Shareholders who have subscribed for Shares during the course of the relevant quarter, the Performance Fee (if any) will be determined in respect of the quarter during which the Shareholders subscribed for the Shares by reference to the NAV at which they subscribed for the Shares.

#### **14.7 Environmental, Social & Governance (ESG) Considerations**

The Investment Manager does not expect that Sustainability Risks would have a material adverse impact on the return or the investment performance of the Sub-Fund. The Sub-Fund's investment universe is limited to government bond and stock index futures which are currently ESG-monitored externally. The Investment Manager therefore does not include Sustainability Risks in the investment decision-making process, and does not consider such risks in the context of its due diligence procedures or ongoing assessment of the portfolio.