



## **TCM Investment Funds Luxembourg**

*Société d'Investissement à Capital Variable*

### **Prospectus**

**April 2022**

Shares have not been registered under the United States Securities Act of 1933 (the “**1933 Act**”), and the Fund has not been registered under the United States Investment Company Act of 1940 (the “**1940 Act**”). Shares may not be offered directly or indirectly in the United States of America (including its territories and possessions) to or for the benefit of a “U.S. Person” as defined in this Prospectus.

The attention of Investors is drawn to the fact that an investment in the Company is made subject to certain restrictions and/or conditions that they need to meet/ demonstrate to be able to subscribe and/ or continue to hold Shares in the Company. Investors are invited to refer to Section 7 (Issue, Redemption and Conversion of Shares).

TCM Investment Funds Luxembourg (the **Company**) is registered under Part I of the Law. The Company qualifies as a UCITS under the UCITS Directive. The Company appointed Fuchs Asset Management S.A., a Luxembourg management company authorised under chapter 15 of the Law, as its management company.

The Shares 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 (USA) (including its territories and possessions) to nationals or residents (including Green Card holders) 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. Moreover, the Shares may not be offered directly or indirectly to persons having a place of birth, and/or a telephone number and/or a standing instruction to an account and/or a mailing address/post office box in the USA.

The distribution of this Prospectus may also be restricted in certain jurisdictions. Recipients of this Prospectus are required to inform themselves about such restrictions. This Prospectus 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 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.

## DIRECTORY

### **TCM Investment Funds Luxembourg**

5, Allée Scheffer  
L-2520 Luxembourg,  
Grand-Duchy of Luxembourg

#### **Board of Directors**

- Wytze Riemersma (Mr. W.IJ. Riemersma), Chairman, Trustus Capital Management B.V., Managing Director;
- Rob Visschedijk (Mr. R.J.F. Visschedijk), Director, Trustus Capital Management B.V., Director Asset Management;
- Tine Hollander (Mrs. J.T. Hollander), Director, Trustus Capital Management B.V., Head of Legal.

#### **Management Company**

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

Board of the directors of the Management Company:

- Jean Fuchs, chairman of the board of directors, founding partner of Fuchs & Associés Finance S.A., Luxembourg;
- Timothé Fuchs, CEO, Luxembourg;
- Christophe Pessault, independent director, member of the executive committee at ME Business Solutions S.à r.l., Luxembourg.

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

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

#### **Administration Agent and Domiciliary Agent**

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

#### **Investment Manager**

Trustus Capital Management B.V.  
Sewei 2  
NL-8501 SP JOURE  
The Netherlands

**Auditors**

PricewaterhouseCoopers, *Société Coopérative*  
2, rue Gerhard Mercator  
B.P. 1443  
L-1014 Luxembourg  
Grand Duchy of Luxembourg

**Legal adviser**

Dechert (Luxembourg) LLP  
1, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

1.	DEFINED TERMS .....	7
2.	THE COMPANY .....	11
3.	INVESTMENT POLICIES AND RESTRICTIONS .....	11
4.	RISK-MANAGEMENT PROCESS .....	20
5.	RISK WARNINGS .....	21
6.	SUBSCRIPTION, REDEMPTION AND CONVERSION OF SHARES.....	29
7.	DISTRIBUTION POLICY .....	35
8.	MANAGEMENT AND ADMINISTRATION .....	35
9.	CHARGES AND EXPENSES .....	40
10.	PERFORMANCE FEE.....	41
11.	TAX ASPECTS .....	44
12.	GENERAL INFORMATION.....	46
	APPENDIX 1 TCM GLOBAL FRONTIER HIGH DIVIDEND EQUITY .....	2
1.	INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT .....	2
2.	PROFILE OF THE TYPICAL INVESTOR.....	2
3.	BENCHMARK REGULATION .....	3
4.	REFERENCE CURRENCY .....	3
5.	FORM OF SHARES AND CLASSES .....	3
6.	SPECIFIC MARKET RISKS .....	5
	APPENDIX 2 TCM VIETNAM HIGH DIVIDEND EQUITY .....	6
1.	INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT .....	6
2.	PROFILE OF THE TYPICAL INVESTOR.....	6
3.	BENCHMARK REGULATION .....	6
4.	REFERENCE CURRENCY .....	7
5.	FORM OF SHARES AND CLASSES .....	7
6.	SPECIFIC MARKET RISKS .....	9
	APPENDIX 3 TCM AFRICA HIGH DIVIDEND EQUITY .....	10
1.	INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT .....	10
2.	PROFILE OF THE TYPICAL INVESTOR.....	10
3.	BENCHMARK REGULATION .....	11
4.	REFERENCE CURRENCY .....	11
5.	FORM OF SHARES AND CLASSES .....	11
6.	SPECIFIC MARKET RISKS .....	13
	APPENDIX 4 TCM GLOBAL EMERGING HIGH DIVIDEND EQUITY.....	14
1.	INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT .....	14
2.	PROFILE OF THE TYPICAL INVESTOR.....	15
3.	BENCHMARK REGULATION .....	15

4.	REFERENCE CURRENCY .....	15
5.	FORM OF SHARES AND CLASSES .....	16
6.	SPECIFIC MARKET RISKS .....	17

## 1. DEFINED TERMS

<b><i>Administration Agent</i></b>	CACEIS Bank, Luxembourg Branch, acting as registrar and transfer agent and administration agent
<b><i>Articles</i></b>	the articles of association of the Company, as they may be amended by the General Meeting with the consent of the CSSF
<b><i>AML Regulations</i></b>	the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended and related laws, Grand Ducal regulations as well as regulations and circulars released by the CSSF, as amended from time to time
<b><i>Appendix</i></b>	any appendix to this Prospectus which describes the specific terms and conditions applicable to the relevant Compartment
<b><i>Benchmark</i></b>	Any benchmark used by any Compartment and described in more detail in every Appendix relating to a Compartment
<b><i>Benchmark Regulation</i></b>	Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended
<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 are opened in Luxembourg,
<b><i>Calculation Day</i></b>	the Business Day on which the Net Asset Value is calculated
<b><i>Class(es)</i></b>	within each Compartment, separate classes of Shares whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum investment amount, taxation, distribution policy or other feature may be applied
<b><i>Compartment(s)</i></b>	A specific portfolio of assets and liabilities within the Company having its own Net Asset Value and which is mainly distinguished by its investment policy and objective, as described in the applicable Appendix
<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>	being a deadline (as further specified in the Appendix), 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
<b><i>Depository</i></b>	CACEIS Bank, Luxembourg Branch, acting as depository bank and paying agent, in the meaning of the Law
<b><i>Developed Markets</i></b>	shall refer to countries that are member of the OECD
<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>Emerging Markets</i></b>	shall refer to countries that are not part of the countries defined herein as Developed Markets
<b><i>EU</i></b>	the European Union
<b><i>EUR</i></b>	Euro, the single currency of the EU Member States that have adopted the Euro as their lawful currency
<b><i>FATCA</i></b>	U.S. Foreign Accounting Tax Compliance Act which was enacted as part of the Hiring Incentive to Restore Employment Act (HIRE)
<b><i>FATCA Rules</i></b>	the rules and regulations relating to FATCA including the provisions of the intergovernmental agreement (IGA) entered between Luxembourg and the United States
<b><i>FATF</i></b>	Financial Action Task Force ( <i>Groupe d'Action Financière; GAFI</i> )
<b><i>General Meeting</i></b>	The general meeting of shareholders of the Company and, where applicable, of the Compartment or the Class for matters which only affect such Compartment or Class
<b><i>Investment Manager</i></b>	TRUSTUS Capital Management B.V., acting in its capacity as the investment manager of the Compartments, as appointed by the Management Company
<b><i>Investor</i></b>	any investor who contemplates to subscribe Shares and, where required by the context, may include s Shareholder
<b><i>Issue Price</i></b>	the net asset value per Share as determined on the applicable Valuation Day increased by applicable sales commission (if any)
<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
<b><i>Management Company</i></b>	Fuchs Asset Management S.A., acting in its capacity as the management company of the Company pursuant to Chapter 15 of the Law
<b><i>Member State</i></b>	a member state of the European Union
<b><i>OECD</i></b>	Organisation for Economic Co-operation and Development
<b><i>Performance Fee</i></b>	the performance fee charged to the relevant Class or Compartment in accordance with this Prospectus
<b><i>Prospectus</i></b>	this prospectus, as it may be amended by the Board of Directors with the consent of the CSSF and, where required, after having granted a free redemption period of one month
<b><i>RCSL</i></b>	<i>Registre de Commerce et des Sociétés, Luxembourg</i> , the Luxembourg trade and companies' register
<b><i>Reference Currency</i></b>	EUR unless otherwise stated for a relevant Class or Compartment in the applicable Appendix



<b><i>Regulated Market</i></b>	a market within the meaning of Article 4(1)21 of Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public
<b><i>Section</i></b>	any section of this Prospectus
<b><i>Securities Financing Transaction</i></b>	(i) a repurchase transaction; (ii) securities lending and securities borrowing; as defined under the SFTR
<b><i>SFT Agent</i></b>	any person involved in SFTs as agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of the Company's assets or any Compartment's assets
<b><i>SFDR</i></b>	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 amended
<b><i>SFTR</i></b>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012
<b><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 at the latest four Business Days following the Valuation Day, unless otherwise provided in an Appendix
<b><i>Shares</i></b>	shares of any Class within any Compartment
<b><i>Shareholders</i></b>	any holders of Shares
<b><i>Sustainability Risk</i></b>	an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment
<b><i>Taxonomy Regulation</i></b>	Regulation (EU) 202/852 on the establishment of a framework to facilitate sustainability investment and amending SFDR
<b><i>TRS</i></b>	total return swap, i.e., a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty
<b><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 elsewhere
<b><i>UCITS</i></b>	undertaking for collective investment in transferable securities as defined in the UCITS Directive and the Law

<b><i>UCITS Directive</i></b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended from time to time including by means of Directive 2014/91/EU
<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
<b><i>Underlying Asset</i></b>	asset(s) to which the Compartment may invest in accordance with its investment policy as described in the relevant Compartment's Appendix
<b><i>Valuation Day</i></b>	each Business Day unless otherwise determined for a Compartment or Class in the applicable Appendix

## **2. THE COMPANY**

2.1 TCM Investment Funds Luxembourg is an investment company with variable capital (*société d'investissement à capital variable*) established under Part I of the Law and adopting an umbrella structure comprising different Compartments each may be divided in separate Classes. In accordance with the Law, the subscription of Shares constitutes acceptance of all terms and provisions of the Prospectus and the Articles.

2.2 The Board of Directors may, at any time, decide to create additional Compartments and in which case the Prospectus will be completed by an additional Appendix.

## **3. INVESTMENT POLICIES AND RESTRICTIONS**

### **3.1 Investment Policies of the Compartments**

3.1.1 The Board of Directors determines the investment policy and investment objective of each Compartment, which are described in more details in the respective Appendix. The investment objectives of the Compartments will be carried out in compliance with the investment restrictions set forth in Section 3.2.

3.1.2 Each Compartment's objective is to place the funds available to it in transferable securities and/or other financial assets as described in respect of the investment objective and policies in the relevant Appendix with the purpose of spreading investment risks and to offer Shareholders the opportunity to take part in the professional management of portfolios. There can be no assurance that the investment objectives of any Compartment will be achieved.

### **3.2 Eligible Investments – Risk Spreading Requirements – Restrictions**

#### **3.2.1 Eligible investments**

- (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/shares 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 3.2.1(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 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 item (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 UCITS (a **Feeder UCITS**) or as a master UCITS (a **Master UCITS**), (ii) convert any existing Compartment into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.
  - (a) A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS.
  - (b) A Feeder UCITS may hold up to 15% of its assets in one or more of the following:
    - (i) ancillary liquid assets in accordance with Section 3.2.2 below;
    - (ii) financial derivative instruments, which may be used only for hedging purposes.
- (4) For the purposes of compliance with Section 3.2.3(c), the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of item (b) above with either:
  - (i) the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the Master UCITS; or

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

3.2.2 The Company may hold an ancillary basis cash.

3.2.3 Risk spreading requirements

(1) General

- (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 Section 3.2.1(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 item (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

in excess of 20% of the net assets of each Compartment.

(3) **The limit of 10% laid down in Section 3.2.1(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.**

(4) The limit of 10% laid down in Section 3.2.1(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, amounts 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 items (3) and (4) shall not be included in the calculation of the limit of 40% in item (2).

The limits set out in items (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 these Sections 3.2.3(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 member State of the OECD 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.**

#### 3.2.4 Extension of certain risk spreading limits

- (1) Without prejudice to the limits laid down in Section 3.2.5., the limits provided in Sections 3.2.3(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 item (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.

#### 3.2.5 Investment restrictions

- (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 Section 3.2.5 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 Sections 3.2.3(1) to (5), Sections 3.2.5(1) and (2) as well as Section 3.2.4.

### 3.2.6 Investments in other UCITS and UCIs

- (1) Unless otherwise provided for a relevant Compartment in its Appendix, 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 Section 3.2.1(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 Section 3.2.1(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 Sections 3.2.3(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 maximum management fee (excluding any performance fee, if any) charged to the Compartment and each of the UCITS or other UCIs concerned will not exceed 2% (the management fee of the underlying Compartments will vary between 0% and 2%) of the assets under management.

- (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.

### 3.2.7 Borrowing and lending restrictions – Leverage restrictions – Prohibited investments

- (1) The Company may not borrow for the account of any Compartment amounts more than 10% of the net assets of that Compartment, any such borrowings to be from banks and to be affected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back-to-back loans. For avoidance of doubt loans cannot be considered as assets as referred to in Article 41 (1) and (2) (a) of the Law and the Company must not invest in loans.
- (2) The Company may not grant loans to or act as guarantor on behalf of third parties.  
  
This restriction shall not prevent the Company from acquiring transferable securities, money market instruments or other financial instruments referred to in Sections 3.2.1(c), (e) and (f) which are not fully paid.
- (3) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- (4) The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.
- (5) The Company may not acquire either precious metals or certificates representing them.
- (6) The Company may not invest in structured products (including but not limited to securitized assets such as asset-backed securities (ABS) and mortgage-backed securities (MBS)), except in P-Notes and in certificates.
- (7) The Company may not invest in contingent securities structured under the form of contingent convertible bonds (CoCos).

### 3.2.8 Exemption from certain limits – Cross-investments

- (1) The Company is not required to comply with the limits laid down above when exercising subscription rights attached to transferable securities or money market instruments which form part of the assets of a relevant Compartment. While ensuring observance of the principle of risk spreading, recently created Compartments may derogate from Sections 3.2.3(1) to (5), Section 3.2.4. as well as Sections 3.2.6(1) and (2) for a period of six months following the date of their creation.
- (2) If the limits referred to in Section 3.2.8(1) 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 Sections 3.2.3(1) to (5), Section 3.2.4 as well as Section 3.2.6.

3.2.9 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 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;
- (5) there is no duplication of management/subscription or repurchase fees between those at the level of the Compartment of the Company having invested in the target Compartment, and this target Compartment.

### 3.3 **Financial Derivative Instruments**

As specified in Section 3.2.1(e) above, the Company may in respect of each Compartment invest in financial derivative instruments.

The Company shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its net assets. The exposure is calculated considering the current value of the Underlying Assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Each Compartment may invest in financial derivative instruments within the limits laid down in Section 3.2.1(e), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Sections 3.2.3(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 Section 3.2.3. When a transferable security or money market instrument embeds a derivative, the latter must be considered when complying with the requirements of this restriction.

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.

### 3.4 **SFTs and TRS**

The Company is not authorised to enter any securities financing transaction (**SFR**) as defined under SFTR or enter total return swaps (**TRS**) or other financial derivative instruments with similar characteristics. Should the Company decide to enter this type of operations in the future, the Prospectus will be updated accordingly.

### 3.5 **Management of collateral and collateral policy**

3.5.1 Where the Company enters OTC derivative transactions or is using efficient portfolio management techniques, all collateral used to reduce the counterparty risk exposure should always comply with the following criteria and with ESMA Guidelines on ETFs and other UCITS issues, as revised from time to time as well as applicable circulares released by the CSSF in this context:

- (1) 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 by the Company should also comply with the provisions of Section 3.2.5;
- (2) Valuation – collateral received by the Company 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;
- (3) Issuer credit quality – collateral received should be of high quality (i.e., with an investment grade rating);
- (4) 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;
- (5) 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 respected if the Company receives from the counterparty in an efficient portfolio management transaction or in a transaction on OTC derivative a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. Where the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to determine the 20% limit of exposure to a single issuer; and
- (6) Risk management – risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
- (7) In case of title transfer, the collateral received by the Company should be held by the Depository. 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;

- (8) Collateral received by the Company should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty;
- (9) Non-cash collateral received by the Company should not be sold, re-invested, re-used or pledged; and
- (10) Cash collateral received by the Company should only be:
  - (b) placed on deposit with entities prescribed in Section 3.2.1(d);
  - (c) invested in high-quality government bonds;
  - (d) used for the purpose of reverse repo transactions, provided the transactions are made 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;
  - (e) Invested in short-term money market funds.

### 3.5.2 Haircut policy

- (1) The Company applies a haircut policy depending on the type of assets received as collateral in accordance with ESMA Guidelines on ETFs and other UCITS issues as well as the circulars released by the CSSF in this context.
- (2) Eligible collateral can only consist of assets of high quality, be diversified and liquid. Collateral will be valued daily based on market prices and by considering the haircuts. The haircut policy considers a variety of factors depending on the nature of collateral, such as the credit quality of the issuer, the maturity, the currency, the price volatility and, where applicable, the results of stress-tests in normal and exceptional liquidity conditions.
- (3) No haircut will be applied on cash collateral unless it is received in a currency different from the Reference Currency of the relevant Compartment.
- (4) Non-cash collateral will only be accepted if it does not have a high volatility.
- (5) The following haircut policy will be applied on collateral:
  - 20% on shares and/or convertible bonds which are comprised in a main index;
  - 15% on debt and debt-related securities issued by a non-governmental issuer; and
  - 10% on cash deposits in a currency other than the currency of exposure.
- (6) The value of non-cash collateral received is at least 100% of the counterparty risk value.

## 4. RISK-MANAGEMENT PROCESS

The Management Company employs 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 including CSSF circular 18/698, 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 the Value-at-Risk (VaR) or commitment approach to monitor and measure the global exposure as further specified for each Compartment in the applicable Appendix.

## **5. RISK WARNINGS**

### **5.1 General**

The following is a general description of several risk factors which may affect the value of Shares. Please also refer to the applicable Section on additional risk factors of a relevant Compartment in the applicable Appendix. The description of the risk factors below is not, nor is it intended to be, exhaustive. What factors will be of relevance to a particular Compartment will depend upon several interrelated matters including, but not limited to, the nature of the Shares issued by the Compartment and the Compartment's investment strategy.

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

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 invested in the relevant Compartment. Due to the various commissions and fees which may be payable on 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.

### **5.2 Risks relating to investing in units/shares of UCI/UCITS**

Investments made by the Company in the units/shares of UCI/UCITS, including investments by certain compartments of the Company in units/shares of other compartments of the Company, expose the Company to risks arising from financial instruments which these UCI/UCITS hold in the portfolio as described above. Some risks are, however, specific to the holding by the Company of UCI/UCITS units/shares. Some UCI/UCITS made have recourse to leverage effects either by the usage of derivative instruments or by the usage of lending. The usage of leverage effects increases the volatility of the price of these UCI/UCITS and therefore the risk of the loss of capital. Most of these UCI/UCITS also stipulate the option of temporarily suspending redemption under specific circumstances of an exceptional nature. Investments made in the units/shares of UCI/UCITS may accordingly present a liquidity risk which is higher than investing directly in a portfolio of transferable securities. On the other hand, investing in the units of UCI/UCITS allows the Company to gain access in a flexible and efficient way to various professional management styles and to diversify its investments. If a compartment invests primarily through UCI/UCITS it must

ensure that its UCI/UCITS portfolio has the appropriate liquidity characteristics to allow it to meet its own redemption obligations.

Investing in the units/shares of UCI/UCITS may involve a duplication of certain costs in the sense that in addition to the costs deducted at the level of the compartment in which an investor is invested, the investor in question is subject to a portion of the costs deducted at the level of the UCI/UCITS in which the compartment is invested. The Company offers investors a choice of portfolios which may present a different degree of risk and therefore, in principle, a long-term overall prospective yield in relation to the degree of risk accepted.

The investor will find the degree of risk of each class of shares offered in the Key Investor Information Document.

The higher the risk level, the longer the investor should intend to invest and be prepared to accept the risk of a significant loss of the capital invested.

### 5.3 **General market risks**

Risk of a general nature which affects all types of investment. The trends in the prices of the transferable securities and other instruments is principally determined by the trends on the financial markets as well as the economic performance of the issuers themselves, as affected by the general situation on the world economy, and by the economic and political conditions prevailing in their countries.

### 5.4 **Risks relating to equities markets**

The risks associated with investing in equities and related instruments encompass significant fluctuations in prices, negative news about the issuer or the market and the subordinated nature of the shares compared with the bonds issued by the same company. The fluctuations are also often amplified in the short term. The risk that one or more companies will suffer a downturn or fail to grow can have a negative impact on the performance of the overall portfolio at a given time.

Some compartments may invest in initial public offerings (**IPOs**). In this case, there is a risk that the price of the newly floated share may see greater volatility because of factors such as the absence of an existing public market, non-seasonal transactions, the limited number of securities that can be traded and the lack of information about the issuer.

Compartments investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over very short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react more violently to variations in their profit growth

### 5.5 **Risk relating to investing in bonds, debt securities, fixed-income products (including high yield stocks) and convertible bond**

For compartments which invest in bonds or other debt securities, the value of these investments will depend on market interest rates, quality of credit of the issuer and liquidity considerations. The net asset value of a compartment investing in debt securities will fluctuate in line with interest rates, the perception of the credit quality of the issuer, the liquidity of the market and foreign exchange rates (when the investment currency differs from the reference currency of the compartment holding this investment). Some compartments may invest in high yield debt securities when the level of return is possibly relatively high compared with investing in high-quality debt securities. However, the risk of

depreciation and of incurring losses of capital on such debt securities held will be higher than for lower yield debt securities.

Investing in convertible bonds has a sensitivity to the fluctuations in the prices of the underlying equities („equity component” of the convertible bond) while offering some form of protection of some of the capital („bond floor” of the convertible bond). The higher the equity component is, the weaker the capital protection. As a consequence, a convertible bond that has experienced a significant rise in its market value as a result of the rise of the underlying equity price will have a risk profile which is closer to that of a share. On the other hand, a convertible bond that has experienced a fall in its market value up to its bond floor because of the fall of the price of the underlying shares price will have from this level a risk profile close to that of a traditional bond.

Convertible bonds, like other types of bonds, are subject to the risk that the issuer may not be able to meet its obligations in terms of the payment of interest and/or redemption of the capital on maturity (credit risk). The perception by the market of the increase in the probability of occurrence of this risk for a given issuer results in a sometimes-considerable fall in the market value of the bond and therefore the protection offered by the bond content of the convertible bond. The bonds are also exposed to the risk of a fall in the market value following a rise in the reference interest rates (interest rate risk).

## 5.6 Risks relating to P-notes

Certain compartments may invest in Participation Notes (**P-Notes**) or certificates which are structured products.

P-Notes are issued by banks or broker-dealers and are designed to offer a return linked to the performance of a particular underlying equity security or market. P-Notes can have the characteristics or take the form of various instruments, including, but not limited to, certificates or warrants. The holder of a P-Note that is linked to a particular underlying security is entitled to receive any dividends paid in connection with the underlying security. However, the holder of a P-Note generally does not receive voting rights as it would if it directly owned the underlying security. P-Notes constitute direct, general, and unsecured contractual obligations of the banks or broker-dealers that issue them, which therefore subject the compartments investing in P-Notes to counterparty risk. Investments in P-Notes involve certain risks in addition to those associated with a direct investment in the underlying foreign securities or foreign securities markets whose return they seek to replicate. For instance, there can be no assurance that the trading price of a P-Note will equal the value of the underlying foreign security or foreign securities market that it seeks to replicate. Compartments investing in P-Notes are relying on the creditworthiness of the counterparty issuing the P-Note and have no rights under a P-Note against the issuer of the underlying security. Therefore, if such counterparty were to become insolvent, the relevant compartments would lose their investment. The risk that these compartments may lose their investments due to the insolvency of a single counterparty may be amplified to the extent the compartments purchase P-Notes issued by one issuer or a small number of issuers. P-Notes also include transaction costs in addition to those applicable to a direct investment in securities. In addition, the compartments' use of P-Notes may cause the compartments' performance to deviate from the performance of the portion of the Index to which the compartments are gaining exposure using P-Notes.

Due to liquidity and transfer restrictions, the secondary markets on which P-Notes are traded may be less liquid than the markets for other securities, which may lead to the absence of readily available market quotations for securities in the compartments' portfolios and may cause the value of the P-Notes to decline. The ability of the compartments to value their securities becomes more difficult and the judgment in the application of fair value

procedures may play a greater role in the valuation of the compartments' shares due to reduced availability of reliable objective pricing data. Consequently, while such determinations will be made in good faith, it may nevertheless be more difficult for the compartments to accurately assign a daily value to such securities.

## **5.7 Risks relating to derivative instruments**

Within the framework of the investment policy described in each of the Appendices for the Compartments, the Company may make use of derivative financial instruments. These instruments may not only be used for the purposes of hedging, but also form an integral part of the investment strategy to optimise returns. Usage of these derivatives financial instruments may be limited by the market conditions and regulations applicable and may involve risks and costs to which the compartment which uses them would not have been exposed if it had not used these instruments. The risks inherent to the usage of options, contracts in foreign currencies, swaps, futures contracts and options relating to thereto include in particular: (a) the fact that the success depends on the accuracy of the analysis of the manager(s) or sub-manager(s) of the portfolio in terms of the performance of interest rates, the prices of transferable securities and/or money market instruments as well as foreign currency markets; (b) the existence of an imperfect correlation between the price of the options, futures contracts and options relating thereto and the movements of the prices of transferable securities, money market instruments or foreign currencies hedged; (c) the fact that the expertise needed to use these derivative financial instruments is different to the expertise needed to select securities for the portfolio; (d) the possibility of a non-liquid secondary market for a specific instrument at a given moment; and (e) the risk that a compartment is unable to buy or sell a security in the portfolio during at the right times or the need to sell an asset in the portfolio under unfavourable conditions. If a compartment carries out a swap transaction it exposes itself to a counterparty risk. The usage of derivative financial instruments also carries a risk due to their leverage effect. This leverage effect arises from investing a modest capital sum to buy derivative financial instruments compared with the cost of directly acquiring the underlying assets. The higher the leverage effect, the greater the variation in price of the derivative financial instrument in the event of the fluctuation in the price of the underlying assets compared with the subscription price set in the conditions for the derivative financial instrument. The potential and the risks of these instruments therefore increases in parallel to the growth of the leverage effect. Lastly there is no guarantee that the objective of these derivative financial instruments will be achieved.

## **5.8 General risks relating to investing in emerging markets**

In emerging markets, legal, judicial, and regulatory infrastructure is still developing and there is legal uncertainty both for local market participants and their counterparties. Some markets carry significant risks for investors who should therefore ensure that, before investing, they understand the relevant risks and are satisfied that an investment is suitable. Such risks may include (i) increased risk of nationalisation, expropriation of assets, forced mergers of companies, creation of government monopolies, confiscatory taxation or price controls; (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, low trading volumes and smaller capitalisation of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for any major currency and/or restriction on the buying or selling by foreign investors; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in accounting, auditing and financial reporting standards, methods, practices and disclosures which may result in the unavailability or incompleteness or tardiness of material information about issuers; (x) less extensive regulation of the securities markets;



(xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xii) less protection through registration of assets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders and (xiv) less formalised procedures for corporate actions (no central source of identification, no formal notification) and proxy voting.

At present, investments in Russia are subject to greater risks regarding the ownership and custodianship of Russian transferable securities. It is possible that the ownership and the custody of transferable securities is only represented by records in the books of the issuer or the holder of the register, which is not an agent or liable to the custodian. No certificates representing the title of ownership in the transferable securities issued by Russian companies will be held by the custodian or by a local correspondent of the custodian or by a central custodian. Due to these market practices and the absence of regulation and effective controls, the Company may lose its status as the owner of the transferable securities issued by Russian companies because of fraud, theft, destruction, negligence, loss, or disappearance of the transferable securities in question. In addition, due to market practices, it is possible that Russian transferable securities will need to be deposited with Russian institutions which do not always having an adequate guarantee to cover the risk of losses arising from the theft, destruction, loss, or disappearance of the securities held in custody.

#### **5.9 Investing in frontier markets**

In frontier markets, legal, judicial, and regulatory infrastructure is still developing and there is legal uncertainty both for local market participants and their overseas counterparts. Frontier markets are differentiated from emerging markets in that frontier markets are less economically developed than emerging markets. Some markets carry significant risks for investors who should therefore ensure that, before investing, they understand the relevant risks and are satisfied that an investment is suitable. The following statements are intended to summarize some of the risks in emerging markets and frontier markets countries, but are not exhaustive, nor do they offer advice on the suitability of investments. Such frontier markets are qualified as Regulated Markets.

#### **5.10 Political risks**

Political risks are generally high in those countries in which the Company will be investing. The implications of these political risks may involve a change of the current government as a result of political upheaval, social unrest, rioting, civil war, terrorism or war. The Company will endeavour to reduce these political risks by spreading its investments over multiple countries.

#### **5.11 Risks pertaining to legislation and regulations**

Rapid amendment of legislation and regulations is typical of the environment in which the Company will be investing. The amendment of legislation and regulations may have negative consequences for the Company's investments (those it requires or others). In this respect, one might consider restrictions on the repatriation of invested funds and dividends, and on foreign currencies, as well as changes to local tax legislation. It is impossible to predict the precise consequences any future amendment of legislation or regulations (concerning tax or anything else) may have for the Company and its Shareholders.

Although many countries have a legal system (which is relatively young in some cases), in practice there may be confusion as to its interpretation. In addition, existing legislation is regularly amended. In these circumstances it may be difficult or impossible for the Company to legally protect and exercise the rights it has based on its investments.

#### 5.12 **Risks related to accounting practices**

The accounting and audit systems may not accord with international standards.

Even when reports have been brought into line with international standards, they may not always contain correct information.

Obligations of companies to publish financial information may also be limited.

#### 5.13 **Shareholders' risks**

Existing legislation may not yet be adequately developed to protect the rights of minority shareholders.

There is generally no concept of fiduciary duty to shareholders on the part of management.

There may be limited recourse for violation of such shareholders' rights as pertain.

#### 5.14 **Country risks**

Many countries where a Compartment may be exposed to can be described as so-called "frontier markets". The most important characteristic of a frontier market is that periods of excessive growth may alternate with intervals during which a severe economic downturn occurs. In many respects frontier markets are usually less developed than established emerging markets. Where progressive development occurs, the frontier stage usually precedes the emerging phase. Political instability and considerable disparity of wealth in the various countries may cause social unrest. Usually, there is limited correlation (interconnection) between the various countries. In general, the various markets experience economic cycles independently of each other, which may be influenced to a greater or lesser extent by, for example, fluctuating raw material prices, foreign exchange rates, trade, inflation and government intervention.

#### 5.15 **Settlement risk/counterparty risk**

There is a risk that a contracting party may be unable to comply with its financial obligations, with the result that receivables may have to be written off. Because purchases and sales involving the underlying instruments are settled using the normal system of transfer upon payment, in respect of which the clearing houses, in principle, guarantee payment or delivery, this is a limited risk.

However, not all African countries use the system of transfer upon payment. In those cases, the broker's solvency (during the settlement period) is very important.

In addition, because of different postal and banking systems it is not always possible to guarantee that disbursements, including any dividends and tax credits, can be collected in full or on time.

The Company will endeavor to limit the settlement risks by employing a rigorous procedure for the selection of local and international brokers.

#### 5.16 **Price movement and performance risks**

Factors affecting the value of securities in some markets cannot easily be determined.

Investment in securities in some markets carries a high degree of risk and the value of such investments may decline or be reduced to zero.

### 5.17 **Concentration risk**

Depending on the conditions on the financial markets at the time of the investment and/or the prospects offered by these markets, investments of the Company's compartments may be concentrated in one or more countries, geographical regions, economic sectors, classes of assets, types of instruments or currencies, such that these compartments may be more impacted in the event of economic, social, political or fiscal events affecting the countries, geographical regions, economic sectors, classes of assets, types of instruments or currencies in question.

### 5.18 **Interest rate risk**

The value of an investment may be affected by fluctuations in interest rates. Interest rates may be influenced by numerous factors or events such as monetary policy, discount rates, inflation etc. Investors are advised that a rise in interest rates results in a decrease in the value of the investments in bond instruments and debt securities.

### 5.19 **Credit risk**

This is the risk that may result from the deterioration in the credit rating of an issuer of bonds or debt securities and therefore likely to reduce the value of investments. This risk is connected to the ability of an issuer to honour its debts.

The downgrading of the rating of an issue or an issuer may result in a fall in the value of the debt securities in question in which the compartment is invested. Bonds or debt securities issued by entities with a low rating are as a rule considered to have a higher credit risk and probability of default of the issuer than issuers with higher ratings. If an issuer of bonds or debt securities finds itself in financial or economic difficulties, the value of the bonds or debt securities, which may be reduced to zero, and the payments made in respect of these bonds or debt securities, which may be reduced to zero, may be affected by this.

### 5.20 **Foreign exchange risk**

If a Compartment has assets denominated in currencies which other than its Reference Currency, it may be affected by any fluctuations in foreign exchange rates between its Reference Currency and such other currencies or by any change in foreign exchange controls. If the currency in which a share is denominated appreciates against the Reference Currency of the Compartment, the equivalent value of the security in this Reference Currency will appreciate. Conversely if the same currency depreciates, this will result in the depreciation of the equivalent value of the security.

If the Compartment carries out hedging transactions against foreign exchange risk, it cannot be guaranteed that such transactions will be fully effective.

### 5.21 **Liquidity risk**

There is a risk that the investments made by any Compartment may become illiquid due to an excessively restricted market, often reflected by a very wide bid-ask spread or large movements in prices, or if their rating falls, or if the economic situation deteriorates. Consequently, it may not be possible to be sell or buy these investments quickly enough to prevent or reduce as much as possible a loss in the compartments. Lastly there is a risk that securities trading on a narrow market segment, such as the small cap companies' market, may fall prey to a high degree of price volatility. As the Compartments investing in emerging markets invest a high proportion of their assets in emerging-market securities which tend to be less liquid than those of developed markets, investors should consider a shareholding in

these compartments to be a long-term investment and be aware that it may not always be possible to make redemption payments within the usual time frame.

#### 5.22 **Counterparty risk**

When entering over-the-counter contracts, the Company may be exposed to risks relating to the solvency of its counterparties and their ability to meet the conditions of these contracts. The Company may therefore enter futures, options and swap contracts or use other derivatives techniques which each will present the risk to it that the counterparty will not meet its commitments under the respective contract.

#### 5.23 **Inflation risk**

The value of an investment may be subject to inflation risk to various degrees depending on the type of securities or financial instruments.

The purchasing power of the currency of a given country falls as inflation rises.

Some securities such as bonds pay a set nominal rate. The „actual rate” is calculated by deducting inflation from this nominal rate. Consequently, the higher the inflation rate, the lower the actual rate which results in a fall in the value of the bond.

#### 5.24 **Custodial risks**

Any assets, financial instruments and liquid assets entrusted to a custodian may be lost as a result of insolvency, negligence or fraud on the part of this custodian or a delegated custodian (sub-custodian) appointed by the latter.

In most countries, where a custodian and/or its appointed sub-custodian go bankrupt, the relevant securities will not be treated as part of its assets and will therefore be retained by the Company, because a separate depository company has custody of them in most cases, while the sub-custodian’s parent company stands surety for the securities that have been entrusted to it.

The Company will endeavour to reduce the custodial risks by adopting a rigorous procedure for the selection of sub-custodians (local and otherwise) and by selecting parties whose parent company will stand surety for them. This selection procedure has been delegated to the Depository.

#### 5.25 **Sustainability Risks**

Many economic segments and industries where a relevant Compartment may invest or be otherwise exposed to may be subject to Sustainability Risks. Factors driving sustainability risks include changes in law, regulations, industry standards, consumer preference and influence from media, social groups and non-governmental organisations.

The occurrence of Sustainability Risks may have a material impact on the operations, the financial and the business model of an issuer of securities which have been directly or indirectly acquired by one of the Compartments. The value and/or the income of such a security may decrease which will ultimately have an adverse impact on the performance of the Compartments.

## 5.26 **Risk to lose invested capital**

The Company does not provide Investors with any guarantee against the loss of the invested capital. Accordingly, Investors bear the risk of the loss of some or all of their investment in the Company.

## 5.27 **Tax risks**

Investors should bear in mind that the (i) product of the sale of securities on certain markets or the collection of dividends or other income may be or may become subject to duties, taxes, rights or other costs or charges imposed by the authorities of this market, including the deduction of taxation at source and/or (ii) the compartment's investments may be subject to specific taxes or charges imposed by the authorities of certain markets. Taxation laws as well as the practice of certain countries in which the compartment invests or may invest in the future are not clearly established. Consequently, it is possible that the current interpretation of the legislation or the understanding of a practice may change, or that the legislation may be amended with backdated effect. It is therefore possible that the compartment may be subject to additional taxation in such countries although such taxation was not anticipated on the date of this Prospectus or on the date on which the investments were made, valued or sold.

## 5.28 **Risks related to epidemic/pandemic or natural disasters**

Any occurrence of force majeure events, natural disasters, or outbreak of epidemics or pandemics, such as the 2019 novel coronavirus (COVID-19), SARS, H5N1 and H7N9 avian flu, H1N1 swine flu, Ebola, depending on their scale, may cause material disruptions to business operations of the Company and its service providers, which may in turn cause delays in distributions to Investors. These events could also have a material effect on general economic conditions and market liquidity, which may in turn adversely affect the financial performance of the Company and its assets.

## 5.29 **Risks related to FATCA**

FATCA Rules being particularly complex, the Company cannot accurately assess the extent of the requirements that FATCA provisions will place upon it.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax on US FDAP 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 because of FATCA, the value of Shares held by all Shareholders may be materially affected.

## **6. SUBSCRIPTION, REDEMPTION AND CONVERSION OF SHARES**

### **6.1 General rules**

Unless otherwise provided for a specific Compartment in the relevant Appendix, requests for subscription, redemption and conversion of Shares should be submitted to the Administration Agent at the registered address of the Company. Requests may be accepted by facsimile transmission or, at the discretion of the Company, by any other means of communication including emails. The applicable form will be provided by the Company.

Unless otherwise provided for a specific Compartment in the relevant Appendix, requests for subscription, redemption or conversion of Shares will be dealt with as of the applicable Valuation Day, provided the request has been received prior to the cut-off time specified for

each Compartment in the applicable Appendix. Requests received after this cut-off time will be dealt with as of the next Valuation Day.

Requests for subscription, redemption and conversion of Shares shall be dealt with on an unknown net asset value basis, i.e., before the determination of the net asset value for that day.

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

## **6.2 Restrictions on market timing and late trading**

The Company may reject or cancel any subscription or conversion request to comply with CSSF circular 04/146 relating to the protection of UCIs and their investors against late trading and market timing practices.

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

The Company and the Board of Directors cannot be held liable for any loss resulting from rejected requests or mandatory redemption.

Furthermore, the Company will ensure that the relevant cut-off time for requests for subscription, redemption or conversion of Shares are complied with and will therefore take all adequate measures to prevent practices known as late trading.

## **6.3 Subscription, redemption and conversion of Shares through nominees**

The Company may enter into an agreement with the distribution agent entitling the distribution agent 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 proceed with the subscription, redemption and conversion of Shares in the nominee's name on behalf of the Investor and request the registration of these transactions on the register of Shareholders in the nominee's name.

The appointed nominee maintains its own records and provides the Investor with individualised information as to its holdings of Shares. Except where local law or custom prohibits this 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 these Shares.

## **6.4 Deferral of redemptions and conversion of Shares**

If the total requests for redemption and conversion of Shares within any Compartment as of 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 amounting more than 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.

#### **6.5 Settlement of Shares**

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 opened.

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 affected upon receipt of original documentation.

#### **6.6 Minimum subscription and holding amounts – Restrictions on owning Shares**

A minimum initial and subsequent subscription amount and minimum holding amounts for each Class may be set forth, as further detailed in the applicable Appendix. 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 affected.

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 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.

Shareholders are required to notify the Company immediately if 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. 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 in accordance with the provisions of the Articles. For the purpose of the above, „US Person” shall have the meaning given in Regulation S under the U.S. Securities Act of 1933, as amended, and shall mean any national, citizen or 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).

## **6.7 Subscription of Shares**

Subscriptions for Shares can be made as of any calendar day that is a Valuation Day. Shares will be allotted at the subscription price of the relevant Class within the relevant Compartment (i.e., as of the net asset value per Share of this Class within the relevant Compartment) as determined on the applicable Valuation Day on which the request has been accepted.

The subscription amount may be increased by subscription fee. The Appendix applicable to the Compartment will disclose the maximum amount of the subscription charge.

Any subscription request are irrevocable.

Failure to make the required payment for the subscription of Shares within the delay determined for each Compartment in the applicable Appendix may result in the Company bringing an action against the defaulting Investor or its intermediary and to deduct any costs or losses incurred by the Company against existing holdings of this Investor in the Company. Money which 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.

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

The Company reserves the right to accept or refuse any subscription of Shares in whole or in part. The Company may also limit the distribution of Shares of a relevant 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 has the right to compulsorily redeem these Shares 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.

## **6.8 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, applicable CSSF Regulations and circulars of the



supervising authority, and relevant Grand Ducal Regulations, 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 in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent, Management Company and Fund may require subscribers to provide any document deemed necessary to comply with its legal regulatory obligations.

More generally the Fund and its registrar agent shall be able to require any documentation from subscriber that it deems necessary to comply with any law and regulations applicable to the Fund, and in particular, the CRS and FATCA Rules.

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

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for conversion) will not be accepted or, if applicable, redemption proceeds will be delayed. In the case of a failure or delay providing any of the documents and information requested in the context of ensuring compliance of the Fund, the Fund may also be entitled to force the redemption of the Shares. Neither the undertakings for collective investment, Management Company 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. No interest will be paid by the Management Company or the undertaking for collective investment in case of a delay or processing deals in such circumstance.

## 6.9 **Redemption of Shares**

Requests for the redemption of Shares can be made on any day that is a 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.

The Company 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.

Redemption payments will normally be paid in the Reference Currency of the Class by bank transfer within 4 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 Compartment, it will be disclosed in the relevant Appendix to the Prospectus. The Company is entitled to receive the redemption charge (if any).

Shares redeemed by the Company become null and void.

#### 6.10 **Conversion of Shares**

Subject to any provision under this Prospectus and its Appendix, 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.

#### 6.11 **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, sales agent or 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.

#### 6.12 **Swing Pricing**

A Compartment may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or conversions in and out of the Compartment. This is known as “dilution”.

In order to counter this and to protect shareholders’ interests, the Board of Directors may apply “swing pricing” as part of its valuation policy. This will mean that in certain

circumstances the Board of Directors may make adjustments in the calculations of the Net Asset Values per share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

If on any Valuation Day the aggregate transactions in shares of a Compartment result in a net increase or decrease of shares which exceeds a threshold set by the Board of Directors from time to time for that Compartment (relating to the cost of market dealing for that Compartment), the Net Asset Value of the Compartment will be adjusted by an amount (not exceeding 2% of that Net Asset Value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Compartment and the estimated bid/offer spread of the assets in which the Compartment invests. The adjustment will be an addition when the net movement results in an increase of all shares of the Company and a deduction when it results in a decrease.

Currently the swing pricing may apply to all the Compartments of the Company, that is to say:

- TCM Global Frontier High Dividend Equity
- TCM Vietnam High Dividend Equity
- TCM Africa High Dividend Equity
- TCM Global Emerging High Dividend Equity

## **7. DISTRIBUTION POLICY**

The Board of Directors may decide to issue Classes of any type within each Compartment, at the option of the Shareholders. The following type of Classes of shares may be issued for the Compartments currently offered for subscription:

- distribution type shares denominated in the Compartment's reference currency, which, in principle, entitle their holder to receive a dividend.
- capitalisation type shares denominated in the Compartment's reference currency, which, in principle, do not entitle their holder to receive a dividend, but the amount attributable to the holder from the amount to be distributed is capitalised in the Compartment to which these capitalisation shares belong.

In case distributing Classes of shares, the Board of Directors may decide to distribute interim dividends either in the form of cash in the relevant currency or in the form of reinvestment by the purchase of Shares of the same Class.

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.

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

## **8. MANAGEMENT AND ADMINISTRATION**

### **8.1 Board of Directors**

The Board of Directors is vested with the widest powers to act in any circumstances in the name of the Company, subject to any powers explicitly granted by law or by the Company's Articles to its general meeting of Shareholders.

The Board of Directors is responsible for managing the business of the Compartments in issue, for the control of the Company's operations as well as specifying and implementing the Company's investment policy. The Board of Directors may delegate, under its control and responsibility, the day-to-day management of the Company.

## 8.2 Management Company

The Company has appointed Fuchs Asset Management S.A. (the **Management Company**) to serve as its designated management company within the meaning of article 27 of the Law pursuant to the management company services agreement entered with effect as of 31 March 2022 (the **Management Company Agreement**). The Management Company Agreement has been entered for an undetermined period and may be terminated by either party upon serving to the other a three (3) months' prior written notice.

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

- Portfolio management and risk management services whereby portfolio management is delegated to the Investment Manager;
- Central administration, registrar, and transfer agency services whereby these services are delegated to the Administrator; and
- Distribution services.

The Management Company is authorized under by Chapter 15 of the Law. The rights and duties of the Management Company are further laid down in articles 107 et seq. of the Law. The Management Company must always act honestly and fairly in conducting its activities in the best interest of the Shareholders and in conformity with the Law, the Prospectus, and the Articles.

The Management Company is a public limited liability company (*société anonyme*) under Luxembourg Law with registered office at 49, boulevard Prince Henri, L-1724 Luxembourg, Grand-Duchy of Luxembourg. The Management Company is registered with the RCSL under B 188.359.

The Management Company is vested with the day-to-day administration of the Company. In fulfilling its duties as set forth by the Law and the Management Company Agreement, the Management Company is authorised, for the purpose of more 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 with respect to the Company 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 shall remain liable to the Company in respect of all matters so delegated.

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

In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes to ensure an 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, the Prospectus and the agreement entered into with the relevant third party service provider.

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 authorisations required to carry out the functions delegated to them.

The Management Company elaborated a remuneration policy dealing with each category of employees, including the management, the risk takers, the members of the control functions, and any employee who, due to his/her global remuneration, is in a remuneration range like those of the management and the risk takers whose professional activities have a significant impact on the risk profiles of the Management Company or the Company.

The rules set forth in this remuneration policy are compatible with a healthy and efficient management of the risks, endeavour such management and do not encourage risk taking that would neither be compatible with the risk profiles of the Company or its Articles, nor with the duty of the Management Company to act in the best interest of the Company.

The updated remuneration policy of the Management Company including, inter alia, a description of the calculation method applied to determine the remuneration and the advantages, the identity of the persons responsible for the attribution of the remuneration and the advantages, is available on <https://www.fuchsgroup.com/references-reglementaires/>. A hardcopy of the remuneration policy can be obtained free of charge upon request at the registered office of the Management Company.

### 8.3 **Investment Manager**

The Management Company, with the consent of the Company and the CSSF, has delegated under its supervision and responsibility, the portfolio management function of the Compartments to TRUSTUS Capital Management B.V. (the **Investment Manager**) pursuant to an investment management agreement effective as 31 March 2022 (the **Investment Management Agreement**) which terminated and restated previous the investment management agreement which was effective as of 27 September 2017. This Investment Management Agreement is entered into for an unlimited period and may be terminated by either party upon three (3) months written notice.

The Investment Manager is a Dutch investment management company authorised by the Netherlands Authority for the Financial Markets (AFM).

For its services as Investment Manager shall receive remuneration paid out of the Company's assets as detailed in Section 9 and in the applicable Appendix of the relevant Compartment.

### 8.4 **Administration Agent**

With the consent of the Company, the Management Company has appointed CACEIS Bank, Luxembourg Branch (the **Administration Agent**) as the registrar, transfer agent and administrator of the Company pursuant to the central administration services agreement effective as of 31 March 2022 (the **Central Administration Services Agreement**) which terminated and restated the previous central administration services agreement which was effective as from 27 September 2017.

The Central Administration Services Agreement has been concluded for an indefinite duration and may be terminated by either party in writing with three (3) months' notice.

In its capacity as central administrator, the Administration Agent shall notably perform the calculation of the net asset value of the Shares for each existing Class and Compartment, management of accounts and the preparation of the annual and semi-annual financial statements and execute all tasks required under the Central Administration Services Agreement.

In its capacity as transfer and registration agent, the Administration Agent shall reconcile subscription, redemption and conversion applications and keep and maintain the register of Shareholders. In such capacity it is also responsible for supervising anti-money laundering measures in accordance with the AML Regulations. The Administration Agent may request documents necessary for the identification of investors.

For its services, the Administrative Agent shall receive a remuneration paid out of the Company's assets as detailed in Section 9 and in the Appendix of the relevant Compartment.

## 8.5 **Global Distributor**

The Management Company will act as global distributor of the Company. The Management Company may delegate at its own responsibilities such marketing functions as it deems appropriate to any other sub-distributor (the **Sub-Distributor(s)**) permitted to be a distributor of the Shares by the competent authority in the jurisdiction of the relevant Sub-Distributor(s).

The Management Company and any appointed Sub-Distributor will take the necessary measures to prevent late trading and market timing practices in compliance with all requirements of the CSSF.

Remunerations paid to the Management Company and, where applicable, the Sub-Distributors are disclosed in Section 9 and in the Appendix of the relevant Compartment.

## 8.6 **Depository and Paying Agent**

CACEIS Bank, Luxembourg Branch is acting as the Company's depository (the **Depository**) in accordance with the relevant provisions of the Law a depository agreement effective as of 31 March 2022 (the **Depository Agreement**) which terminated and restated the previous depository agreement which was effective as of 27 September 2017.

CACEIS Bank acting through its Luxembourg branch is a public limited liability company (*société anonyme*) incorporated under the laws of France with a share capital of 440,000,000 EUR, having its registered office at 1-3, place Valhubert, F-75013 Paris, France and registered 692 024 722 with RCS Paris. It is an authorised credit institution supervised by the European Central Bank (ECB) and the *Autorité de contrôle prudentiel et de résolution* (ACPR). It is furthermore 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 Depository Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depository.

The Depository has been entrusted with the custody and/or recordkeeping of the Compartment's assets, and it shall fulfil the obligations and duties provided for by Part I of the Law. In particular, the Depository shall ensure an effective and proper monitoring of the Company's cash flows.

In accordance with the UCITS Rules, the Depositary shall:

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

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 Law and the UCITS Directive, the Depositary may, under certain conditions, entrust part or all 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 and 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 and 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 on the website of the Depositary, as mentioned above, and 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' 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:

- (i) Identifying and analysing potential situations of conflicts of interest; and
- (ii) 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, 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 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 90 (ninety) calendar 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.

The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments. The Depositary acts as 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.

## **9. CHARGES AND EXPENSES**

The Company shall bear the following expenses:

- (i) All taxes payable on assets, income and expenses chargeable to the Company;
- (ii) Standard brokerage fees and bank charges originating from the Company's transactions in relation to the portfolio of each Compartment;
- (iii) Fees and expenses for the Board of Directors, the Depositary and the correspondent banks, the Management Company (including costs related to risk management and investment compliance monitoring activities, the activity as global distributor and the costs related to the production and update of the KIIDs, as further detailed in the Management Company Agreement), the Investment Manager, the Administration Agent (including for acting as the domiciliary agent), the Auditor, any sub-paying agent and representatives in foreign countries, legal and tax advisors and any other service provider appointed for the Company;
- (iv) 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;
- (v) All expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- (vi) All expenses incurred in connection with its operation and its management (e.g., insurance and interests) including all extraordinary and irregular expenses which may normally be incurred by the Company;
- (vii) Expenses arising from the provision of analytical material or research services – to be noted that the Investment Manager shall comply with the inducement provisions under Directive 2014/65/EU and corresponding delegated acts and regulations, in particular, article 13.1 of Commission Delegated Directive (EU) 2017/593 which requires that the provision of research by third parties to the Investment Manager



shall not be regarded as an inducement if payment is made from a research payment account (**RPA**) controlled by the Investment Manager, provided the following conditions relating to the operation of the account are met:

- The research payment account is funded by specific research charge to the Compartment;
- As part of establishing a RPA and agreeing the research charge with the Compartment, the Investment Manager sets and regularly assesses a research budget as an internal administrative measure;
- The Investment Manager is held responsible for the RPA; and
- The Investment Manager regularly assesses the quality of the research purchased based on robust quality criteria and its ability to contribute to better investment decisions.

Where the Investment Manager makes uses of the RPA, it shall provide the following information to the Company for each Compartment:

- Information about the budgeted amount for research and the amount of the estimated research charge; and
- Annual information on the total costs incurred for third party research.

Further details regarding the obligations of the Investment Manager in relation to the RPA are set out in Article 13 of the Commission Delegated Directive (EU) 2017/593.

- (viii) All expenses incurred for the dissolution and the liquidation of the Company.

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. The costs for the constitution of the Company will be amortized during a period of five (5) years and will be charged to the Compartments which will be initially launched. Further incorporated Compartments will only bear the initial costs relating to their own launching.

The Company, except as otherwise provided in the Appendix for a relevant Compartment, shall pay out of the assets of each Compartment fees which shall cover the remuneration of the Management Company, the Investment Manager, the Administration Agent and the Depositary as further described in the relevant Appendix.

## **10. PERFORMANCE FEE**

Unless otherwise stated for a relevant Compartment or Class in the applicable Appendix, the Performance Fee will be charged within each Class of each Compartment at the rate indicated in the applicable Appendix.

The Performance Fee will be calculated as follows:

- (i) The outperformance versus the Benchmark is calculated (a) from the day where the Compartment or the Class is launched respectively (b) as from the day where the last Performance Fee has been charged to the relevant Compartment or Class (the **Performance Fee Period**).

- (ii) A Performance Fee should only be payable in circumstances where a positive performance has been accrued during the performance reference period, being the time horizon over which the performance is measured and compared with that of the reference indicator, i.e. the relevant Benchmark indicated in relation of a Compartment, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset (the **Performance Reference Period**).
- (iii) To that end, the Performance Reference Period will be the whole life of the relevant Compartment such the basis for the Performance Fee calculation will not be reinitiated and any underperformance will be brought forward for the purpose of the calculation of the Performance Fee of the next Financial Year and any underperformance previously incurred should be recovered before a Performance Fee becomes payable.
- (iv) **The Performance Fee may be payable in case of negative performance of the Net Asset Value per Share during the Performance Fee Period where the Net Asset Value per Share is greater than the performance of the Benchmark during the Performance Fee Period.**
- (v) The Performance Fee is calculated on each Trading Day net of any costs on the unswung Net Asset Value and placed in a reserve to be charged within the relevant Class of the relevant Compartment. Where applicable, the payment of the Performance Fee takes place once a year at the end of the financial year.
- (vi) In case Shares are redeemed or converted during the Performance Fee Period for the relevant Compartment or Class, the Administration Agent will, as from 1 January 2022, adjust the calculation of the Performance Fee to consider the redemption of the Shares during the applicable Performance Fee Period.
- (vii) In case of liquidation of a Compartment, as provided under Section 12.7 below, the Performance Fee Period shall end at the date on which such liquidation has been decided. In case of merger of a Compartment, as provided under Section 12.7 below, the Performance Fee Period shall end at the date on which such merger shall become effective.

**Summary of Key elements of the Performance Fee of each Compartment:**

<i>Reference indicator</i>	Benchmark (as indicated in the relevant Appendix for the relevant Compartment)
<i>Performance Reference Period</i>	For each Compartment, the whole life of the fund
<i>Performance Fee Rate</i>	An annual variable fee of 10% of the outperformance of the Benchmark (as indicated in the relevant Appendix for the relevant Compartment)
<i>Computation Frequency</i>	Daily
<i>Crystallisation Frequency</i>	Annual (at the year-end)

The below is an example of the calculation of the Performance Fee:

	Gross Assets	Outstanding Shares	Gross Asset Value	NAV Reference = Published NAV	Benchmark performance	Benchmark Reference	Benchmark Variation in %	Theoretical NAV to achieve	GAV / Theoretical NAV Spread	Performance Fee Accrual 10%
<b>T</b>	10.000.000,00	100.000,00	100,00	100,00	300,00	300,00	n/a	n/a	n/a	n/a
<b>T+1</b>	11.000.000,00	100.000,00	110,00	100,00	330,00	300,00	0,10	110,00	0,00	n/a
<b>T+2</b>	11.500.000,00	100.000,00	115,00	100,00	340,00	300,00	0,13	113,33	1,67	16.666,67
<b>T+3</b>	12.000.000,00	100.000,00	120,00	114,83	350,00	340,00	0,03	118,21	1,79	17.892,16
<b>T+4</b>	11.500.000,00	100.000,00	115,00	119,82	340,00	350,00	-0,03	116,40	-1,40	n/a
<b>T+5</b>	10.000.000,00	100.000,00	110,00	119,82	320,00	350,00	-0,09	109,55	0,45	4.493,00
<b>T+6</b>	9.000.000,00	100.000,00	115,00	109,96	325,00	320,00	0,02	111,67	3,33	33.268,82
<b>T+7</b>	8.000.000,00	100.000,00	125,00	114,67	350,00	325,00	0,08	123,49	1,51	15.121,26
<b>T+8</b>	9.000.000,00	100.000,00	130,00	124,85	360,00	350,00	0,03	128,42	1,58	15.841,04
<b>T+9</b>	10.000.000,00	100.000,00	125,00	129,84	370,00	360,00	0,03	133,45	-8,45	n/a
<b>T+10</b>	11.000.000,00	100.000,00	120,00	129,84	360,00	360,00	0,00	129,84	-9,84	n/a

Please note that the above example is for illustrative purposes only and there is no guarantee that any Class will achieve these returns.

In case of liquidation of the Sub-Fund, the performance period shall end at the date on which such liquidation has been decided. In case of merger of any Compartment, the performance period shall end at the date on which such merger shall become effective.

Where the appointment of the Investment Manager is terminated before the end of the applicable performance period, the Performance Fee in respect of this performance period will be calculated as though the effective day of termination was the end of the performance period.

## **11. TAX ASPECTS**

THE TAX AND OTHER MATTERS DESCRIBED IN THIS SECTION DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO INVESTORS. INVESTORS ARE REQUIRED TO CONSULT THEIR OWN COUNSEL REGARDING TAX LAWS AND REGULATIONS OF ANY OTHER JURISDICTION WHICH MAY BE APPLICABLE TO THEM.

### **11.1 Luxembourg**

Unless otherwise provided by the Law, the Company's assets are subject to a subscription tax (*taxe d'abonnement*) in Luxembourg of 0.05% p.a. on net assets (and 0.01% p.a. on total net assets in case of Compartments or Classes reserved to institutional investors), payable quarterly.

The Company's income is not taxable in Luxembourg. Income received from the Company may be subject to withholding taxes in the country of origin of the issuer of the security, in respect of which such income is paid. No duty or tax is payable in Luxembourg in connection with the issue of Shares of the Company.

Under current legislation, Shareholders are not subject to any capital gains, income, withholding, or other taxes in Luxembourg with respect to their investment in the Shares, except for (i) those Shareholders resident of, or established in Luxembourg, or having a permanent establishment or permanent representative in Luxembourg, or (ii) the FATCA Withholding (as defined below).

### **11.2 EU tax considerations for individual residents in the EU or in certain third countries or dependent or associated territories**

Pursuant to the Common Reporting Standard (**CRS**), participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions based on common due diligence and reporting procedures. The CRS has been implemented in the EU by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014 (the **Administration Cooperation Directive**). The Administration Cooperation Directive was implemented in Luxembourg by the law of 18 December 2015 (the **CRS Law**). The Company is required to comply with the CRS due diligence and reporting requirements, as set forth in the CRS Law. Investors may be required to provide additional information to the Company to enable the Company to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory termination of its interest in the Company.

The Company may take such action as it considers necessary in accordance with applicable law in relation to an investor's holding to ensure that any withholding tax payable by the Company, and any related costs, interest, penalties and other losses and liabilities suffered

by the Company, the Administrative Agent, the Management Company, the Investment Manager, or any other investor, or any agent, delegate, employee, director, officer or affiliate of any of the foregoing persons, arising from such investor's failure to provide the requested information to the Company, is economically borne by such investor.

### 11.3 **Foreign Account Tax Compliance Act (FATCA)**

The Company is obliged to comply with the provisions of FATCA under the terms of the Model 1 Intergovernmental Agreement (the **IGA**) signed between the U.S. and the Grand Duchy of Luxembourg and under the terms of Luxembourg legislation implementing the IGA. Under the IGA, the Company will be required to collect information aiming to identify its direct and indirect Investors that are "Specified US Persons" for FATCA purposes ("*reportable accounts*"). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities that will exchange that information on an automatic basis with the IRS.

The schedules for implementing the IGA and the detailed implementation rules have not yet been finalised. The information that may be required to be collected and disclosed by the Company is thus uncertain and subject to change. The Company however generally intends to comply with the provisions of the IGA to be deemed compliant with FATCA and should thus not be subject to the 30% withholding tax (the **FATCA Withholding**) with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company.

To ensure compliance with the regulations relating to FATCA and the provisions of the IGA, the Company may (i) require any Investor to furnish all information and documentary evidence to ascertain the Investor's FATCA status, (ii) report information concerning a Shareholder to the Luxembourg tax authorities if such account is deemed a reportable account (the Investors waive insofar, if applicable, any conflicting rules on banking secrecy data-protection) and report payments to certain entities, (iii) provide information to third parties to allow these to make an applicable FATCA Withholding and (iv) all in accordance with the regulations relating to FATCA and the IGA.

The aforesaid shall apply in relation to other withholding taxes accordingly. In addition, the Company may also require any Investor to pay amounts to the Company to comply with its FATCA Withholding and other withholding tax obligations. Finally, amendments may be made to this Prospectus to address the implementation of tax regulations including regulations relating to FATCA and the IGA, and compliance with such tax regulations may increase the Company's operating expenses.

Even though the Company generally intends to comply with any obligations imposed on it under the regulations relating to FATCA to avoid the imposition of FATCA Withholding, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to FATCA Withholding because of non-compliance with these regulations, the value of Shares may be materially affected.

### 11.4 **Other jurisdictions**

Interest, dividend, and other income realised by the Company on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will pay since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.

It is expected that Shareholders may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the tax consequences for each prospective investor of subscribing, converting, holding, redeeming, or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile, or incorporation and with his or her personal circumstances.

#### 11.5 **Future changes in applicable law**

The foregoing description of Luxembourg tax consequences of an investment in, and the operations of, the Company is based on laws and regulations which are subject to change through legislative, judicial, or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Shareholders to increased income taxes.

### 12. **GENERAL INFORMATION**

#### 12.1 **Organisation**

The Company is an investment company with variable capital (*société d'investissement à capital variable*) organised as a public limited liability company (*société anonyme*) under the Part I of the Law. The Company has been incorporated on 27 September 2017 and registered with the RCSL under number B 218.442. The Articles have been published on 12 October 2017 in the *Recueil des Sociétés et Associations*. The Articles have been filed with the RCSL.

The minimum share capital of the Company is one million two hundred and fifty thousand euros (EUR 1,250,000.00) or its equivalent in another currency. The minimum share capital must be reached within a period of six months from the approval of the Company.

#### 12.2 **Shares**

Shares will be issued in registered form. Fractional entitlements to Shares will be rounded to four decimal places. 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 Section 12.5 (Allocation of Assets and Liabilities among the Compartments).

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 any General Meeting. Shares redeemed by the Company will be cancelled.

Should the Shareholders, at the 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. 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 the Law.

#### 12.3 **General Meetings**

The annual General Meeting will be held at the registered office of the Company in Luxembourg on the third Tuesday of April of each year. If such a day is not a Business Day, the annual General Meeting will be on the following day which is a Business Day.

Notices will be sent to the Shareholders recorded in the register of the shares of the Company by post at least 8 (eight) calendar days prior to the General Meeting at the addresses indicated

in the register of shares. Such notices will include the agenda and will specify the time and place of the General Meeting and the conditions of the admission to the General Meeting. They will also refer to the rules of quorum and majorities required 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 and in the Articles.

Each Share confers its holder the right to one vote. The vote on the payment of a dividend within a relevant Class requires a separate majority vote from the General Meeting of this Class.

Any change the rights of a Compartment must be approved by a resolution of the Shareholders of the Compartment concerned.

Attention is draw on the fact that an Investor will only be able to fully exercise the shareholder's rights directly against the Company, notably the right to participate in General Meetings, if the Investor is registered directly as a shareholder in the register of shares of the Company. In cases where an Investor invests in the Company through an intermediary and where the latter is recorded as a shareholder in the register of shares, it may in principle not be possible for the Investor to exercise the shareholder's rights directly against the Company.

#### 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 and its first accounting year ended 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) 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 of Shares**

The net asset value 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 may decide from time to time by dividing the net assets of the Company attributable to each Compartment by the number of outstanding Shares of that Compartment.

The Administration Agent calculates the net asset value per Share in each Compartment on the Calculation Day.

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,
- 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;.
- 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
- 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.



Furthermore, in the case of a Compartment being a feeder of another master UCITS or Compartment of a UCITS, the 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.

In case of suspension of the calculation of the net asset value and of the issue, redemption, and conversion of shares for reasons as stated above for a period of more than three days, a notice shall be published in a daily newspaper in Luxembourg and in another newspaper generally circulating in jurisdictions in which the Company is registered.

Such suspension as to any class of shares shall have no effect on the calculation of the net asset value per share, the issue, redemption, and conversion of shares of any other class of shares.

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

12.6.1 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;

all other assets of what type or composition, including prepaid expenses.

12.6.2 The value of such assets is fixed as follows:

- (1) Investment funds are valued at their last available net asset value.
- (2) Liquid assets are valued at their nominal value plus accrued interest.
- (3) Securities or financial instruments admitted for official listing on a Regulated Market are valued based on 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.

- (4) Unlisted securities or financial instruments are valued based on 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.
- (5) Any other assets are valued based on 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.
- (6) OTC derivative financial instruments must be value at their «fair value» in accordance with relevant ESMA Guidelines and applicable CSSF Circulars.
- (7) If 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 pro-per valuation of the total assets of each Compartment.

12.6.3 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 of the Management Company, the Administration Agent, the Investment Manager, 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) 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 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.

12.6.4 For the valuation within the scope of Section 12.6, the following applies:

- (1) Shares that are redeemed in accordance with Section 6.9 shall be treated as a liability of the Company for the account of the relevant Compartment; and
- (2) All investments that are not in the currency of the relevant Class shall be converted at the exchange rate applicable as of the day of the calculation of net asset value by taking into consideration their market value; and
- (3) As of each Valuation Day, all purchases and sales of securities which were contracted by the Company for any Compartment must be included in the valuation, to the extent possible.

## 12.7 **Merger or Liquidation of Compartments**

The Board of Directors may decide to liquidate any Compartment if a change in the economic or political situation relating to the Compartment concerned would justify such liquidation or if required by the interests of the Shareholders of any of the Compartments concerned. 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, they may continue to request redemption or conversion of their Shares based on the applicable net asset value, considering the estimated liquidation expenses. 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.

Under the same circumstances as provided above, the Board of Directors may decide to terminate any Compartment by merger into another Compartment or into another undertaking for collective investment registered under Part I of the Law (the **new Compartment**). Such decision will be notified to Shareholders in the same manner as described in the preceding paragraph and, in addition, the notification will contain information in relation to the new Compartment in accordance with the Law and related regulations. Such notification will be made at least 30 calendar days before the last day for requesting the redemption or conversion of the Shares, free of charge.

Termination of a Compartment by compulsory redemption of its Shares or its merger with another Compartment or with another undertaking for collective investment registered under Part I of the Law, in each case for a reason other than those mentioned in the preceding paragraph, may be effected only upon its prior approval by the Shareholders of the Compartment to be terminated or merged, at a duly convened Compartment's Shareholders meeting which may be validly held without a quorum and decide by a simple majority of the Shareholders of the relevant Compartment present or represented.

## 12.8 **Liquidation of the Company**

The Company is incorporated for an unlimited period. Liquidation of the Company is subject to the decision of the extraordinary General Meeting.

Such General 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. The General Meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting. If the net assets fall below one fourth of the minimum capital, the dissolution may be resolved by Shareholders holding one fourth of the Shares at this General Meeting.

The liquidation shall be carried out in accordance with the provisions of the Law.

The net liquidation proceeds of each Compartment shall be distributed to the Shareholders of the relevant Compartment in proportion to their respective holdings.

Amounts which could not be distributed to the Shareholders at the closing of liquidation are deposit with the *Caisse de Dépôt et de Consignation* in Luxembourg.

## 12.9 **Important contractual arrangements**

The following contracts have been entered by the Company or for the benefit of the Company:

- (1) The Management Company Agreement between the Company and Fuchs Asset Management S.A., pursuant to which the latter acts as the management company of the Company. The Management Company Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.
- (2) The Depositary Agreement between the Company and CACEIS Bank, Luxembourg Branch pursuant to which the latter was appointed depositary. The Depositary Agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice.
- (3) The domiciliary services agreement between the Company and CACEIS Bank, Luxembourg Branch pursuant to which the latter was appointed domiciliary agent of the Company. This agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice.
- (4) The Central Administration Services Agreement between the Company, Fuchs Asset Management S.A., and CACEIS Bank, Luxembourg Branch pursuant to which the latter acts as administrative agent, registrar, and transfer agent of the Company. The Central Administration Services Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.
- (5) The Investment Management Agreement between the Company, Fuchs Asset Management S.A. and TRUSTUS Capital Management B.V. pursuant to which the latter acts as investment manager for the Company's portfolios. The Investment Management Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.

## 12.10 **Data Protection**

In accordance with the EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC accompanied with any implementing legislation applicable to them (together, the **Data Protection Regulation**), personal data of investors (including prospective investors) and of other individuals (including, but not limited to, directors, managers, agents and other representatives or employees of the investors) (the **Data Subject**) whose personal information collected and provided to the Company and the Management Company in the context of the investor's investments in the Company may be stored on computer systems by electronic means or other means and processed by the Company and the Management Company as data controller, and may be processed in certain circumstances by third party

service providers acting as their delegates such as the central administration, as a data processor of the Company and the Management Company.

In certain circumstances, delegates of the Company acting as data processor may however also act as data controller if processing personal data for the purposes of complying with their own legal and regulatory obligations (including in the context of their own AML and KYC related processes).

The Company and the Management Company are committed to protecting the personal data of the Data Subjects, and have taken all necessary steps, to ensure compliance with the Data Protection Regulation in respect of personal data processed by them in connection with investments made into the Company.

This includes (non-exclusively) actions required in relation to information about processing of your personal data and consent mechanisms; procedures for responding to requests to exercise individual rights; contractual arrangements with suppliers and other third parties; security measures; arrangements for overseas data transfers and record keeping and reporting policies and procedures.

Personal data shall have the meaning given in the Data Protection Regulation and includes (non-exclusively) any information relating to an identified or identifiable individual, such as the investor's name, address, invested amount, the investor's individual representatives names as well as the name of the ultimate beneficial owner, where applicable, and such investor's bank account details.

Personal data will be processed to facilitate the investments in the Company and its ongoing management and administration such processing of subscriptions, redemptions and conversions, and will also be processed in compliance with the legal obligations under Luxembourg law (such as applicable fund law and commercial company law, prevention of terrorism financing and anti-money laundering legislation, prevention and detection of crime, tax law) and all other laws and regulations as may be issued by the European competent authorities, where necessary for the purposes of the Company's or their delegates' legitimate interests

Personal data provided directly by Data Subjects during their relationship with the Company, in particular their correspondence and conversation with the Company, or their delegates may be recorded, and processed in compliance with Data Protection Regulation.

The Company or their delegates may share the personal data to their affiliates and to other entities which may be located outside the EEA. In such case they will ensure that the personal data are protected by appropriate safeguards.

In compliance with the Data Protection Regulation, Data Subjects have certain rights including the right to access their personal data, the right to have incomplete or inaccurate personal data corrected, the right to object to and to restrict the use of the personal data, the right to require the deletion of their personal data, the right to receive their personal data in a structured, commonly used and machine-readable formatted and to transmit those data to another controller. Data Subjects may address any request to the registered office of the Company, 5, allée Scheffer, L-2520 Luxembourg, or to the Data Protection Officer (**DPO**).

Data Subjects have the right to raise any question or lodge a complaint about the processing of their personal data with the relevant data protection authority.

The personal data are not kept for longer than is necessary for the purposes for which they are processed.

When subscribing to the Shares, each investor will be informed of the processing of his/her personal data (or, when the investor is a legal person, of the processing of such investor's individual representatives and/or ultimate beneficial owners' personal data) via a data protection notice which will be made available in the application form issued by the Company to the Investors or on the website of the Management Company. This data protection notice will inform the investors about the processing activities undertaken by the Company, the Management Company and their delegates in more details.

#### 12.11 **Documents**

Copies of the contracts mentioned under Section 12.9 are available for inspection, and copies of the Articles, the current Prospectus, the KIID for the Compartments and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the Company in Luxembourg.

#### 12.12 **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 on [www.fuchsgroup.com](http://www.fuchsgroup.com).

#### 12.13 **Disclosure under SFDR and Taxonomy Regulation**

##### (a) **Principal adverse impact statement under SFDR**

While the Management Company generally considers certain Sustainability Risks in its activity, the Management Company does currently not evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to all UCIs and AIFs managed by the Management Company given the overall difficulties in collecting the necessary information including those from delegates and advisers and the resources required to put in place the necessary processes.

##### (b) **Classification under SFDR**

While certain Sustainability Risks are considered in the investment decision making process by the Investment Manager in accordance with article 6.1 of SFDR, no sustainability-related characteristics are promoted for the Compartments in the meaning of article 8 of SFDR and none of the Compartments has currently sustainability as its investment objective in the meaning of article 9 of SFDR.

It is generally considered that investments made by the Compartments are not substantially affected by Sustainability Risks and that other risk factors have a much higher impact on the performance of the investments and the Compartments. Investors should furthermore note that it is very difficult to assess Sustainability Risks on investments with any reasonable level of certainty.

##### (c) **Environmentally sustainable economic activity under the Taxonomy Regulation**

Article 7 of the Taxonomy Regulation applies to the Fund. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainability economic activities.

## **APPENDIX TO THE PROSPECTUS - COMPARTMENTS**

The Compartments are the following:

- TCM Global Frontier High Dividend Equity
- TCM Vietnam High Dividend Equity
- TCM Africa High Dividend Equity
- TCM Global Emerging High Dividend Equity

All foregoing shall apply to each of the Appendices unless otherwise stated in a relevant Appendix.

In case of discrepancy or any inconsistency between provisions contained in the general part of the Prospectus and the relevant Appendix, the provisions of that Appendix shall ever prevail over those of general part of the Prospectus.

## APPENDIX 1

### TCM Global Frontier High Dividend Equity

#### 1. INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT

The objective of the Compartment is to offer investors the opportunity to invest in an actively and professionally managed portfolio of listed companies from the Frontier Market Universe with an attractive dividend yield. The Compartment primarily aims to generate a long-term return more than the benchmark, the MSCI Frontier Markets Total Return Net Index (Bloomberg code MSEUFMSN, the **Benchmark**), comprising capital gains or losses plus net dividend.

The assets of the Compartment (excluding cash and cash equivalents) will be invested, either directly or, on an ancillary basis, using financial derivative instruments, in equity and equity equivalent securities issued by listed companies such as GDR, ADR or P notes. Issuers of the securities may be in any country, including Emerging and Frontier Markets. GDR and ADR are securities with no derivative characteristics.

Financial derivatives instruments may be used for hedging and/or investment management purposes.

Short term money market instruments and deposits with credit institutions may be held on an ancillary basis.

In accordance with the investment restrictions contained in the general part of the Prospectus, the Compartment may not invest more than 10% of its total net assets in UCITS or other UCIs.

The Compartment may invest in assets denominated in any currency and currency exposure may be hedged.

Loans to finance the portfolio, as well as borrowing and lending of securities is not permitted.

Frontier Markets are markets which are at an early stage of economic development. Examples of countries from the current Frontier Market Universe in which the Compartment could invest are Argentina, Bangladesh, Croatia, Kenya, Kazakhstan, Kuwait, Sri Lanka, Mauritius, Nigeria, Pakistan, Romania, Oman, Ukraine, Egypt, and Vietnam.

The portfolio is compiled from a selection of countries and shares based on a number of quantitative and qualitative screenings. The Investment Manager, under normal circumstances, creates a portfolio with the following additional criteria:

- Maximum weight per country of 20% of the Compartment's NAV;
- Maximum weight per sector of 30% of the Compartment's NAV, (the GICS Sector (level 1) methodology to categorize stocks into 1 of the 10 different sectors will be applied). The GICS Sector means the Global industry Classification Standard developed by MSCI Limited; and
- Maximum weight GCC (Cooperation Council for the Arab States of the Gulf) of 35% of the Compartment's NAV.

#### 2. PROFILE OF THE TYPICAL INVESTOR

The Compartment may be suitable as a supplemental investment for those:

- interested in a convenient way of gaining exposure to international Frontier equity markets;
- seeking long-term growth of their investment (7 years or longer);



- who can bear the possibility of significant losses, especially in the short term; and
- who have experience with the risks and rewards of equity investing.
- who have experience with the risks linked to investments made on Frontier Markets.

### 3. BENCHMARK REGULATION

The Benchmark Regulation came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all benchmark administrators providing indices which are used or intended to be used as benchmarks in the European Union to be authorised or registered by the competent authority. In respect of investment funds, the Benchmark Regulation prohibits the use of benchmarks unless they are produced by an EU administrator authorised or registered by the ESMA or are non-EU benchmarks that are included in ESMA’s public register under the Benchmark Regulation’s third country regime.

In accordance with the provisions of article 28-2 of the Benchmark Regulation, the Management Company has produced and maintained a robust written plan setting out the actions that they would take if a benchmark materially changes or ceases to be provided. The plan is available free of charge at the registered office of the management company upon request.

In accordance with the provisions of the Benchmark Regulation, the following benchmark is used to calculate the performance fees for the Investment Manager:

At the date of this Prospectus, MSCI Limited benefits from the transitional arrangements afforded under the Benchmark Regulation and accordingly does not appear on the public register of administrators and benchmarks maintained by ESMA pursuant of Article 36 of the Benchmark Regulation, unless and until the EU grants the UK “equivalence” or until MSCI Limited is granted “endorsement” or “recognition”.

Benchmark	Administrator of the Benchmark	Registered in the Register of Administrators held by the ESMA
MSCI Frontier Market Total Return Net Index	MSCI Limited	No

### 4. REFERENCE CURRENCY

The reference currency of the Compartment is EUR.

### 5. FORM OF SHARES AND CLASSES

Class	A Class (Accumulation)	B Class (Income)	BD Class (Accumulation)	AD Class (Accumulation)	BDN Class (Income)
Type	Capitalisation	Distribution	Capitalisation	Capitalisation	Distribution
Investor Restriction	Restricted to institutional investors		Restricted to retail investors	No restrictions	Restricted to TCM Global Frontier High Dividend Equity (ISIN code NL0010278073)
Currency	EUR				

<b>Minimum Subscription</b>	EUR 3 million	EUR 20	EUR 5,000
<b>Minimum holding</b>	EUR 3 million	EUR 20	EUR 5,000
<b>Minimum subsequent Subscription</b>	EUR 200	EUR 10	EUR 200
<b>Launch Date</b>	24 May 2018		
<b>Valuation Day</b>	Each Business Day		
<b>Cut-off Time</b>	10:00 a.m. CET on each Valuation Day		
<b>Redemption Settlement Day</b>	3 Business Days cob following Valuation Day		
<b>Subscription Settlement Day</b>	3 Business Days cob following Valuation Day		
<b>Initial Price</b>	EUR 100		
<b>Investment Management Fee for the Investment Manager</b>	An annual variable fee of 1% based on the net assets of the Compartment	An annual variable fee of 2% based on the net assets of the Compartment	An annual variable fee of 1.4% based on the net assets of the Compartment
<b>Performance Fee for the Investment Manager</b>	An annual variable fee of 10% of the outperformance of the Benchmark, the MSCI Frontier Market Total Return Net Index.  For further details, please refer to Section 10.		
<b>Global Distribution Fee</b>	An annual variable fee of up to 1% based on the net assets of the Company charged on a pro rata basis to the Compartment  (a percentage of the Global Distribution Fee can be paid to sub-distributors)	Not applicable	Not applicable –  The Classes qualify as "clean share classes"
<b>Management Company Fee</b>	An annual variable fee up to 0.06% based on the net assets of the Company combined with a fixed minimum fee of 4,000 EUR subject to a minimum of 30,000 EUR for the whole Company charged on a pro rata basis to the Compartment without prejudice to the other costs and fees due to the Management Company as set out in Section 9.		
<b>Administration Fee</b>	Up to 0.025% based on the net assets of the Company charged on a pro rata basis to the Compartment with a minimum of 5,000 EUR for the Compartment		
<b>Depositary Fee</b>	Up to 0.015%		
<b>Subscription Fee</b>	Up to 0.5%		
<b>Redemption Fee</b>	Up to 0.5%		
<b>Conversion Fee</b>	Up to 0.25%		
<b>Global Exposure Calculation Methodology</b>	<p>In accordance with applicable regulations, the Management Company is using a risk-management process which enables to monitor and always measure the risks associated with the Compartment's investments and their contribution to the overall risk profile of the Compartment.</p> <p>The commitment approach is used for the Compartment to monitor and measure its global exposure. This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting and hedging.</p>		

	The Compartment' total commitment to financial derivative instruments, limited to 100% of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and hedging.
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## **6. SPECIFIC MARKET RISKS**

### **Developments in financial markets**

There is a risk that one or more stock exchanges of the Frontier Markets Universe or specific sectors will fall in value as a result of an adverse economic outlook, the unfavourable performance of foreign currencies or some other negative reports, which may have a harmful impact on market sentiments. As a result of this, it is to be expected that the value of any warrants that are the subject of investment will be adversely affected, which could lead to a decline in the value of the Shares.

Given the nature of the investments in so-called "frontier markets" (this stage usually precedes that of the "emerging market" phase) and the rather considerable risks associated with them, an investment in this Compartment would only be suitable for those investors who can afford to be exposed to the risk of losing all of their investments.

### **Country risks**

The various countries in which the Compartment will be investing may generally be described as so-called "frontier markets". The most important characteristic of a "frontier market" is that periods of excessive growth may alternate with intervals during which a severe economic downturn occurs. In many respects frontier markets are usually less developed than established "emerging markets". Where progressive development occurs, the "frontier" stage usually precedes the "emerging" stage. Political instability and considerable disparity in wealth in the various countries may cause social unrest. Usually, there is limited correlation (interconnection) between the various countries. In general, the various markets experience economic cycles independently of each other, which may be influenced to a greater or lesser extent by, for example, fluctuating raw material prices, foreign exchange rates, trade, inflation and government intervention.

### **Emerging Markets**

Potential investors should note that investments in emerging markets carry risks additional to those inherent in other investments. In particular, potential investors should note that investment in any emerging market carries a higher risk than investment in a developed market; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards and auditing practices which do not necessarily conform with internationally accepted accounting principles.

## APPENDIX 2

### TCM Vietnam High Dividend Equity

#### 1. INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT

The objective of the Compartment is to offer investors the opportunity to invest in an actively and professionally managed portfolio of listed Vietnamese companies or investment funds focused on Vietnam with an attractive dividend yield. The Compartment primarily aims to generate a long-term return more than the benchmark, the FTSE Vietnam Total Return Net Index (Bloomberg code TFVTTU, the **Benchmark**), comprising capital gains or losses plus net dividend.

The assets of the Compartment (excluding cash and cash equivalents) will be invested, either directly or, on an ancillary basis, using financial derivative instruments, in equity, equity equivalent securities issued by listed companies such as GDR, ADR or P notes and units of UCITS or other UCIs. Issuers of securities may be in any country. GDR and ADR are securities with no derivative characteristics.

Financial derivatives instruments may be used for hedging and/or investment management purposes.

Short term money market instruments and deposits with credit institutions may be held on an ancillary basis.

By derogation to the investment restrictions contained in the general part of the Prospectus, the Compartment may invest up to 30% of its total assets in UCITS or other UCIs.

The Compartment may invest in assets denominated in any currency and currency exposure may be hedged.

Loans to finance the portfolio, as well as borrowing and lending of securities is not permitted.

Frontier Markets are markets which are at an early stage of economic development, Vietnam can be regarded as a Frontier Market. Above average investment risk will be typical of this Compartment because of the choice of the country in which it will invest.

The portfolio is compiled from a selection of shares based on a number of quantitative and qualitative screenings.

#### 2. PROFILE OF THE TYPICAL INVESTOR

The Compartment may be suitable as supplemental investment for those:

- interested in a convenient way of gaining exposure to the Vietnamese equity markets;
- seeking long-term growth of their investment (7 years or longer);
- who can bear the possibility of significant losses, especially in the short term; and
- who have experience with the risks and rewards of equity investing;
- who have experience with the risks linked to investments made in Vietnam.

#### 3. BENCHMARK REGULATION

The Benchmark Regulation came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all benchmark administrators providing indices which are used or intended to be used as benchmarks in the European Union to be authorised or registered by the

competent authority. In respect of investment funds, the Benchmark Regulation prohibits the use of benchmarks unless they are produced by an EU administrator authorised or registered by the ESMA or are non-EU benchmarks that are included in ESMA’s public register under the Benchmark Regulation’s third country regime.

In accordance with the provisions of article 28-2 of the Benchmark Regulation, the Management Company has produced and maintained a robust written plan setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided. The plan is available free of charge at the registered office of the management company upon request.

In accordance with the provisions of the Benchmark Regulation, the following benchmark is used to calculate the performance fees for the Investment Manager:

At the date of this Prospectus, FTSE International Limited benefits from the transitional arrangements afforded under the Benchmark Regulation and accordingly does not appear on the public register of administrators and benchmarks maintained by ESMA pursuant of Article 36 of the Benchmark Regulation, unless and until the EU grants the UK “equivalence” or until MSCI Limited is granted “endorsement” or “recognition”.

Benchmark	Administrator of the Benchmark	Registered in the Register of Administrators held by the ESMA
FTSE Vietnam Total Return Net Index	FTSE International Limited	No

#### 4. REFERENCE CURRENCY

The reference currency of the Compartment is EUR.

#### 5. FORM OF SHARES AND CLASSES

The Share Classes of the Compartment will only be issued in registered form, as further defined in the Prospectus.

Class	A Class (Accumulation)	AD Class (Accumulation)	BD Class (Income)
<b>Category</b>	Capitalisation		Distribution
<b>Investor Restriction</b>	No restrictions		Restricted to TCM Vietnam High Dividend Equity (ISIN Code - NL0006489189)
<b>Currency</b>	EUR		
<b>Minimum Subscription</b>	EUR 20		EUR 5,000
<b>Minimum holding</b>	EUR 20		EUR 5,000
<b>Minimum subsequent Subscription</b>	EUR 10		EUR 200

<b>Launch Date</b>	24 May 2018		
<b>Valuation Day</b>	each Business Day		
<b>Cut-off Time</b>	10:00 a.m. CET on each Valuation Day		
<b>Redemption Settlement Day</b>	3 Business Days cob following Valuation Day		
<b>Subscription Settlement Day</b>	3 Business Days cob following Valuation Day		
<b>Initial Price</b>	EUR 100		
<b>Investment Management Fee for the Investment Manager</b>	An annual variable fee of 2.5% based on the net assets of the Compartment	An annual variable fee of 2% based on the net assets of the Compartment	An annual variable fee of 1.5% based on the net assets of the Compartment
<b>Performance Fee for the Investment Manager</b>	An annual variable fee of 10% of the outperformance of the Benchmark, namely FTSE Vietnam Total Return Net Index  For further details, please refer to Section 10.		
<b>Global Distribution Fee</b>	Not applicable	Not applicable –  The Classes qualify as "clean share classes"	
<b>Management Company Fee</b>	An annual variable fee up to 0.06% based on the net assets of the Company combined with a fixed minimum fee of 4,000 EUR subject to a minimum of 30,000 EUR for the whole Company charged on a pro rata basis to the Compartment without prejudice to the other costs and fees due to the Management Company as set out in Section 9.		
<b>Administration Fee</b>	Up to 0.025% based on the net assets of the Company charged on a pro rata basis to the Compartment with a minimum of 5,000 EUR for the Compartment		
<b>Depositary Fee</b>	Up to 0.015%		
<b>Subscription Fee</b>	Up to 0.5%		
<b>Redemption Fee</b>	Up to 0.5%		
<b>Conversion Fee</b>	Up to 0.25%		
<b>Global Exposure Calculation Methodology</b>	<p>In accordance with applicable regulations, the Management Company is using a risk-management process which enables to monitor and always measure the risks associated with the Compartment's investments and their contribution to the overall risk profile of the Compartment.</p> <p>The commitment approach is used for the Compartment to monitor and measure its global exposure. This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting and hedging.</p> <p>The Compartment' total commitment to financial derivative instruments, limited to 100% of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and hedging.</p>		

## **6. SPECIFIC MARKET RISKS**

### **Developments in financial markets**

There is a risk that the Vietnamese stock exchanges or specific sectors will fall in value as a result of an adverse economic outlook, the unfavorable performance of foreign currencies or some other negative reports, which may have a harmful impact on market sentiment. As a result of this it is to be expected that the value of the financial instruments that are the subject of investment will be adversely affected, which could lead to a decline in the value of the Shares.

Given the nature of investments in so-called “frontier markets” (this stage usually precedes that of the “emerging market” phase) and the rather considerable risks associated with them, an investment in this Compartment would only be suitable for those investors who can afford to be exposed to the risk of losing all of their investments.

### **Country risks**

Vietnam can be characterized as a so-called “frontier market”. The most important characteristic of a frontier market is that periods of excessive growth may alternate with intervals during which a severe economic downturn occurs. In many respects, frontier markets are usually less developed than established emerging markets. Where progressive development occurs, the frontier stage precedes the emerging phase. Political instability and considerable disparity of wealth in the various countries may cause social unrest. Usually, there is limited correlation (interconnection) between the various countries. In general, the various markets experience economic cycles independently of each other, which may be influenced to a greater or lesser extent by, for example, fluctuating raw material prices, foreign exchange rates, trade, inflation, and government intervention.

Exposure to a single country market also increases potential volatility.

### **Emerging Markets**

Potential investors should note that investments in emerging markets carry risks additional to those inherent in other investments. In particular, potential investors should note that investment in any emerging market carries a higher risk than investment in a developed market; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards and auditing practices which do not necessarily conform with internationally accepted accounting principles

## APPENDIX 3

### TCM Africa High Dividend Equity

#### 1. INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT

The objective of the Compartment is to offer investors the opportunity to invest in an actively and professionally managed portfolio of listed African companies with an attractive dividend yield. The Compartment will focus primarily on the African continent, with limited exposure to the South African market.

The Compartment primarily aims to generate a long-term return more than the benchmark, the MSCI Africa ex South Africa Total Return Net Index (Bloomberg code MXFMEAFZ, the **Benchmark**), comprising capital gains or losses plus net dividend.

The assets of the Compartment (excluding cash and cash equivalents) will be invested, either directly or, on an ancillary basis, using financial derivative instruments, in equity and equity equivalent securities issued by listed companies such as GDR, ADR or P notes. Issuers of the securities may be in any country, including Emerging and Frontier Markets. GDR and ADR are securities with no derivative characteristics.

Financial derivatives instruments may be used for hedging and / or investment management purposes.

Short term money market instruments and deposits with credit institutions may be held on an ancillary basis.

In accordance with the investment restrictions contained in the general part of the Prospectus, the Compartment may not invest more than 10% of its total assets in UCITS or other UCIs.

The Compartment may invest in assets denominated in any currency and currency exposure may be hedged.

Loans to finance the portfolio, as well as borrowing and lending of securities is not permitted.

Many African countries are at an early stage of economic development and can be regarded as Frontier Markets. Examples of countries from the current African Universe in which the Compartment could invest are Egypt, Nigeria, Morocco, Ghana, Botswana, Senegal, Mauritius, and Kenya.

The portfolio is compiled from a selection of countries and shares based on a number of quantitative and qualitative screenings. The Investment Manager, under normal circumstances, creates a portfolio with the following additional criteria:

- Maximum weight per country of 40% of the Compartment's NAV; and
- Maximum weight per sector of 40% of the Compartment's NAV. (the GICS Sector (level 1) methodology to categorize stocks into 1 of the 10 different sectors will be applied). The GICS Sector means the Global industry Classification Standard developed by MSCI Limited.

#### 2. PROFILE OF THE TYPICAL INVESTOR

The Compartment may be suitable as supplemental investment for those:

- interested in a convenient way of gaining exposure to African equity markets;
- seeking long-term growth of their investment (7 years or longer);



- who can bear the possibility of significant losses, especially in the short term; and
- who have experience with the risks and rewards of equity investing;
- who have experience with the risks linked to investments made on the African continent

### 3. BENCHMARK REGULATION

The Benchmark Regulation came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all benchmark administrators providing indices which are used or intended to be used as benchmarks in the European Union to be authorised or registered by the competent authority. In respect of investment funds, the Benchmark Regulation prohibits the use of benchmarks unless they are produced by an EU administrator authorised or registered by the ESMA or are non-EU benchmarks that are included in ESMA’s public register under the Benchmark Regulation’s third country regime.

In accordance with the provisions of article 28-2 of the Benchmark Regulation, the Management Company has produced and maintained a robust written plan setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided. The plan is available free of charge at the registered office of the management company upon request.

In accordance with the provisions of the Benchmark Regulation, the following benchmark is used to calculate the performance fees for the Investment Manager :

At the date of this Prospectus, MSCI Limited benefits from the transitional arrangements afforded under the Benchmark Regulation and accordingly does not appear on the public register of administrators and benchmarks maintained by ESMA pursuant of Article 36 of the Benchmark Regulation, unless and until the EU grants the UK “equivalence” or until MSCI Limited is granted “endorsement” or “recognition”.

Benchmark	Administrator of the Benchmark	Registered in the Register of Administrators held by the ESMA
MSCI Africa ex South Africa Total Return Net Index	MSCI Limited	No

### 4. REFERENCE CURRENCY

The reference currency of the Compartment is EUR.

### 5. FORM OF SHARES AND CLASSES

Class	A Class (Accumulation)	AD Class (Accumulation)	BD Class (Income)
Category	Capitalisation	Capitalisation	Distribution
Investor Restriction	No restrictions		Restricted to TCM Africa High Dividend Equity (ISIN Code - NL0006173007)
Currency	EUR		

<b>Minimum Subscription</b>	EUR 20		EUR 5,000
<b>Minimum holding</b>	EUR 20		EUR 5,000
<b>Minimum subsequent Subscription</b>	EUR 10		EUR 200
<b>Launch Date</b>	24 May 2018		
<b>Valuation Day</b>	Each Business Day		
<b>Cut-off Time</b>	10:00 a.m. CET on each Valuation Day		
<b>Redemption Settlement Day</b>	3 Business Days cob following Valuation Day		
<b>Subscription Settlement Day</b>	3 Business Days cob following Valuation Day		
<b>Initial Price</b>	EUR 100		
<b>Investment Management Fee for the Investment Manager</b>	An annual variable fee of 2.5% based on the net assets of the Compartment	An annual variable fee of 2% based on the net assets of the Compartment	An annual variable fee of 1.5% based on the net assets of the Compartment
<b>Performance Fee for the Investment Manager</b>	An annual variable fee of 10% of the outperformance of the benchmark, the MSCI Africa ex South Africa Total Return Net Index  Please refer for further details to Section 10.		
<b>Global Distribution Fee</b>	Not applicable	Not applicable –  The Classes qualify as a "clean share classes"	
<b>Management Company Fee</b>	An annual variable fee up to 0.06% based on the net assets of the Company combined with a fixed fee of 4,000 EUR, subject to a minimum of 30,000 EUR for the whole Company charged on a pro rata basis to the Compartment without prejudice to the other costs and fees due to the Management Company as set out in Section 9.		
<b>Administration Fee</b>	Up to 0.025% based on the net assets of the Company charged on a pro rata basis to the Compartment with a minimum of 5,000 EUR for the Compartment		
<b>Depositary Fee</b>	Up to 0.015%		
<b>Subscription Fee</b>	Up to 0.5%		
<b>Redemption Fee</b>	Up to 0.5%		
<b>Conversion Fee</b>	Up to 0.25%		
<b>Global Exposure Calculation Methodology</b>	In accordance with applicable regulations, the Management Company is using a risk-management process which enables to monitor and always measure the risks associated with the Compartment's investments and their contribution to the overall risk profile of the Compartment.  The commitment approach is used for the Compartment to monitor and measure its global exposure. This approach measures the global exposure related solely to		

	<p>positions on financial derivative instruments under consideration of netting and hedging.</p> <p>The Compartment' total commitment to financial derivative instruments, limited to 100% of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and hedging.</p>
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## 6. SPECIFIC MARKET RISKS

### Developments in financial markets

There is a risk that one or more African stock markets or specific sectors may fall in value as a result of an adverse economic outlook, the unfavorable performance of foreign currencies or some other negative reports which could affect market sentiment. As a result of this it is to be expected that the value of any warrants that are the subject of investment will be adversely affected, which could lead to a decline in the value of the Shares.

Given the nature of investments in so-called "frontier markets" (this stage usually precedes that of the "emerging market" phase) and the rather considerable risks associated with them, an investment in this Compartment would only be suitable for those investors who can afford to be exposed to the risk of losing all of their investments.

### Country risks

The various countries of the African continent (excluding South Africa) in which the Compartment will be investing may generally be described as so-called "frontier markets". The most important characteristic of a frontier market is that periods of excessive growth may alternate with intervals during which a severe economic downturn occurs. In many respects frontier markets are usually less developed than established emerging markets. Where progressive development occurs, the frontier stage usually precedes the emerging phase. Political instability and considerable disparity of wealth in the various countries may cause social unrest. Usually, there is limited correlation (interconnection) between the various countries. In general, the various markets experience economic cycles independently of each other, which may be influenced to a greater or lesser extent by, for example, fluctuating raw material prices, foreign exchange rates, trade, inflation and government intervention.

### Emerging Markets

Potential investors should note that investments in emerging markets carry risks additional to those inherent in other investments. In particular, potential investors should note that investment in any emerging market carries a higher risk than investment in a developed market; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards and auditing practices which do not necessarily conform with internationally accepted accounting principles.

## APPENDIX 4

### TCM Global Emerging High Dividend Equity

#### 1. INVESTMENT OBJECTIVE AND POLICY OF THE COMPARTMENT

The objective of the Compartment is to offer investors the opportunity to invest in an actively and professionally managed portfolio of listed companies from the Emerging Markets Universe with an attractive dividend yield. The Compartment primarily aims to generate a long-term return in excess of the benchmark, the MSCI Emerging Markets Total Return Net Index (Bloomberg code MSDEEEMN, the **Benchmark**), comprising capital gains or losses plus net dividend.

The assets of the Compartment (excluding cash and cash equivalents) will be invested, either directly or, on an ancillary basis, through the use of financial derivative instruments, in equity and equity equivalent securities issued by listed companies. Issuers of the securities may be located in any country, including Emerging and Frontier Markets.

Financial derivatives instruments may be used for hedging and / or investment management purposes.

Short term money market instruments and deposits with credit institutions may be held on an ancillary basis.

In accordance with the investment restrictions contained in the general part of the Prospectus, the Compartment may not invest more than 10% of its total net assets in UCITS / UCIs.

The Compartment may invest in assets denominated in any currency and currency exposure may be hedged.

Loans to finance the portfolio, as well as borrowing and lending of securities is not permitted.

Emerging Markets are broadly defined as nations in the process of rapid growth and industrialization. Often times, these nations are transitioning to an open market economy with a growing working age population. The Fund invests principally in areas experiencing this rapid economic growth including countries in Latin America, Southeast Asia, Africa, Eastern Europe (including Russia) and the Middle East. The Fund may invest its net assets directly in China A and B shares. Examples of the current Emerging Markets Universe are Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Qatar, Peru, Philippines, Poland, Russia, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates. Also countries like Argentina, Hong Kong, Jordan, Kuwait, Saudi Arabia, Singapore and Vietnam are considered Emerging Markets by some of the Emerging Markets index providers.

A portfolio is compiled from a selection of countries and shares based on a number of quantitative and qualitative screenings. The quantitative screenings will focus on the liquidity of the stock, dividend, yield, return on equity and the stability of the balance sheet. The qualitative screenings will focus on a closer look at the result of the quantitative screenings and the fundamental aspects like the company's strategy, ESG, risks and valuation.

All direct Russian investments will be made through the MICEX exchange. If available, the Compartment will invest in Russian shares listed on US or European exchanges through instruments such as so-called ADRs (American Depositary Receipts) and GDRs (Global Depositary Receipts), as per the following:

- Maximum weight per country of 35% of the Compartment's NAV for China;
- Maximum weight per country of 20% of the Compartment's NAV for other countries; and

- Maximum weight per sector of 30% of the Compartment’s NAV (the GICS Sector (level 1) methodology to categorize stocks into 1 of the 10 different sectors will be applied).

The GICS Sector means the Global industry Classification Standard developed by MSCI Limited.

## 2. PROFILE OF THE TYPICAL INVESTOR

The Compartment may be suitable as a supplemental investment for those:

- interested in a convenient way of gaining exposure to Global Emerging equity markets;
- seeking long-term growth of their investment (7 years or longer);
- who can bear the possibility of significant losses, especially in the short term;
- who have experience with the risks and rewards of equity investing; and
- who have experience with the risks linked to investments made on Emerging Markets.

## 3. BENCHMARK REGULATION

The Benchmark Regulation came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all benchmark administrators providing indices which are used or intended to be used as benchmarks in the European Union to be authorised or registered by the competent authority. In respect of investment funds, the Benchmark Regulation prohibits the use of benchmarks unless they are produced by an EU administrator authorised or registered by the ESMA or are non-EU benchmarks that are included in ESMA’s public register under the Benchmark Regulation’s third country regime.

In accordance with the provisions of article 28-2 of the Benchmark Regulation, the Management Company has produced and maintained a robust written plan setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided. free of charge at the registered office of the management company upon request.

In accordance with the provisions of the Benchmark Regulation, the following benchmark is used to calculate the performance fees for the Investment Manager:

At the date of this Prospectus, MSCI Limited benefits from the transitional arrangements afforded under the Benchmark Regulation and accordingly does not appear on the public register of administrators and benchmarks maintained by ESMA pursuant of Article 36 of the Benchmark Regulation, unless and until the EU grants the UK “equivalence” or until MSCI Limited is granted “endorsement” or “recognition”.

Benchmark	Administrator of the Benchmark	Registered in the Register of Administrators held by the ESMA
MSCI Emerging Markets Total Return Net Index	MSCI Ltd	No

## 4. REFERENCE CURRENCY

The reference currency of the Compartment is EUR.

## 5. FORM OF SHARES AND CLASSES

Classes	AA Class (Accumulation)	AB Class (Accumulation)	AC Class (Accumulation)	AD Class  (Accumulation)
Category	Capitalisation	Capitalisation (no distribution fee applicable)		
Investor Restriction	Restricted to institutional investors		Restricted to retail investors	No restrictions
Currency	EUR			
Minimum Subscription	EUR 3 million		EUR 20	
Minimum holding	EUR 3 million		EUR 20	
Minimum subsequent Subscription	EUR 1,000		EUR 10	
Launch Date	25 March 2019			
Valuation Day	Each Business Day			
Cut-off Time	10:00 a.m. CET on each Valuation Day			
Redemption Settlement Day	3 Business Days cob following Valuation Day			
Subscription Settlement Day	3 Business Days cob following Valuation Day			
Initial Price	EUR 100			
Investment Management Fee for the Investment Manager	An annual variable fee of 0.7% based on the net assets of the Compartment		An annual variable fee of 1.5% based on the net assets of the Compartment	
Performance Fee for the Investment Manager	An annual variable fee of 10% of the outperformance of the benchmark, the MSCI Emerging Markets Total Return Net Index  Please refer for further details to Section 10.			
Global Distribution Fee	An annual variable fee of up to 1% based on the net assets of the Company charged on a pro rata basis to the Compartment  (a percentage of the Global Distribution Fee can be paid to sub-distributors)	Not applicable – this Class qualifies as a "clean share class"	Not applicable	Not applicable – This Class qualifies as a "clean share class"
Management Company Fee	An annual variable fee up to 0.06% based on the net assets of the Company combined with a fixed fee of 4,000 EUR, subject to a minimum of 30,000 EUR for the whole Company charged on a pro rata basis to the Compartment without prejudice to the other costs and fees due to the Management Company as set out in Section 9.			

<b>Administration Fee</b>	Up to 0.025% based on the net assets of the Company charged on a pro rata basis to the Compartment with a minimum of 5,000 EUR for the Compartment
<b>Depository Fee</b>	Up to 0.015%
<b>Subscription Fee</b>	Up to 0.2%
<b>Redemption Fee</b>	Up to 0.2%
<b>Conversion Fee</b>	Up to 0.2%
<b>Global Exposure Calculation Methodology</b>	
<p>In accordance with applicable regulations, the Management Company is using a risk-management process which enables to monitor and always measure the risks associated with the Compartment's investments and their contribution to the overall risk profile of the Compartment.</p> <p>The commitment approach is used for the Compartment to monitor and measure its global exposure. This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting and hedging.</p> <p>The Compartment' total commitment to financial derivative instruments, limited to 100% of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and hedging.</p>	

## 6. SPECIFIC MARKET RISKS

### Developments in financial markets

There is a risk that one or more stock exchanges of the Emerging Markets Universe or specific sectors will fall in value as a result of an adverse economic outlook, the unfavourable performance of foreign currencies or some other negative reports, which may have a harmful impact on market sentiments. As a result of this, it is to be expected that the value of any warrants that are the subject of investment will be adversely affected, which could lead to a decline in the value of the Shares.

Given the nature of the investments in so-called "Emerging Markets" and the rather considerable risks associated with them, an investment in this Compartment would only be suitable for those investors who can afford to be exposed to the risk of losing all of their investments.

### Country risks

The various countries in which the Compartment will be investing may generally be described as so-called Emerging Markets. The most important characteristic of a Emerging Market is that periods of excessive growth may alternate with intervals during which a severe economic downturn occurs. In many respects Emerging Markets are far less developed than established Developed Markets. Emerging Markets, from China's economy juggernaut to Hungary's still-developing economy, often share a set of defining characteristics.

**Risk of Investing in Russia.** Investing in Russian securities involves significant risks, in addition to those described under "Risk of Investing in Emerging Markets" and "Non-U.S. Securities Risk" that are not typically associated with investing in U.S. securities, including:

- The risk of delays in settling portfolio transactions and the risk of loss arising out of the system of share registration and custody used in Russia;
- Risks in connection with the maintenance of the Compartment's portfolio securities and cash with foreign sub-custodians and securities depositories, including the risk that appropriate sub-custody arrangements will not be available to the Fund;

- The risk that the Compartment’s ownership rights in portfolio securities could be lost through fraud or negligence because ownership in shares of Russian companies is recorded by the companies themselves and by registrars, rather than by a central registration system; and
- The risk that the Compartment may not be able to pursue claims on behalf of its shareholders because of the system of share registration and custody, and because Russian banking institutions and registrars are not guaranteed by the Russian government.

The U.S. and the Economic and Monetary Union of the EU, along with the regulatory bodies of a number of countries including Japan, Australia, Norway, Switzerland and Canada (collectively, “Sanctioning Bodies”), have imposed economic sanctions, which consist of asset freezes and sectoral sanctions, on certain Russian individuals and Russian corporate entities. The Sanctioning Bodies could also institute broader sanctions on Russia. These sanctions, or even the threat of further sanctions, may result in the decline of the value and liquidity of Russian securities, a weakening of the ruble or other adverse consequences to the Russian economy. These sanctions could also result in the immediate freeze of Russian securities and/or funds invested in prohibited assets, impairing the ability of the Fund to buy, sell, receive or deliver those securities and/or assets. Additional sanctions against Russia have been, and may in the future be, imposed by the U.S. or other countries.

**Risk of Investing in China.** Investments in Chinese securities, including certain Hong Kong-listed securities, subject the Compartment to risks specific to China. China may be subject to considerable degrees of economic, political and social instability.

China is an emerging market and demonstrates significantly higher volatility from time to time in comparison to developed markets. Over the last few decades, the Chinese government has undertaken reform of economic and market practices and has expanded the sphere of private ownership of property in China. However, Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies resulting from governmental influence, a lack of publicly available information and/or political and social instability. Internal social unrest or confrontations with other neighboring countries, including military conflicts in response to such events, may also disrupt economic development in China and result in a greater risk of currency fluctuations, currency non-convertibility, interest rate fluctuations and higher rates of inflation. China has experienced security concerns, such as terrorism and strained international relations. Incidents involving China’s or the region’s security may cause uncertainty in Chinese markets and may adversely affect the Chinese economy and the Compartment’s investments. Export growth continues to be a major driver of China’s rapid economic growth.

Reduction in spending on Chinese products and services, institution of tariffs or other trade barriers, or a downturn in any of the economies of China’s key trading partners may have an adverse impact on the Chinese economy.

These characteristics include:

- **Transitional Economy** – Emerging markets are often in the process of moving from a closed economy to an open market economy. While everyone hopes the result is favorable policies, there is also heightened political and monetary policy risk.
- **Young & Growing Population** – Emerging markets often have younger populations capable of spurring strong long-term growth rates by replenishing aging workers and consuming goods. But, younger populations can also lead to an increased risk of political instability.
- **Underdeveloped Infrastructure** – Emerging markets are often in the early stages of building infrastructure. While this means there is often pent-up demand for government spending, it can also mean higher costs and less efficiency for businesses.
- **Increasing Foreign Investment** – Emerging markets usually see strong foreign direct investment, which can be a good sign of anticipated economic growth ahead. However, too much capital can quickly lead to an overheated market ripe for a correction.



- **Limited correlation (interconnection)** – Emerging Markets experience limited correlation between the various countries compared to Developed Markets.