

## **PARTIAL PROSPECTUS FOR SWITZERLAND**

# **A T O M O**

**Investment Company with Variable Share Capital**

**Umbrella Fund**

**(Luxembourg law)**

**3 October 2022**

In Switzerland, the Fund may only be offered or distributed to qualified investors. For this, the Fund has appointed as Swiss Representative Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland.

The Fund's paying agent is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich.

Any Fund Documentation may be obtained free of charge from the Swiss Representative in Lausanne.

In respect of the Shares distributed in Switzerland, the place of performance is at the registered office of the Swiss Representative. The place of jurisdiction is at the registered office of the Swiss Representative or at the registered office or domicile of the investor.

## IMPORTANT INFORMATION FOR INVESTORS IN SWITZERLAND

### OFFERING RESTRICTIONS

The shares of the Fund shall be offered or advertised in Switzerland exclusively to qualified investors as defined by Article 10 of the Collective Investment Schemes Act, as amended from time to time (“CISA”) (“Qualified Investors”). The Fund has not been approved by the Swiss Financial Market Supervisory Authority (“FINMA”) for offering in Switzerland to non-qualified investors.

### SWISS REPRESENTATIVE

Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland has been appointed as Swiss Representative of the Fund.

### PAYING AGENT IN SWITZERLAND

Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland has been appointed as Paying Agent of the Fund in Switzerland.

### PLACE WHERE THE RELEVANT DOCUMENTS MAY BE OBTAINED

Any Fund Documentation, including the Prospectus, the Articles of Incorporation and annual reports issued by the Fund from time to time may be obtained free of charge from the Swiss Representative in Lausanne.

### THIRD-PARTY COMPENSATION

Third-party compensation are payments and other soft commissions paid by the Fund management company or its representatives to third-party placement agents or partners in compensation for offering the shares of the Fund. Such compensation is mostly paid out from the management fee charged to the Fund.

Under Swiss law, a financial services provider within the meaning of the Financial Services Act (“FinSA”) which receives third-party compensation in connection with the provision of a financial service pursuant to FinSA (e.g. brokerage fees and other commissions, rebates), may only accept such compensation if (i) it has expressly informed the client thereof (according to the information requirements provided in Article 26 para. 2 FinSA) and the client has waived any claim in restitution in this respect or (ii) the compensation is entirely passed on to the client. Upon the client’s request, the recipient of third-party compensation shall disclose the amounts effectively received for offering the shares of the Fund to the client.

### REBATES

Rebates are payments by the Fund management company and their representatives directly to investors from a fee or cost charged to the Fund with the purpose of reducing the said fee or cost to a contractually agreed amount.

In respect of the offering of the Fund’s shares in Switzerland, the Fund management company and their representatives do not pay any rebates to investors.

### PLACE OF EXECUTION AND JURISDICTION

For shares of the fund offered in Switzerland, the place of execution shall be the registered office of the Representative in Switzerland. The place of jurisdiction shall be at the registered office of the Representative in Switzerland, or at the registered office or domicile of the investor.

## Introduction

**ATOMO**, referred to hereafter as the “**Fund**”, is a Luxembourg Investment Company with Variable Share Capital qualifying as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive, incorporated for an unlimited duration on 15 May 2000, registered and organised in accordance with the provisions of the Part I of the 2010 Law and of the 1915 Law.

The Fund is now structured as an umbrella fund, which means that it is made up of several Sub-Funds having each their specific assets and liabilities and their own distinct investment policy. Such a structure gives the investor the advantage of a choice among different Sub-Funds with the possibility to switch at his request from one Sub-Fund into another. Within each Sub-Fund, the investor may select either the distribution of a dividend or the capitalisation of income by choosing between the distribution shares and the capitalisation shares. The details on each Sub-Fund are disclosed in Appendix II and III to this prospectus.

Besides, within each Sub-Fund, different Classes of Shares intended to investors qualified as Institutional investors or not and a specific distribution policy, minimum amounts of subscription, different structures of subscription and redemption fees, of expenses and payment or any other specificities may be issued, as disclosed for each Sub-Fund in Appendix II and III to this prospectus.

The founding shareholders incorporated the Fund by subscribing an initial capital of 50,000.- Euro, represented by 500 fully paid-up shares. The capital of the Fund is at all times equal to the net assets and is represented by fully paid-up shares with no par value. Variations in the capital shall be effected ipso jure and without compliance with measures regarding publication and entry of such in the Company Trade Register as prescribed for increases and decreases of capital of public limited companies. Its minimum capital shall be the equivalent to the minimum prescribed by the Luxembourg law.

The Articles of Incorporation of the Fund were published in the *Mémorial, Recueil des Sociétés et Associations* (the *Mémorial*) on 5 July 2000. The Articles of Incorporation have been amended for the last time on 18 May 2017 and the notice of the deposit of the coordinated Articles was published in the *Recueil Electronique des Sociétés et Associations* on 24 May 2017. The Articles of Incorporation have been filed with the Company Trade Registrar of Luxembourg (the RCS). These documents are kept available at the RCS for inspection and copies may be obtained upon request and against payment of the registry fees.

The shares of each Sub-Fund may be listed on the Luxembourg Stock Exchange as from their issue.

The Board of Directors may subsequently launch other Sub-Funds the investment policy and the subscription procedures of which will be conveyed as the occasion arises by the updating of Appendix II to this prospectus. It may also launch Sub-Funds or Classes of Shares reserved to institutional investors as defined by guidelines or recommendations issued by the Luxembourg supervisory authority. These shares shall only be registered shares.

The registration on the Luxembourg official list of UCITS cannot be construed as an approval by any supervisory authority of the contents of this prospectus or of the quality of the securities offered and held by the Fund. Any representation to the contrary would be unauthorised and unlawful.

This prospectus may not be used for the purpose of offering and promoting sales in any country or under any circumstances where such offers or promotions are not authorised. In particular, the shares of the Fund have not been registered in accordance with any legal provisions pertaining to securities applicable in the United States of America, and may not be offered in the United States or any of its territories or in any possession or area subject to its jurisdiction.

The Shares may be so offered only pursuant to an exemption from registration under the Securities Act of 1933, as amended (the “1933 Act”). The Shares have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Fund been registered under the Investment Company Act of 1940, as amended (the “1940 Act”). No transfer or sale of the Shares shall be made unless,

among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws, or is made pursuant to an effective registration statement under the 1933 Act and such securities laws and would not result in the Fund becoming subject to registration or regulation under the 1940 Act.

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

No person is authorised to give any information or make any representations other than those contained in this prospectus or in the documents indicated herein, which are available for public inspection.

The Board of Directors of the Fund accepts responsibility for the accuracy of the information contained in this prospectus on the date of publication.

This prospectus may be updated from time to time with significant amendments. Consequently, subscribers are advised to inquire with the Fund as to the publication of a more recent prospectus.

It is recommended to subscribers to seek professional advice on the laws and regulations (*such as those on taxation and exchange control*) applicable to the subscription, purchase, holding and selling of shares in their place of origin, residence or domicile. This is especially applicable in the case of Classes and Sub-Funds intended to institutional investors for which investors should qualify as such. Prior to applying, subscribers are recommended to make enquiries on whether the required criteria are met and whether their subscriptions can be taken into consideration.

Since 1 September 2003, the shares of each Sub-Fund or class may also be subscribed through a savings plan. The fees and commissions which are drawn within the framework of this Plan may not, under no circumstances, be charged for more than one third to the sum paid by the investor during the first year of the savings plan. To have further information on savings plan the investor can consult the documents in force in the different countries where the shares are distributed.

*Data Protection Policy:*

## **Data Protection**

The Fund together with the Management Company, may store on computer systems and process, by electronic or other means, personal data (i.e. any information relating to an identified or identifiable natural person, hereafter, the "**Personal Data**") concerning the Shareholders and their representative(s) (including, without limitation, legal representatives and authorised signatories), employees, directors, officers, trustees, settlors, their shareholders, and/or unitholders for, nominees and/or ultimate beneficial owner(s) (as applicable) (i.e. the "**Data Subjects**").

Personal Data provided or collected in connection with an investment in the Fund will be processed by the Fund, as data controller (i.e. the "**Controller** ") and by the Management Company, the Depositary and Paying Agent, the Administrative Agent, the Distributor and its appointed sub-distributors if any, the Auditor, legal and financial advisers and other potential service providers of the Fund (including its information technology providers, cloud service providers and external processing centres) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns, acting as processor on behalf of the Fund (i.e. the "**Processors**"). In certain circumstances, the Processors may also process Personal Data of Data Subjects as controller, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or order of any competent jurisdiction, court, governmental, supervisory or regulatory bodies, including tax authorities.

Controller and Processors will process Personal Data in accordance with Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Directive**") as transposed in applicable local laws applicable to them and, when applicable, the Regulation (EU) 2016/679 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 (the "**General Data Protection Regulation**", as well as any law or regulation relating to the protection of personal data applicable to them (together the "**Data Protection Law**").

Further information relating to the processing of Personal Data of Data Subjects may be provided or made available, on an ongoing basis, through additional documentation and/or, through any other communications channels, including electronic communication means, such as electronic mail, internet/intranet websites, portals or platform, as deemed appropriate to allow the Controller and/or Processors to comply with their obligations of information according to Data Protection Law.

Personal Data may include, without limitation, the name, address, telephone number, business contact information, employment and job history, financial and credit history information, current and historic investments, investment preferences and invested amount, KYC information of Data Subjects and any other Personal Data that is necessary to Controller and Processors for the purposes described below. Personal Data is collected directly from Data Subjects by the Processors or through publicly accessible sources, social media, subscription services, worldcheck database, sanction lists, centralised investor database, public registers or other publicly accessible sources.

Personal Data of Data Subjects will be processed by the Controller and Processors for the purposes of (i) offering investment in Shares and performing the related services as contemplated under this Prospectus, the Subscription Form, the Depositary agreement and the Administrative Agent Agreement, including, but not limited to, the opening of your account with the Fund, the management and administration of your Shares and any related account on an on-going basis and the operation of the Fund's investment in Sub-Funds, including processing subscriptions and redemptions, conversion, transfer and additional subscription request, the administration and payment of distribution fees (if any), payments to Shareholders, updating and maintaining records and fee calculation, maintaining the register of Shareholders, providing financial and other information to the Shareholders, (ii) developing and processing the business relationship with the Processors and optimizing their internal business organisation and operations, including the management of risk, (and, (iii) other related services rendered by any service provider of the Controller and/or Processors in connection with the holding of Shares in the Fund (hereafter the "**Purposes**").

Personal Data will also be processed by the Controller and Processors to comply with legal or regulatory obligations applicable to them and to pursue their legitimate interests or to carry out any other form of cooperation with, or reporting to, public authorities including, but not limited to, legal obligations under applicable fund and company law, prevention of terrorism financing law, anti-money laundering law, prevention and detection of crime, tax law (such as reporting to the tax authorities under FATCA and CRS Law to prevent tax evasion and fraud) (as applicable), and to prevent fraud, bribery, corruption and the provision of financial and other services to persons subject to economic or trade sanctions on an on-going basis in accordance with the anti-money laundering procedures of the Controller and Processors, as well as to retain AML and other records of the Data Subjects for the purpose of screening by the Controller and Processors, including in relation to other funds or clients of the Management Company and the Administrative Agent (hereafter the "**Compliance Obligations**").

Telephone conversations and electronic communications made to and received from the Management Company /or the Administrative Agent may be recorded by the Fund acting as controllers and / or by the Management Company /or the Administrative Agent, acting as processor on behalf of the Controller where necessary for the performance of a task carried out in the public interest or where appropriate to pursue the Controller's legitimate interests, including (i) for record keeping as proof of a transaction or related communication in the event of a disagreement, (ii) for processing and verification of instructions, (iii) for investigation and fraud prevention purposes, (iv) to enforce or defend the Controller's and Processors' interests or rights in compliance with any legal obligation to which they are subject and (v) for quality, business analysis, training and related purposes to improve the Controller and Processors relationship with the Shareholders in

general. Such recordings will be processed in accordance with Data Protection Law and shall not be released to third parties, except in cases where the Controller and/or Processors are compelled or entitled by laws or regulations applicable to them or court order to do so. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for a period of 10 years starting from the date of the recording. The absence of recordings may not in any way be used against the Controller and Processors.

Controller and Processors will collect, use, store, retain, transfer and/or otherwise process Personal Data: (i) as a result of the subscription or request for subscription of the Shareholders to invest in the Fund where necessary to perform the Investment Services or to take steps at the request of the Shareholders prior to such subscription, including as a result of the holding of Shares in general and/or; (ii) where necessary to comply with a legal or regulatory obligation of the Controller or Processors and/or; (iii) where necessary for the performance of a task carried out in the public interest and/or; (iv) where necessary for the purposes of the legitimate interests pursued by Controller or and by the Processors, which mainly consist in the performance of the investment and administrative services, including where the subscription agreement is not entered into directly by the Shareholders or, or, in complying with the Compliance Obligations and/or any order of a foreign court, government, supervisory, regulatory or tax authority, including when providing such Investment Services to any beneficial owner and any person holding Shares directly or indirectly in the Fund.

Personal Data will only be disclosed to and/or transferred to and/or otherwise accessed by the Processors, and/or any target entities, sub-funds and/or other funds and/or their related entities (including without limitation their respective general partner and/or management company and/or central administration / investment manager / service providers) in or through which the Fund intends to invest, as well as any court, governmental, supervisory or regulatory bodies, including tax authorities in Luxembourg or in various jurisdictions, in particular those jurisdictions where (i) the Fund is or is seeking to be registered for public or limited offering of its Shares, (ii) the Shareholders are resident, domiciled or citizens or (iii) the Fund is, or is seeking to, be registered, licensed or otherwise authorised to invest for carrying out the Purposes and to comply with the Compliance Obligations (i.e. the “**Authorised Recipients**”). The Authorised Recipients may act as processor on behalf of Controller or, in certain circumstances, as controller for pursuing their own purposes, in particular for performing their services or for compliance with their legal obligations in accordance with laws and regulations applicable to them and/or order of court, government, supervisory or regulatory body, including tax authority.

Controller undertakes not to transfer Personal Data to any third parties other than the Authorised Recipients, except as disclosed to Shareholders from time to time or if required by applicable laws and regulations applicable to it or, by any order from a court, governmental, supervisory or regulatory body, including tax authorities.

By investing in Shares in the Fund, the Shareholders acknowledge and accept that Personal Data of Data Subjects may be processed for the Purposes and Compliance Obligations described above and in particular, that the transfer and disclosure of such Personal Data may take place to the Authorised Recipients, including the Processors, which may be located outside of the European Union, in countries which are not subject to an adequacy decision of the European Commission and which legislation does not ensure an adequate level of protection ensure an adequate level of protection as regards the processing of personal data. Controller will only transfer Personal Data of Data Subjects for performing the Purposes or for complying with the Compliance Obligations.

Controllers will transfer Personal Data of the Data Subjects to the Authorised Recipients located outside of the European Union (i) on the basis of an adequacy decision of the European Commission with respect to the protection of personal data and/or on the basis of the EU-U.S. Privacy Shield framework or, (ii) in the event it is required by any judgment of a court or tribunal or any decision of an administrative authority, Personal Data of Data Subjects will be transferred on the basis of an international agreement entered into between the European Union or a concerned member state and other jurisdictions worldwide or, (iii) where necessary for the Processors to perform their services rendered in connection with the Purposes which are in the interest of the Data Subjects or, (iv) where necessary for the establishment, exercise or defence of legal claims or, or, (v) where necessary for the purposes of compelling legitimate interests pursued by the Controller, to the extent

permitted by Data Protection Law or (vi) where specifically agreed on between the Data Controller and/or Data Processor and/or Data Subject.

Insofar as Personal Data provided by the Shareholders include Personal Data concerning other Data Subjects, the Shareholders represent that they have authority to provide such Personal Data of other Data Subjects to the Controller[s]. If the Shareholders are not natural persons, they must undertake to (i) inform any such other Data Subject about the processing of their Personal Data and their related rights as described under this Issuing Document, in accordance with the information requirements under the Data Protection Law and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of the Personal Data of other Data Subjects as described under this Issuing Document in accordance with the requirement of Data Protection Law.

Answering questions and requests with respect to the Data Subjects' identification and Shares held in the Fund, FATCA and/or CRS is mandatory. The Board of Directors / the Administrative Agent reserves the right to reject any application for Shares if the prospective investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements. The Shareholders acknowledge and accept that failure to provide relevant Personal Data requested by the Board of Directors, the Administrative Agent in the course of their relationship with the Fund may prevent them from acquiring or maintaining their Shares in the Fund and may be reported by the Board of Directors, the Administrative Agent to the relevant Luxembourg authorities. In addition, failure to provide the requested Personal Data could lead to penalties which may affect the value of the Shareholders' Shares.

The Shareholders acknowledge and accept that the Board of Directors / the Administrative Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities (*Administration des contributions directes*) which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in FATCA and CRS, at OECD and European levels or equivalent Luxembourg legislation.

Each Data Subject may request, in the manner and subject to the limitations prescribed in accordance with Data Protection Law, (i) access to, rectification, or deletion of, any incorrect Personal Data concerning him, (ii) a restriction of processing of Personal Data concerning him and, (iii) to receive Personal Data concerning him in a structured, commonly used and machine readable format or to transmit those Personal Data to another controller and, (iv) to obtain a copy of, or access to, the appropriate or suitable safeguards, such as standard contractual clauses, binding corporate rules, an approved code of conduct, or an approved certification mechanism, which have been implemented for transferring the Personal Data outside of the European Union. In particular, Data Subjects may at any time object, on request, to the processing of Personal Data concerning them for marketing purposes or for any other processing carried out on the basis of the legitimate interests of Controller or Processors. Each Data Subject should address such requests to the Fund via post mail or via e-mail.

The Shareholders are entitled to address any claim relating to the processing of their Personal Data carried out by Controller in relation with the performance of the Purposes or compliance with the Compliance Obligations to the relevant data protection supervisory authority (i.e. in Luxembourg, the *Commission Nationale pour la Protection des Données*).

The Controller and Processors processing Personal Data on behalf of the Controller will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to Personal Data, except in the event of proved negligence or wilful misconduct of the Controller or such Processors.

Personal Data of Data Subjects is held until Shareholders cease to have Shares in the Fund and a subsequent period of 10 years thereafter where necessary to comply with laws and regulations applicable to them or to establish, exercise or defend actual or potential legal claims, subject to the applicable statutes of limitation, unless a longer period is required by laws and regulations applicable to them. In any case, Personal Data of Data Subjects will not be held for longer than necessary with regard to the Purposes and Compliance Obligations contemplated in this Issuing Document, subject always to applicable legal minimum retention periods.

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## Glossary

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

***1915 Law***

The Luxembourg law of 10 August 1915 on commercial companies, as such law may be amended, supplemented and replaced from time to time.

***2010 Law***

The Luxembourg law of 17 December 2010 on undertakings for collective investment, as such law may be amended, supplemented and replaced from time to time.

***Accounting Currency***

The currency of consolidation of the Fund. The consolidated financial statements of the Fund are expressed in EUR

***Articles of Incorporation***

The articles of incorporation of the Fund, as amended from time to time.

***Asset-Backed Securities (ABS) & Mortgage-Backed Securities (MBS)***

ABS and MBS are generic terms generally used to describe the securities resulting from the securitisation mechanism. Depending on the nature of the underlying asset and with no restrictions on its nature, these may include securities backed by equipment assets (aircraft, ships, etc.) (EETC, Enhanced Equipment Trust Certificates), by loans associated with residential (RMBS, Residential Mortgage-Backed Securities) or commercial (CMBS, Commercial Mortgage-Backed Securities) property, loans or bonds issued by financial or manufacturing companies, debt portfolios, bank loans (CLO, Collateralised Loan Obligations), consumer loans, business or miscellaneous assets, and Credit Linked Notes (CLN) pool loans that are packaged and sold as securities. The types of loans include notably credit card receivables, auto loans, home equity loans, student loans.

***AML/CTF***

AML/CTF Laws and Regulations: international rules and applicable Luxembourg laws and regulations, such as the law dated 12 November 2004 (as amended in particular by the law dated 17 July 2008, the law dated 27 October 2010 and the law dated 13 February 2018), the Grand Ducal Regulation of 1 February 2010, the Grand Ducal Regulation of 29 October 2010, the CSSF Regulation No 12-02 and all the implementing measures, regulations and circulars issued in particular by the EU or by the CSSF made thereunder (as may be amended or supplemented from time to time) and/or any other anti-money laundering, counter terrorist financing and counter financing of proliferation of weapons of mass destruction laws or regulations which may be applicable.

***BMR***

Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of

investment funds Regulation (EU) and amending Directives 2008/48/EC and 2014/17/EU and Regulation No 596/2014.

***Board of Directors or Directors***

The members of the board of directors of the Fund, together the Board of Directors.

***Categories***

Each Class of Shares may be further sub-divided into two Categories of Shares, being Distribution shares and Accumulation shares, as further described under Section “*Distribution policy*”.

***CESR / 07-044b***

CESR’s guidelines concerning eligible assets for investment by UCITS, as amended from time to time.

***Class(es)***

Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, 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 or distribution policy may be applied.

***CoCos***

Contingent convertible capital instruments (CoCos) are hybrid capital securities because they have the following characteristics of bonds:

- a. they are subordinated debt instruments;
- b. payment of interest may be suspended in a discretionary manner or depending on an external target set in the issuance contract;

And the following characteristics of shares, because these are convertible hybrid instruments:

- a. conversion can take a variety of forms (especially into shares);
- b. the trigger factor of the conversion is set with the aim of protecting the banks' capital.

CoCos absorb losses when the capital of the issuing bank falls below a certain level. CoCos have two main defining characteristics: the loss absorption mechanism and the trigger that activates that mechanism (contractual trigger and /or at the point of non-viability: essentially a write-down or equity conversion based on regulatory discretion).

***Conversion of Shares***

Unless specifically indicated to the contrary for any Sub-Fund and subject to compliance with any eligibility conditions, Shareholders may at any time request conversion of their shares into shares of another existing Sub-Fund. Shares are issued and cancelled on the same day on the basis of the applicable net asset values of the shares of both Sub-Funds.

***Currency Hedged Share Class***

A Share Class denominated in a different currency than the Reference Currency of the relevant Sub-Fund for which the Fund/the Investment

Manager utilises currency risk hedging arrangements in order to systematically limit investor's currency risk by reducing the effect of the exchange rate fluctuations between the Reference Currency and the currency to which the investor wishes to be exposed, in compliance with ESMA Opinion 34-43-296 dated 30 January 2017. The Investment Manager will ensure to hedge such risk between 95-105 % of the value of each Currency Hedged Share Class.

**CSSF**

*Commission de Surveillance du Secteur Financier* – The Luxembourg Supervisory Authority.

***Crystallization Principle***

Any accrued positive performance fee will be crystallized. When there are redemptions at the Fund level the proportion of the accrued fee applicable to the redemption will be crystallized, i.e. become payable (or will be written off) and cannot be eroded by future underperformance. As accrued performance fees are crystallized, the cumulative accrual will adjust with the payable amount without any impact on the NAV. This approach to crystallization protects the interests of the Fund's shareholders.

***Denomination Currency***

Currency in which a Share Class can be denominated and which can differ from the Sub-Fund's Reference Currency, as specified for each Sub-Fund in the Appendix II Sub-Funds Details to this prospectus.

***Depositary***

BANQUE DE LUXEMBOURG, Société Anonyme, 14, Boulevard Royal, L – 2449 Luxembourg, Grand-Duchy of Luxembourg.

***DR***

Depositary Receipts (DRs) are US dollar denominated negotiable instruments issued by a depositary bank included major banks and/or financial institutions in industrialised countries, representing ownership of underlying ordinary shares of an issuer in a foreign jurisdiction (a jurisdiction other than where the DRs are traded). DRs can be issued in the form of American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs). GDRs and ADRs are issued pursuant to the same mechanism, except that ADRs are issued into the US markets, whereas GDRs are principally issued into non-US markets. DRs enable international investors to acquire and trade foreign securities without concern for the differing settlement timetables and other problems typically associated with investing directly in overseas markets.

DRs are typically issued, settled and cleared through the US or European settlement systems in US dollars. In the US, settlement takes place in US clearing system such as DTC (“The Depository Trust Company”), and in Europe, through the clearing systems such as Euroclear and Clearstream.

<b><i>Eligible Market</i></b>	A Regulated Market in an Eligible State.
<b><i>Eligible State</i></b>	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, North and South America, Africa and Oceania.
<b><i>Emerging market</i></b>	Non-OECD countries.
<b><i>ESG</i></b>	Means respectively Environmental, Social and Governance and refers to three groups of indicators used to screen the level of sustainability and societal impact of an investment decision.
<b><i>EU</i></b>	The European Union.
<b><i>Exchange Traded Funds (ETFs)</i></b>	Exchange traded products that are structured and regulated as mutual funds or collective investment schemes. Most ETFs are UCITS compliant collective investment schemes. UCITS are not allowed to invest in physical commodities but they are able to use synthetic index replication to obtain exposure to broad commodity indices that satisfy the relevant diversification requirements. United States ETFs (open-ended US ETFs subject to the Investment Company Act of 1940 which qualify as a "Diversified Fund") are qualified as other UCIs in the meaning of the 2010 Law provided they meet all the requirements set forth in article 41(1) e) of the 2010 Law, including the requirement that the rules on assets segregation, borrowing, lending and uncovered sales are equivalent to the UCITS requirements (such requirements should be consider satisfy after an appropriate eligibility analysis enabling to conclude that the US ETF actually complies in all material respects with the UCITS restrictions, or by means of a written confirmation of the US ETF or its manager).
<b><i>Exchange Traded Commodities (ETCs)</i></b>	ETCs are traded and settled like ETFs but are structured as debt instruments. They track both broad and single commodity indices. ETC may be physically backed by the underlying commodity (e.g. precious metals) – but in any case no physical delivery should be considered - or uses fully collateralized swaps or futures to synthetically replicate the index return, The Fund will only invest in ETCs qualified as transferable securities in the meaning of the article 41(1) of the 2010 Law, the Article 2. of the Grand-ducal Regulation of 8 <sup>th</sup> February 2008 and the article 17 of the CESR / 07-044b. Furthermore when ETCs contain embedded derivatives, the underlying shall comply with the provisions of the Article. 8 of the Grand-ducal Regulation of 8 <sup>th</sup> February 2008.
<b><i>Exchange Traded Notes (ETNs)</i></b>	ETNs are quite similar to ETCs, they are generally senior, unsecured, unsubordinated debt issued by a single bank and listed. There are two types of ETNs: collateralised and uncollateralised notes. Collateralised ETNs are hedged partly or fully against counterparty

risk whereas uncollateralised ETNs are fully exposed to counterparty risk, which means that an investor in an ETN will be fully exposed to issuer credit risk. The Fund will only invest in ETNs qualified as transferable securities in the meaning of the article 41(1) of the 2010 Law, the Article 2. of the Grand-ducal Regulation of 8<sup>th</sup> February 2008 and the article 17 of the CESR / 07-044b. Furthermore when ETNs contain embedded derivatives, the underlying shall comply with the provisions of the Article. 8 of the Grand-ducal Regulation of 8<sup>th</sup> February 2008.

***FATCA***

The Foreign Account Tax Compliance Act such as enacted and adopted by the United States of America on 18 March 2010, requiring US individuals to report their financial accounts held outside of the United States and foreign financial institutions to report to the Internal Revenue Service, or the tax authority in their jurisdiction of domicile, information about their US clients.

***FATF***

Financial Action Task Force (also referred to as *Groupe d'Action Financière*).

***Frontier Markets***

Frontier Markets countries are commonly defined as countries that are progressing toward becoming advanced through increased production, development of regulatory bodies and exchanges. Frontier Market countries are (i) those classified as “*emerging market and developing economies*” by the International Monetary Fund, and (ii) those defined as “*frontier markets*” by the International Finance Corporation (World Bank Group), and (iii) as well those included in the Frontier Markets related indices.

***Fund***

ATOMO, an investment company organised under Luxembourg law as a *société anonyme* qualifying as a *société d'investissement à capital variable* (SICAV), comprising several Sub-Funds.

***GIIN***

Global Intermediary Identification Number(s)

***Grand-ducal Regulation of 8<sup>th</sup> February 2008***

Grand-Ducal Regulation of 8<sup>th</sup> February 2008 relating to certain definitions of the amended law of 20<sup>th</sup> December 2002 on undertakings for collective investment and implementing Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.

***Hard Currency(-ies)***

Means the US Dollar, Euro, Japanese Yen, British Pound Sterling, Canadian Dollar, Australian Dollar, New Zealand Dollar, Swiss Franc.

<b><i>High Water Mark</i></b>	With respect to each share class (Share Class) of the Sub-Fund shall mean the Net Asset Value of the relevant share class as of the end of the most recent reference period (as further disclosed in the “ <i>Sub-Funds Details</i> ”) for which a performance fee was paid or payable to the Investment Manager, or if no performance fee has been paid since the inception, then the initial Net Asset Value of such Share Class of the Sub-Fund.
<b><i>Institutional Investors</i></b>	Any investors, within the meaning of Article 174 (II) of the 2010 Law, which are legal entities, including, but not limited to, insurance companies, pension funds, credit establishments and other professionals in the financial sector investing either on their own behalf or on behalf of their clients who are also investors within the meaning of this definition or under discretionary management, Luxembourg and foreign collective investment schemes and qualified holding companies.
<b><i>IRS</i></b>	U.S. Internal Revenue Service
<b><i>Issue of shares</i></b>	The Offering Price per share of each Sub-Fund will be the net asset value per share of such Sub-Fund determined on the applicable Valuation Day plus the applicable dealing charge.
<b><i>Luxembourg bank business day</i></b>	A full opened bank business day in Luxembourg
<b><i>Management Company</i></b>	Link Fund Solutions (Luxembourg) S.A. has been appointed as the management company of the Fund to be responsible on a day-to-day basis, under supervision of the Directors, for providing administration, marketing and investment management services in respect of all Sub-Funds.
<b><i>Member State</i></b>	A Member State of the European Union
<b><i>MiFID II</i></b>	The EU’s re-cast Markets in Financial Instruments Directive (2014/65/EU) (the “ <b>MiFID II Directive</b> ”), delegated and implementing EU regulations made thereunder, laws and regulations introduced by Member States of the EU to implement the MiFID II Directive, and the EU’s Markets in Financial Instruments Regulation (600/2014) (together, “ <b>MiFID II</b> ”).
<b><i>Minimum Initial Investment</i></b>	In relation with a first investment in a sub-fund/share class, minimum number of shares or amount to be subscribed by an investor.
<b><i>OECD</i></b>	Organisation for Economic Co-operation and Development.

<b><i>Performance Reference Period</i></b>	The time horizon over which the performance is measured and compared with that of the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset.
<b><i>Redemption of shares</i></b>	Shareholders may at any time request redemption of their shares, at a price equal to the net asset value per share of the Sub-Fund concerned, determined on the applicable Valuation Day less any redemption fee as disclosed in the Appendix II Sub-Funds Details to this prospectus for a specific Sub-Fund.
<b><i>Regulated Market</i></b>	A market that meets the requirements stated in item 21 of Article 4 of the European Parliament and the Council Directive 2014/EU of 15 May 2014 on markets in financial instruments (and amending Directive 2002/92/EC and Directive 2011/61/EU) as well as any other market in an Eligible State which is regulated, operates regularly and is recognised and open to the public.
<b><i>Reference Currency</i></b>	The currency in which the Net Asset Value of each Sub-Fund is denominated, as specified for each Sub-Fund in the relevant section of the Appendix II.
<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.
<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>SFTs</i></b>	Securities Financing Transactions, such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions.
<b><i>Shares</i></b>	Shares of each Sub-Fund are offered in registered form only and all shares must be fully paid up. Fractions of shares will be issued up to 3 decimals. Shares may also be held through accounts maintained with clearing houses.
<b><i>Soft Currency(-ies)</i></b>	Each currency which is not a Hard Currency.
<b><i>Structured Products</i></b>	Structured Financial Instruments are transferable securities organized solely with a view to restructuring the investment characteristics of certain other investments (underlying investment) and are issued by first-class financial institutions. These institutions issue transferable

securities that are backed up by or linked to the interests of the underlying investment.

The underlying investments must be in line with the investment objective and policy of the relevant Sub-Fund as further detailed under the Appendix II - Sub-Fund Details and must be taken into account when determining the investment limits set out in Section headed “*Investment Restrictions*” of this prospectus.

***Sub-Fund(s)***

The Fund offers investors, within the same investment vehicle, a choice between several Sub-Funds which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the Section “*Sub-Funds Details*” to this prospectus. The Board of Directors of the Fund may, at any time, decide the creation of further Sub-Funds and in such case, this prospectus will be updated. Each Sub-Fund may have one or more Classes of Shares.

***Target Funds***

Eligible units/shares of UCITS, UCIs and/or ETFs as defined in the Section 8. “*Investment restrictions*” I (1) c) of the prospectus, which follow the diversification rules as disclosed in the Section 8. “*Investment restrictions*” VI a) of the prospectus, and as per the meaning of and pursuant to limits set by articles 41 (1) e) and 46 of the 2010 Law.

***Taxonomy Regulation***

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as amended from time-to-time.

***UCI***

Undertaking for Collective Investment.

***UCITS***

Undertaking for Collective Investment in Transferable Securities.

***UCITS Directive***

The Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended by the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 (UCITS V).

***Valuation Day***

The Valuation Day is the Luxembourg Bank Business Day on which the net asset value (NAV) is dated.

The NAV is calculated as of the first Luxembourg Bank Business Day following the Valuation Day. The prices used are those of the Valuation Day.

The Valuation Day might be any day on which banks in Luxembourg



are normally open for business unless otherwise defined in Appendix II – Sub-Funds Details to this prospectus for a specific Sub-Fund. The Board of Directors may in its absolute discretion amend the frequency of the Valuation Day for some or all of the Sub-Funds. In such case the Shareholders of the relevant Sub-Fund will be duly informed and the Appendix II – Sub-Funds Details to this Prospectus will be updated accordingly.

***Words or expressions used in the prospectus that are not specifically defined in this Glossary shall have the same meaning as those defined in the 2010 Law.***

## **ATOMO**

Société d'investissement à capital variable  
Registered office: 19-21, route d'Arlon, L-8009 Strassen  
Grand-Duchy of Luxembourg  
R.C.S. Luxembourg B 76035

### **Board of Directors:**

#### **Chairman**

**Mrs. Margherita BALERNA BOMMARTINI**  
Swiss Subsidiary CEO  
Link Fund Solutions (Switzerland) Sagl,  
Via Luciano Zuccoli no. 19 in Paradiso (Lugano)  
CH – 6900 Paradiso  
Switzerland

#### **Directors**

**Mr. Robert ZAGORSKI**  
Head of Fund Services  
Link Fund Solutions (Luxembourg) S.A.  
19-21, route d'Arlon  
L-8009 Strassen  
Grand-Duchy of Luxembourg

**Mr. Paolo LOGRILLO**  
Client Relationship Manager  
Link Fund Solutions (Switzerland) Sagl,  
Via Luciano Zuccoli no. 19 in Paradiso (Lugano)  
CH - 6900 Paradiso  
Switzerland

#### **Management Company**

**Link Fund Solutions (Luxembourg) S.A.**  
19-21, route d'Arlon  
L-8009 Strassen  
Grand-Duchy of Luxembourg

#### **Depository and Paying Agent**

**Banque de Luxembourg**  
Société Anonyme  
14, boulevard Royal  
L-2449 Luxembourg  
Grand-Duchy of Luxembourg

#### **Administrative Agent and Registrar and Transfer Agent**

**European Fund Administration S.A. ("EFA")**  
2, rue d'Alsace  
L-1122 Luxembourg  
Grand-Duchy of Luxembourg

#### **Independent Auditor**

**Deloitte Audit S.à r.l.**  
20 Boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand-Duchy of Luxembourg

## **1. Board of Directors of the Fund**

*The appointed Directors are:*

- Mrs. Margherita BALERNA BOMMARTINI (Chairman);
- Mr. Robert ZAGORSKI;
- Mr. Paolo LOGRILLO.

The Directors are responsible for the overall management and control of the Fund. They will review the operations of the Fund and the Management Company.

## 2. Management Company of the Fund

The Directors of the Fund have appointed Link Fund Solutions (Luxembourg) S.A. as the Management Company to be responsible on a day-to-day basis, under supervision of the Directors, for providing administration, marketing and investment management services in respect of all Sub-Funds.

### Directors of the Management Company

**Jean-Luc Neyens** – Link Fund Solutions (Luxembourg) S.A., Luxembourg – Managing Director

**Joseph O’Donnell** – Link Fund Manager Solutions Ireland Limited, Ireland – Head of Risk

**Pierre Goes** - Link Fund Solutions (Luxembourg) S.A., Luxembourg – Conducting Officer

**Gordon Thomson** – Link Fund Solutions Limited, Head of Operational Oversight

### Conducting officers of the Management Company

- Jean-Luc Neyens
- Pierre Goes
- Céline Gutter
- Richard Maisse

The Management Company was incorporated on 6 August 2018 as a société anonyme under Luxembourg law for an indeterminate period and is registered with the Luxembourg Trade Register under number B 226 846. The articles of incorporation have been published in the RESA on 14 September 2018.

The Management Company has a fully paid-up share capital of EUR 11,425,000.

The Management Company shall have the exclusive authority with regard to any decisions in respect of the Fund or any Sub-Funds and provides investment management, administration and distribution services to the Fund. The Management Company will manage the assets of the Fund or any Sub-Fund in compliance with the Articles of Incorporation for the sole benefit of the shareholders. The Management Company may delegate certain functions to third parties in accordance with applicable laws.

In compliance with the provisions of chapter 15 of the UCI Law and CSSF Circular 18/698, the effective conduct of the business of the Management Company has been granted to at least two (2) day-to-day managers.

Furthermore, the Management Company can obtain advice from one or more investment advisers and/or may appoint different investment managers that receive a fee from the assets of the Fund in return.

The Management Company has established and applies a remuneration policy (the “Remuneration Policy”) and practices that are consistent with, and promote, sound and effective risk management and that never encourage risk taking which is inconsistent with the risk profiles, rules or articles of incorporation of the funds it manages.

The Remuneration Policy sets out the legal and regulatory requirements, as well as the related actions, which the Management Company has to comply with in order to meet its obligations, in the area of remuneration as a Management Company authorised under Chapter 15 of the Law of the 2010 Law and as an alternative investment fund manager (“AIFM”) authorised under the law of 12 July 2013 relating to alternative investment fund managers, as amended (the “AIFM Law”).

The Remuneration Policy integrates the provisions of the European directives and regulations and laws related to remuneration and corporate governance, the ESMA Guidelines 2013/232 of 3 July 2013 on sound remuneration policies under the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (the “AIFMD”), the ESMA final report 2016/411 of 31 March 2016 on the guidelines on sound remuneration policies (the “ESMA Final Report”) under the UCITS Directive and AIFMD.

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the funds managed by the Management Company.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the funds managed by the Management Company and their shareholders and includes measures to avoid conflicts of interest.

With regard to the service providers appointed under the Management Company delegation and as applicable, the Management Company only delegates its portfolio management function to delegates:

- subject to regulatory requirements on remuneration that are equally as effective as those under the AIFM Law and the 2010 Law; or
- for which appropriate contractual arrangements are enforced in order to ensure that there is no circumvention of the remuneration rules with respect to payments to identified staff within the delegate. Compliance with regulatory requirements will be assessed by the Management Company through its oversight function.

The assessment of performance is set in a multi-year framework in order to ensure that the focus is set on the longer-term performance of the Management Company and its investment risks.

Assessed criteria are both quantitative and qualitative to ensure that any risk-taking activities or behaviour is not fostered.

The fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Compensation of the staff engaged in control functions is made in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control.

The Remuneration Policy is available on the website of the Management Company at <https://ww2.linkgroup.eu/lfs/policies/>, and a paper copy will be made available free of charge upon request.

### ***Investment Managers***

The Management Company may delegate, its investment management duties for part or all of the Sub-Funds to one or several investments managers (the “**Investment Manager(s)**”), under the overall responsibility of the Board of Directors, subject to the prior approval of the CSSF and disclosure in the relevant Sub-Fund Details in Appendix II of the Prospectus.

The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Fund and each Sub-Fund are invested in a manner consistent with the Fund's and the Sub-Funds' investment restrictions and that cash belonging to the Fund and each Sub-Fund is invested in accordance with the guidelines laid down by the Directors and the Management Company.

Subject to the prior approval of the Fund and the Management Company, the Investment Manager may appoint one or more sub-managers based on their particular knowledge, skills and experience which may be necessary or recommendable for the achievement of the investment objectives of the relevant Sub-Funds. Such a sub-manager will in principle provide its services under the responsibility and at the expense of the Investment Manager. The portfolio management mandate cannot be entrusted to the Depositary or one of its delegates.

### ***Investment Advisors***

The Management Company and the Investment Manager may appoint investment advisors (the “**Investment Advisor(s)**”), for a one or several Sub-Fund from time to time.

The Investment Advisor may seek advice, at its own expenses, for the investment advice given in relation to the assets of the Sub-Fund it is appointed for, from any person or corporation which it may consider appropriate.

The Investment Advisor shall regularly assist the Management Company and the Investment Manager by giving advice and recommendations regarding the selection of securities and other permitted assets to be acquired by the Sub-Fund considered in line with the investment policy of the Sub-Fund.

The Investment Advisor shall act in a purely advisory capacity. The Management Company and the Investment Manager shall not be bound by any advice or recommendations provided by the Investment Advisor and shall assume sole responsibility for all decisions taken acting on such advice and recommendations in the management of the Sub-Fund's assets.

### ***Conflicts of Interest***

The Investment Manager, the Investment Advisor and the Management Company may from time to time act as investment manager, investment advisor or as management company to other investment funds/clients and may act in other capacities in respect of such other investment funds or clients. It is therefore possible that the Investment Manager, the Investment Advisor or the Management Company may, in the course of their business, have potential conflicts of interest with the Fund.

The Directors of the Fund, the Management Company and/or the Investment Manager and/or the Investment Advisor will (in the event that any conflict of interest actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the Fund.

The Fund may also invest in other investment funds which are managed by the Management Company or the Investment Manager or the Investment Advisor or any of their affiliated entities. The directors of the Management Company may also be directors of investment funds and the interest of such investment funds and of the Fund could result in conflicts. Generally, there may be conflicts between the best interests of the Fund and the interests of affiliates of the Management Company in connection with the fees, commissions and other revenues derived from the Fund or investment funds. In the event where such a conflict arises, the

directors of the Management Company will endeavour to ensure that it is resolved in a fair manner and in the best interests of the Fund.

### 3. Depositary bank

By virtue of a depositary agreement executed between the Fund, the Management Company and BANQUE DE LUXEMBOURG (“**Depositary Agreement**”), the latter has been appointed as depositary of the Fund (“**Depositary**”) for :

- (i) the safekeeping of the assets of the Fund;
- (ii) the cash monitoring;
- (iii) the oversight functions; and
- (iv) such other services as agreed from time to time and reflected in the Depositary Agreement.

The Depositary is a credit institution established in Luxembourg, whose registered office is situated at 14, boulevard Royal, L-2449 Luxembourg, and which is registered with the Luxembourg Trade and Companies Register under number B 5310. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended, and specialises, *inter alia*, in custody, fund administration and related services.

#### **Duties of the Depositary**

The Depositary is entrusted with the safekeeping of the Fund’s assets. For the financial instruments which can be held in custody within the meaning of Article 22.5 (a) of UCITS Directive as amended (“Custodiable Assets”), they may be held either directly by the Depositary or, to the extent permitted by applicable laws and regulations, through other credit institutions or financial intermediaries acting as its correspondents, sub-depositary banks, nominees, agents or delegates. The Depositary also ensures that the Fund's cash flows are properly monitored.

In addition, the Depositary shall:

- (i) ensure that the sale, issue, repurchase, redemption and cancellation of the Shares of the Fund are carried out in accordance with the 2010 Law, the Articles of Incorporation and the Prospectus;
- (ii) ensure that the value of the shares of the Fund is calculated in accordance with the 2010 Law, the Articles of Incorporation and the Prospectus;
- (iii) carry out the instructions of the Fund, unless they conflict with the 2010 Law, the Articles of Incorporation or the Prospectus;
- (iv) ensure that in transactions involving the Fund’s assets any consideration is remitted to the Fund within the usual time limits;
- (v) ensure that the Fund’s income is applied in accordance with the 2010 Law and the Articles of Incorporation.

#### **Delegation of functions**

Pursuant to the provisions of the 2010 Law and of the Depositary Agreement, the Depositary delegates the custody of the Fund’s Custodiable Assets to one or more third-party depositaries appointed by the Depositary.

The Depositary shall exercise care and diligence in choosing, appointing and monitoring the third-party delegates so as to ensure that each third-party delegate fulfils the requirements of the 2010 Law. The liability of the Depositary shall not be affected by the fact that it has entrusted all or some of the Fund’s assets in its safekeeping to such third-party delegates.

In the case of a loss of a Custodiable Asset, the Depositary shall return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay, except if such loss results from an external event beyond the Depositary's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.



According to the 2010 Law, where the law of a third country requires that certain financial instruments of the Fund be held in custody by a local entity and there is no local entity in that third country subject to effective prudential regulation (including minimum capital requirements) and supervision, delegation of the custody of these financial instruments to such a local entity shall be subject (i) to instruction by the Fund to the Depositary to delegate the custody of such financial instrument to such a local entity, and (ii) to the Fund's investors being duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the relevant third country, of the circumstances justifying the delegation and of the risks involved in such a delegation. It shall rest with the Fund and/or Management Company to fulfil the foregoing condition (ii), whereas the Depositary may validly refuse accepting any of the concerned financial instrument in custody until it receives to its satisfaction both the instruction referred to under the foregoing condition (i), and the written confirmation from the Fund and/or the Management Company that the foregoing condition (ii) has been duly and timely fulfilled.

### **Conflicts of interests**

In carrying out its duties and obligations as depositary of the Fund, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the investors of the Fund.

As a multi-service bank, the Depositary may provide the Fund, directly or indirectly, through parties related or unrelated to the Depositary, with a wide range of banking services in addition to the depositary services.

The provision of additional banking services and/or the links between the Depositary and key service providers to the Fund, may lead to potential conflicts of interests with the Depositary's duties and obligations to the Fund. Such potential conflicts of interests may in particular be due to the following situations (the term "CM-CIC Group" designates the banking group to which the Depositary belongs).

- the Depositary has a significant shareholder stake in European Fund Administration in Luxembourg ("EFA") and some members of the staff of the CM-CIC Group are members of EFA's board of directors;
- the Depositary delegates the custody of financial instruments of the Fund to a number of sub-depositaries;
- the Depositary may provide additional banking services beyond the depositary services and/or act as counterparty of the Fund for over-the-counter derivative transactions.

The following circumstances should mitigate the risk of occurrence and the impact of conflicts of interests that might result from the above mentioned situations.

The staff members of the CM-CIC Group in EFA's board of directors do not interfere in the day-to-day management of EFA which rests with EFA's management board and staff. EFA, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.

The selection and monitoring process of sub-depositaries is handled in accordance with the 2010 Law and is functionally and hierarchically separated from possible other business relationships that exceed the sub-custody of the Fund's financial instruments and that might bias the performance of the Depositary's selection and monitoring process. The risk of occurrence and the impact of conflicts of interests is further mitigated by the fact that, except with regards to one specific class of financial instruments, none of the sub-depositaries used by Banque de Luxembourg for the custody of the Fund's financial instruments is part of the CM-CIC Group. The exception exists for units held by the Fund in French investment funds where, because of operational considerations, the trade processing is handled by and the custody is delegated to *Banque Fédérative du Crédit Mutuel in France* ("BFCM") as specialized intermediary. BFCM is a member of the CM-CIC Group. BFCM, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.

Additional banking services provided by the Depositary to the Fund are provided in compliance with relevant legal and regulatory provisions and rules of conduct (including best execution policies) and the performance

of such additional banking services and the performance of the depositary tasks are functionally and hierarchically separated.

Where, despite the aforementioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary will at all times have regard to its duties and obligations under the Depositary Agreement with the Fund and act accordingly. If, despite all measures taken, a conflict of interest that bears the risk to significantly and adversely affect the Fund or the investors of the Fund, may not be solved by the Depositary having regard to its duties and obligations under the Depositary Agreement with the Fund, the Depositary will notify the Fund which shall take appropriate action.

As the financial landscape and the organizational scheme of the Fund may evolve over time, the nature and scope of possible conflicts of interests as well as the circumstances under which conflicts of interests may arise at the level of the Depositary may also evolve.

In case the organizational scheme of the Fund or the scope of Depositary's services to the Fund is subject to a material change, such change will be submitted to the Depositary's internal acceptance committee for assessment and approval. The Depositary's internal acceptance committee will assess, among others, the impact of such change on the nature and scope of possible conflicts of interests with the Depositary's duties and obligations to the Fund and assess appropriate mitigation actions.

Investors of the Fund may contact the Depositary at the Depositary's registered office to receive information regarding a possible update of the above listed principles.

### **Miscellaneous**

The Depositary or the Fund may terminate the Depositary Agreement at any time upon not less than three (3) months' written notice (or earlier in case of certain breaches of the Depositary Agreement, including the insolvency of any party to the Depositary Agreement). As from the termination date, the Depositary will no longer be acting as the Fund's depositary pursuant to the Law of 2010 and will therefore no longer assume any of the duties and obligations nor be subject to the liability regime imposed by the 2010 Law with respect to any of the services it would be required to carry out after the termination date.

Up-to-date information regarding the list of third-party delegates will be made available to investors on <http://www.banquedeluxembourg.com/en/bank/corporate/legal-information>.

As Depositary, BANQUE DE LUXEMBOURG will carry out the obligations and duties as stipulated by the 2010 Law and the applicable regulatory provisions.

The Depositary has no decision-making discretion or any advice duty relating to the Fund's organization and investments. The Depositary is a service provider to the Fund and is not responsible for the preparation and content of this Prospectus and therefore accepts no responsibility for the accuracy and completeness of any information contained in this Prospectus or the validity of the structure and of the investments of the Fund. Investors are invited to consult the Depositary Agreement to have a better understanding of the limited duties and liabilities of the Depositary.

## 4. Central administration

Pursuant to an agreement dated as of 10 February 2014, and with the approval of the Fund, the Management Company appointed EUROPEAN FUND ADMINISTRATION (“EFA”), having its registered office at 2, rue d’Alsace, L-1122 Luxembourg, Grand Duchy of Luxembourg as Administrative, Registrar and Transfer Agent. EFA is responsible for all administrative duties required by Luxembourg laws, and among others for handling the processing of the subscriptions of Shares, dealing with requests for redemptions and transfer of Shares, for the safekeeping of the register of Shareholders, for the bookkeeping, the maintenance of accounting records, the calculation and determination of the net asset value of the Shares in each Sub-Fund as well as for the mailing of statements, reports, notice and other documents to the concerned Shareholders of the Fund, in compliance with the provisions of, and as more fully described in, the relevant agreement above mentioned .

EFA is empowered to delegate, under its full responsibility and at its own cost, all or part of its duties as Administrative, Registrar and Transfer Agent to a third Luxembourg entity with the prior consent of the Management Company and CSSF’s prior approval.

European Fund Administration S.A. is a *société anonyme* incorporated under the laws of Luxembourg and having its registered office at 2, rue d’Alsace, L-1122 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg RCS under number B 56766. The Central Administrative Agent is a professional of the financial sector subject to the Luxembourg Law of 5<sup>th</sup> April 1993 on the financial sector, as amended.

The fees and expenses of the Administrative, Registrar and Transfer Agent are borne by the Fund and charge as further described in the Section *Fees and Expenses* of this Prospectus.

## **5. Investment philosophy and objectives**

The objective of the Fund is to offer the shareholders an easy access to the different markets of transferable securities while ensuring observance of the principle of risk diversification. In principle, all transferable securities purchased are quoted on an official stock exchange or dealt in on a regulated market which operates regularly, is recognised and is open to the public.

The investment policy of each Sub-Fund is described in Appendix II to this prospectus.

Besides the investment policy of each Sub-Fund described in Appendix II to this prospectus, the Sub-Funds may use on regular basis techniques and instruments on transferable securities as well as those intended to hedge currency risks. More details on such restrictions and risks are outlined in the Appendix I to this prospectus.

## **6. Risk Factors**

For each specific risk, potential investors shall refer to Appendix II – Sub-Funds Details. Such specific risk and other risks are further described in Appendix I.

## 7. Techniques and financial instruments

The Fund is authorised for each Sub-Fund, in the consideration of the risks factors set out in *Appendix I – Risk factors*, to use techniques and instruments bearing on Transferable Securities, Money Market Instruments, currencies and other eligible assets, on the condition that any use of such techniques and instruments be carried out for the purpose of hedging and / or efficient management of the portfolio, altogether within the meaning of the Grand-ducal Regulation of 8<sup>th</sup> February 2008. If a Sub-Fund uses such techniques and instruments for investment purposes, detailed information on such techniques and instruments will be disclosed in the investment policy of the relevant Sub-Fund.

### I. Financial derivative instruments

Each Sub-Fund may use financial derivative instruments (“**FDI**”) such as options, futures, forwards and swaps or any variation or combination of such instruments, for hedging or investment purposes, in accordance with the conditions set out in this section and the investment objective and policy of the Sub-Fund, as set out in its *Appendix II – Sub-Funds Details*. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective.

Each Sub-Fund is therefore in particular authorised to carry out transactions involving FDI and other financial techniques and instruments, FDI may include, without limitation the following categories of instruments:

- a) Options: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of a certain underlying at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.
- b) Futures contracts: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.
- c) Forward agreements: a forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.
- d) Interest rate swaps: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.
- e) Equity swap: an equity swap is an agreement which consist of paying out (or receiving) to (from) the swap counterparty:
  - i) a positive or negative price return of one security, a basket of securities, a stock, exchange index, a benchmark or a financial index;
  - ii) an interest rate, either floating or fixed;
  - iii) a foreign exchange rate; or
  - iv) a combination of any of the above.

Against the payment of an interest rate either floating or fixed. There is no exchange of principal in the equity swap and the Fund will not hold any security. The underlying asset category of the swap transactions entered into by the Fund will be indicated in the description of the investment policy of each Sub-Fund in the *Appendix II – Sub-Funds Details* to this prospectus.

The Fund may not enter into equity swap transactions unless:

- i) its counterpart is a recognized financial institution subject to prudential supervision (such as credit institutions or investment firms) and specialised in the relevant type of transaction;
- ii) it ensures that the level of its exposure to the equity swap is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions;
- iii) the underlying assets performance referred to under the equity swap agreement is in compliance with the investment policy of the relevant Sub-Fund entering into such transaction.

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

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

The equity swap transactions to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement. Typically investments in equity swap transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

- f) Swaptions: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.
- g) Credit default swaps: a credit default swap or “CDS” is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread.

The Fund may use CDS, where one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The *International Swaps and Derivatives Association, Inc.* (“ISDA”) have produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

Is also included:

CDS Index contract which is an insurance contract covering default risk on the pool of names in the Index. Index contracts differ slightly from single-name securities. The main difference is that a buyer of protection on the index is implicitly obligated to pay the same premium, called the fixed rate, on all the names in the index. In addition, index contracts restrict the eligible types of credit events to bankruptcy or failure to pay. In the case of a credit event, the entity is removed from the index and the contract continues (with a reduced notional amount) until maturity.

CDS Index Tranches are synthetic collateralised debt obligations (CDOs) based on a CDS index, where each tranche references a different segment of the loss distribution of the underlying CDS index. The main advantage of index tranches relative to other CDOs is that they are standardised. Standardisation applies to both the composition of the reference pool and the structure (“width”) of the tranches

The Fund may use CDS in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection.

In addition, the Fund may, provided it is in its exclusive interest, buy protection under CDS without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with CDS purchased together with the amount of the aggregate of premiums paid relating to the purchase of options on transferable securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 15% of the net assets of the relevant Sub-Fund.

Provided it is in its exclusive interest, the Fund may also sell protection under CDS in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such CDS sold together with the amount of the commitments relating to the purchase and sale of futures and option contracts on any kind of financial instruments and the commitments relating to the sale of call and put options on transferable securities may not, at any time, exceed the value of the net assets of the relevant Sub-Fund.

The Fund will only enter into CDS with highly rated financial institutions specialised in this type of transaction and only in accordance with the standard terms laid down by the ISDA. Also, the Fund will only accept obligations upon a credit event that are within the investment policy of the relevant Sub-Fund.

The Fund will ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from credit default swaps and other techniques and instruments.

The aggregate commitments of all credit default swap transactions will not exceed 20% of the net assets of any Sub-Fund provided that all swaps will be fully funded.

- h) Total return swaps: a total return swap or “TRS” is an agreement, as further below described, in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. Then TRS involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. As such, the use of TRSs or other derivatives with similar characteristics allows gaining synthetic exposure to certain markets or underlying assets without investing directly (and/or fully) in these underlying assets. While the entry into TRSs is possible, it is currently not contemplated.

In case of use of TRS, the Fund or any of its delegates will report the details of any TRSs concluded to a trade repository or ESMA, as the case may be in accordance with the SFTR. TRSs may be used in respect of any instrument that is eligible under article 50 of the UCITS Directive.

In case of use of TRS, the maximum and expected proportion of assets that may be subject to TRS will be set out for each Sub-fund in the relevant *Appendix II – Sub-Funds Details*. If a Sub-fund intends to make use of TRS, the relevant *Appendix II – Sub-Funds Details* will include the disclosure requirements of the SFTR.

- i) Contracts for differences: a contract for differences or “CFD” is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

#### **A. OTC Financial Derivative Instruments**

Each Sub-Fund may invest into FDI that are traded *over-the-counter* (“OTC”) including, without limitation, TRS or other FDI with similar characteristics, in accordance with its investment objective and policy and the conditions set out in this section of the Prospectus.



The counterparties to OTC FDI will be selected among recognized financial institutions subject to prudential supervision (such as credit institutions or investment firms) and specialised in the relevant type of transaction. The identity of the counterparties will be disclosed in the annual report of the Fund.

The Management Company may use a process for accurate and independent assessment of the value of OTC FDI in accordance with applicable laws and regulations.

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under OTC FDI, the Sub-Fund may receive cash or other assets as collateral, as further specified in the paragraph II. C. below entitled “*Collateral management and policy for EPM Techniques*”.

## **B. Financial indices and benchmark**

Each Sub-Fund may use FDI to replicate or gain exposure to one or more financial indices in accordance with its investment objective and policy. The underlying assets of financial indices may comprise eligible assets described in this section of the Prospectus and instruments with one or more characteristics of those assets, as well as interest rates, foreign exchange rates or currencies, other financial indices and/or other assets, such as commodities or real estate.

For the purposes of this Prospectus, a ‘financial index’ is an index which complies with all the criteria set forth in article 9 of the Grand-Ducal Regulation of 8 February 2008 and, at all times, with the following conditions: the composition of the index is sufficiently diversified (each component of a financial index may represent up to 20% of the index, except that one single component may represent up to 35% of the index where justified by exceptional market conditions), the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

Following the BMR, a “**Benchmark**” means any index by reference to which the amount payable under a financial instrument or a financial contract, or the value of a financial instrument, is determined, or an index that is used to measure the performance of a Sub-Fund / Share Class with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees.

The use of a Benchmark should comply with the BMR, and should be disclosed in the Section “Sub-Funds Details”.

The BMR requires further transparency on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

In accordance with the BMR, the Management Company will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. Also, the BMR requires the prospectus to provide clear and prominent information stating whether the Benchmark that may be used is provided by an administrator included in the register of administrators and Benchmarks, as defined in the article 36 of the BMR (the “**Benchmark Register**”) or by administrators who benefits from the transitional period as authorized by the BMR and therefore may not appear in the Benchmark register for the time being (the “**Administrator(s)**”). EU Benchmark administrators have until 1 January 2020 to submit a request to be entered on the Benchmark Register.

Benchmarks may also be used by some funds for comparison purposes or as point of reference against which the performance of a fund may be measured but the funds may freely select the securities in which they invest. Given that the funds are actively managed and investment decisions are made at the discretion of the Investment Manager, the actual holdings and fund performance may differ materially from that of the benchmark(s).

In case the publication of the Benchmark has been stopped or where major changes in that Benchmark have occurred or if for some reason the Board of Directors feels that another benchmark is more appropriate, another Benchmark may be chosen. Any such change of benchmark will be reflected in an updated Prospectus.

The Benchmark Policy of the Management Company complying with Art. 28(2) of the BMR for actions to be taken in the event of material changes to, or cessation of, a benchmark, is available for the Shareholders of the Fund at the registered office of the Management Company.

## II. Efficient portfolio management techniques

Each Sub-Fund may opt to employ techniques and instruments (within the meaning of, and under the conditions set out in, applicable laws, regulations and CSSF circulars issued from time to time, in particular, but not limited to, CSSF circulars 08/356 and 14/592, ESMA guidelines 2014/937 and SFTR, provided that such techniques and instruments are used for the purposes of efficient portfolio management (“EPM”). The use of such techniques and instruments should not result in a change of the declared investment objective of any Sub-Fund or substantially increase the stated risk profile of the Sub-Fund.

The efficient portfolio management techniques (“EPM Techniques”) that may be employed by the Sub-Funds in accordance with the below, include, without limitation, securities lending, repurchase agreements and reverse repurchase agreements as described below, which are also qualified as SFTs.

The Fund will, for the time being, not enter into SFTs such as repurchase and reverse repurchase agreements or engage in securities lending transactions or other transactions – including total return swaps - foreseen under SFTR. Should the Board of Directors of the Fund decide to use such techniques and instruments in the future for any specific Sub-Fund, the Board of Directors of the Fund will update this Prospectus accordingly and will include related requirements of SFTR under the section “Sub-Funds details” in respect of each relevant Sub-Fund, where applicable.

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under a securities lending, repurchase or reverse repurchase transaction, the Sub-Fund will receive cash or other assets as collateral, as further specified in paragraph C below “*Collateral management and policy for EPM Techniques*”.

When investing in SFT and FDI relating to transferable securities and money market instruments, each Sub-Fund shall comply with applicable restrictions and in particular with CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments, CSSF circulars 11/512 and 14/592, ESMA Guidelines 2014/937 and Section 8. below entitled “*Investment restrictions*”.

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

- the exposure obtained through EPM Techniques;
- the identity of the counterparty(ies) to these EPM Techniques;
- the type and amount of collateral received by the Fund to reduce counterparty exposure; and
- the revenues arising from EPM Techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred;
- the use of SFTs pursuant to the SFTR (if applicable), meaning: global data, concentration data, aggregate transaction data for each type of SFTs and TRS separately to be broken down as specified by the regulation (EU) 2015/2365, safekeeping of collateral received by the collective investment undertaking as part of SFTs and TRS, safekeeping of collateral granted by the collective investment undertaking as part of SFTs and TRS, data on return and cost for each type of SFTs and TRS, and data on reuse of collateral.

Reuse means the use by a receiving counterparty, in its own name and on its own account or on the account of another counterparty, including any natural person, of financial instruments received under a collateral arrangement, such use comprising transfer of title or exercise of a right of use in accordance with Article 5 of Directive 2002/47/EC on financial collateral arrangements but not including the liquidation of a financial instrument in the event of default of the providing counterparty.

The Fund's semi-annual report should also contain details of the use of SFTs pursuant to the SFTR (if applicable) as specified for the annual report.

The use of FDI will cause a risk due to leverage. Considering the maximum of 10% of its net assets that a Sub-Fund may borrow, as indicated under point VIII. a) of the Section 8. entitled “*Investment restrictions*” below, the overall exposure of any Sub-Fund must not exceed 210% of the Sub-Fund’s net assets.

The investor's attention is further drawn to the increased risk of volatility generated by Sub-Funds using FDI, EPM Techniques and instruments for other purposes than hedging. If the Investment Managers forecast incorrect trends for securities, currency and interest rate markets, the affected Sub-Fund may be worse off than if no such strategy had been used.

All the revenues arising from EPM Techniques (including, for the avoidance of doubt, SFTs and TRSs), net of direct and indirect operational costs and fees, will be returned to the Fund.

Each Sub-Fund may incur costs and fees in connection with EPM Techniques (including, for the avoidance of doubt, SFTs and TRSs). In particular, a Sub-Fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary or the Investment Manager to the extent permitted under applicable laws and regulations, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct and indirect operational costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary or the Investment Manager, if applicable, will be available in the annual report. The annual report of the Fund will contain also all details on the revenues arising from EPM Techniques (including, for the avoidance of doubt, SFTs and TRSs), for the entire reporting period.

These operational costs may reach a maximum of 50 % of revenues arising from efficient portfolio management techniques and do not include hidden revenues.

The counterparties to the SFTs will be selected through a credit assessment tailored to the intended activity, which may include *inter alia*, a review of the management, liquidity, credit history, profitability, corporate structure, regulatory framework in the relevant jurisdiction, capital adequacy, and asset quality.

Approved counterparties will typically have a public rating of A- or above. While there won't be predetermined legal status applied in the selection of the counterparties, this element will typically be taken into account in the selection process.

In any case, the Fund, and relevant Sub-Fund will only enter into SFTs with such counterparties that are considered as creditworthy and subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company, and that are based on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, unless otherwise disclosed in the *Appendix II – Sub-Funds Details* to this prospectus for a specific Sub-Fund.

The risks linked to the use of SFTs as well as risks linked to collateral management, such as operational, liquidity, counterparty and legal risks and, where applicable, the risks arising from its reuse are further described hereunder in *Appendix I - Risk Factors*.

Assets subject to SFTs will be safe-kept by the Depositary of the Fund.

The maximum and expected proportion (i) of assets that may be subject to SFTs and (ii) for each type of assets that are subject to SFTs will be set out for each Sub-Fund in the relevant *Appendix II – Sub-Funds Details*. If a Sub-fund intends to make use of SFTs, the relevant *Appendix II – Sub-Funds Details* will include the disclosure requirements of the SFTR.

The Fund and any of its Sub-Funds may employ SFTs for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Fund and any of its Sub-Funds. SFTs include in particular the following transactions:

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

(ii) "buy-sell back transaction" or "sell-buy back transaction" means a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities, agreeing, respectively, to sell or to buy back securities, or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, or

guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy- sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse-repurchase agreement within the meaning of item (iii) below;

(iii) "repurchase transaction" means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them; "margin lending transaction" means a transaction in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities.

#### **A. Securities lending and securities borrowing transactions**

The Fund may enter into securities lending and borrowing transactions in accordance with the following provisions of CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments, of CSSF circular 11/512, CSSF circular 14/592 and ESMA Guidelines 2014/937:

- a) The Fund may only lend or borrow securities within a standardised system organised by a recognised securities clearing institution or by a highly rated financial institution specialised in this type of transaction. The counterparty must further be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Community Law.
- b) In relation to its lending transactions, the Fund shall receive a guarantee of a value which, at the conclusion of the agreement, must be at least equal to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.

Such guarantee is given in the form of cash and/or securities issued or guaranteed by a Member State of the OECD, by its regional authorities or by supranational institutions and organisations with EU, regional or global scope, and is frozen in an account in the name of the Fund until the lending contract expires. More specifically, the guarantee could take the form of:

- Liquidity and Cash deposits (defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC) or financial instruments equivalent to cash;
  - Bond issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope as well as bonds issued by non-governmental issuers offering an adequate liquidity with a minimum rating of BBB+ by Standard & Poors or Baa1 by Moody's at the time of purchase (Investment Grade);
  - Shares and convertible bonds which are comprised in a main index;
  - Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA by Standard & Poors or its equivalent, at the time of purchase.
- c) Securities lending transactions may not be for a period exceeding 30 days, nor exceed 50% of the aggregate market value of the securities in the portfolio of the compartment concerned. This limit does not apply when the Fund has the right to terminate the contract at any time and obtain restitution of the securities lent.
  - d) Securities borrowing transactions may not be for a period exceeding 30 days, nor exceed 50% of the aggregate market value of the securities in the portfolio of the compartment concerned.

- e) The Fund may only engage in securities borrowing transactions in the following exceptional circumstances: (x) when the Fund is engaged in the sale of portfolio securities at a time when said securities are being registered with a government authority and therefore are not available; (y) when securities which have been lent are not returned on time; and (z) in order to avoid default of a promised delivery of securities if the Depositary fails to perform its obligation to deliver the securities in question.
- f) Combined risk exposure to a single counterparty arising from one or more securities lending transactions and / or repurchase transactions (as described below under point “*Repurchase Transactions*”) may not exceed 10% of the respective Sub-Fund assets when the counterparty is a credit institution referred to in article 41 paragraph (1) (f) of the 2010 Law or 5% of its assets in any other cases.
- g) When entering into a securities lending agreement, the Fund should ensure that it is able at any time to recall any security that has been lent out or terminate the securities lending agreement.

## **B. Repurchase Transactions**

The Fund may enter into sale with right of repurchases transactions as well as reverse repurchase and repurchase agreement transactions in accordance with the provisions of Circular 08/356, CSSF circular 11/512, CSSF circular 14/592, ESMA Guidelines 2014/937 and Section 8. below entitled “*Investment restrictions*”, on an ancillary basis and in order to tweak its performance, enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement give the seller the right or the obligation to repurchase the securities from the purchaser at a price and a time agreed by the two parties at the conclusion of the agreement.

The Fund may act as either purchaser or seller in repurchase transactions. However, its entering into such agreements is subject to the following rules:

- (i) The Fund may only purchase or sell securities if its counterparty in the repurchase transaction is a highly-rated financial institution specialised in this type of transaction. The counterparty must further be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Community Law.
- (ii) Throughout the duration of a repurchase agreement, the Fund may not sell the securities that are the subject of the agreement before the counterparty has exercised its right to repurchase the securities, or before the deadline for repurchase has expired.
- (iii) It must maintain the incidence of repurchase agreements at a level that shall allow it at all times to meet its repurchase commitments.
- (iv) Combined risk exposure to a single counterparty arising from one or more securities lending transactions (as described above under point “*Securities lending and securities borrowing transactions*”) and / or repurchase transactions may not exceed 10% of the respective Sub-Fund assets when the counterparty is a credit institution referred to in article 41, paragraph (1) (f) of the 2010 Law or 5% of its assets in any other cases.

When entering into a reverse repurchase agreement, the Fund should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Sub-Fund. When entering into a repurchase agreement, the Fund should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

### C. Collateral management and policy for EPM Techniques

The Fund shall comply with the requirements provided by the provisions laid down in the Circular CSSF 14/592 and set out below when entering into management of collateral for OTC financial derivative transactions and efficient portfolio management techniques (and which modify the Box 26 of the existing guidelines on Risk Measurement and Calculation of Global Exposure and Counterparty Risk for UCITS (Ref. CESR/10-788)):

The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Article 52 of the UCITS Directive.

All assets received by the Sub-Fund in the context of EPM Techniques should be considered as collateral and should comply with the criteria laid down in paragraph below.

Where a Sub-Fund enters into OTC FDI transactions and EPM Techniques, the Sub-Fund will only accept the following assets as collateral:

- (i) Liquid assets. Liquid assets include cash, short term bank certificates and money market instruments as defined within the UCITS Directive. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty is considered as equivalent to liquid assets.
- (ii) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope.
- (iii) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent.
- (iv) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in items (v) and (vi) below.
- (v) Bonds issued or guaranteed by first class issuers offering an adequate liquidity.
- (vi) Shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

For the purpose of the above paragraph, all assets received by a Sub-Fund in the context of EPM Techniques should be considered as collateral.

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

- a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 56 of the UCITS Directive.
- b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. As the Fund will accept only highly liquid securities as collateral, Mark-to-Market methodology will be used for the valuation of transferable securities and/or money market instruments listed on a regulated market /multilateral trading facility with transparent pricing, which is based on the last known quotation on the Valuation Day. Shares or units in underlying open-ended investment funds are valued at their last available Net Asset Value reduced by any applicable charges.
- c) Issuer credit quality – collateral received should be of high quality (as above described).
- d) Correlation – the collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

By way of derogation from this sub-paragraph, a UCITS may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a UCITS should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the UCITS' net asset value. UCITS that intend to be fully collateralised in securities issued or guaranteed by a Member State should disclose this fact in its prospectus. UCITS should also identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities that they are able to accept as collateral for more than 20% of their net asset value.

f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

g) Where there is a title transfer, the collateral received should be held by the Depositary of the Sub-Fund. 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.

The collateral eligibility requirements set out above stem from the ESMA Guidelines 2014/937 and CSSF circular 14/592.

Cash collateral received by a Sub-Fund can only be:

- (i) placed on deposit with credit institutions which either have their registered office in an EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (ii) invested in high-quality government bonds;
- (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; ;
- (iv) invested in Short-Term Money Market Funds as defined in the CESR Guidelines 10-049 on a Common Definition of European Money Market Funds.

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

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

Collateral posted in favour of a Sub-Fund under a title transfer arrangement should be held by the Depositary. Collateral posted in favour of a Sub-Fund under a security interest arrangement (e.g., a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Collateral management risks are further described in the *Appendix I – Risks Factors* of the Prospectus.

#### **D. Haircut Policy**

For each of these financial instruments, the following discount rates will be applied (the Management Company reserves the right to vary this policy at any time):

- Cash in a currency other than the currency of exposure: **10%**
- Shares and shares of a UCI : **20%**



- Debt instruments at least investment grade : **15%**
- Non-investment grade debt securities and corporate bonds: **40%**.

The Risk Management makes sure that the collateral used to mitigate counterparty risk is not sold, reinvested or pledged.

A Sub-Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Sub-Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- Design of stress test scenario analysis including calibration, certification & sensitivity analysis;
- Empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- Reporting frequency and limit/loss tolerance threshold; and
- Mitigation actions to reduce loss including haircut policy and gap risk protection.

A Sub-Fund should have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, a Sub-Fund should take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed. This policy should be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.

The prospectus should also clearly inform investors of the collateral policy of the Fund. This should include permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, re-investment policy (including the risks arising from the re-investment policy).

## 8. Investment restrictions

The Directors shall, based upon the principle of diversification of risks, have power to determine the investment policy for the investments of the Fund in respect of each Sub-Fund subject to the following restrictions or subject to any other specific restriction that might be provided for a Sub-Fund in Appendix II to this prospectus:

- I. (1) The Fund, for each Sub-Fund, may invest in:
  - a) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC or dealt in on another market which operates regularly and is recognised and open to the public in a Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, North and South America and Oceania (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 undertakings for collective investment ("other UCIs") within the meaning of Article 1, paragraph(2), points a) and b) of the UCITS Directive, whether or not established in a Member State, provided that:
    - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured,
    - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,
    - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
    - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their management regulations or instruments of incorporation documents, in aggregate be invested in units of other UCITS or other UCIs;
  - d) deposits with a credit institution 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 CSSF as equivalent to those laid down in Community 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:
    - the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
    - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
    - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
  - f) money market instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors

and savings, and provided that these instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Eligible Markets, or
  - issued or guaranteed by a credit institution which has its registered office in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law, or
  - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with 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 Fund may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under I (1) above.

II. The Fund may hold ancillary liquid assets.

- III.
- a) (i) The Fund will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same body.
  - (ii) The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.
  - b) Moreover, where the Fund holds on behalf of a Sub-Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of Such sub-Fund.  
This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.  
Notwithstanding the individual limits laid down in paragraph a), the Fund may not combine for each Sub-Fund, where this would lead to investment of more than 20% of the Sub-Fund's assets in a single body, any of the following:
    - investments in transferable securities or money market instruments issued by that body,
    - deposits made with that body, and/or
    - exposures arising from OTC derivative transactions undertaken with that body.
  - c) The limit of 10% laid down in sub-paragraph a) (i) 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 public local authorities, or by another state in Eastern and Western Europe, Asia, North and South America and Oceania or by public international bodies of which one or more Member States are members.
  - d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer,

would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

- e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b). The limits set out in sub-paragraphs a), b), c) and d) may not be combined 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 Sub-Fund's net assets. Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III). The Fund may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.
- f) **Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk diversification, in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States are members, provided that the Sub-Fund's Shareholders benefit from sufficient protection and that that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

- IV.
- a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. a) to e) are raised to a maximum of 20% for investments in shares and/or debt securities issued by the same body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF provided that it 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 Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets within the meaning of Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public ("Regulated Markets") where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V.
- a) The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- b) The Fund may acquire no more than:
- 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 25% of the units of the same UCITS or other UCI within the meaning of Article 2, paragraph (2) of the 2010 Law
  - 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.

- c) The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States are members.

The provisions of this paragraph V. are also waived as regards:

- shares held by the Fund 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 Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the third country complies with the limits laid down in paragraph III. a) to e), V. a) and b) and VI;
- shares held by one or more investment companies in the capital of subsidiary companies, which carry on only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the repurchase of units at the request of unitholders exclusively on its or their behalf.

- VI. a) The Fund may invest up to 100% of any of its Sub-Fund's net assets in units of UCITS and/or other UCIs (Target Funds) referred to in paragraph I) (1) c), provided that no more than 20% of the Sub-Fund's net assets are invested in the units of a single Target Fund and subject to the limits set by the 2010 Law. Notwithstanding the above principle, and unless otherwise indicated in the description of the relevant Sub-Funds in the Section *Sub-Funds Details* hereto, the Fund shall not invest more than 10% of its sub-fund's net assets in units of the UCITS and/or other UCIs referred to in paragraph I) (1) c). For the purpose of the application of this investment limit, each compartment of a UCITS and/or UCI with multiple compartments within the meaning of Article 181 of the 2010 Law is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- b) The underlying investments held by the Target Funds in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under III. a) to e) above.
- c) Where a Sub-Fund invests in the shares / units of other Target Funds that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Sub-Fund investment in the shares / units of such other Target Funds.  
In respect of a Sub-Fund's investments in Target Funds linked to the Fund as described in the preceding paragraph, the management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the Target Funds concerned shall not exceed a level as disclosed in each Sub-Funds Details in Appendix II. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the Target Funds in which such Sub-Fund has invested during the relevant period.
- d) The Fund may acquire no more than 25% of the units of the same Target Fund. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a Target Fund with multiple compartments, this restriction is applicable by reference to all units issued by the target sub-fund.
- e) The Fund may not, in aggregate, invest more than 30% of any of its Sub-Fund's net assets in units of Target Funds.

- VII. The Fund shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the total net value of the relevant Sub-Fund.

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

If the Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III. a) to e) above. When

the Fund invests in index-based financial derivative instruments, these investments are not required to be combined to the limits laid down in paragraph III a) to e).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII.
- a) The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fund may acquire foreign currencies by means of back to back loans.
  - b) The Fund may not grant loans to or act as guarantor on behalf of third parties. This restriction shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.
  - c) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
  - d) The Fund may only acquire movable or immovable property which is essential for the direct pursuit of its business, provided that such investment does not represent more than 10% of its assets.
  - e) Where the Fund is authorised to borrow under points a) and d), that borrowing shall not exceed 15% of its assets in total.
  - f) The Fund may not acquire either precious metals or certificates representing them.
- IX.
- a) The Fund needs not comply with the limits laid down in this section when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk diversification, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.
  - b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.
  - c) 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 diversification rules set out in paragraphs III. a) to e), IV. and VI.

## **9. Investment in one or more other sub-funds of the Fund**

Pursuant to Article 181 (8) of the 2010 Law, any sub-fund of the Fund may, subject to the conditions provided for in the Articles of Incorporation, subscribe, acquire and/or hold securities to be issued or issued by one or more sub-funds of the Fund without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the conditions however that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
- no more than 10% of the assets that the target Sub-Funds whose acquisition is contemplated may be invested pursuant to the Instruments of Incorporation in shares of other target Sub-Funds of the Fund; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

## 10. Risk Management Process

The Management Company, on behalf of the Fund, will employ a risk-management process (the “RMP”) which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company, on behalf of the Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments. As part of the RMP within the meaning of the applicable CSSF Circular 11/512 and the ESMA Guidelines 10-788, the Management Company will calculate the global exposure of each Sub-Fund on a daily basis despite of NAV frequency. This global exposure, depending on the risk profile of each Sub-Fund could be calculated using the Commitment Approach or the Value at Risk Approach (the “VaR Approach”), either relative or absolute.

The Commitment approach is defined as the sum of the absolute value of the individual commitments of financial derivatives instruments, after taking into account possible effects of netting and hedging.

The VaR approach quantifies the maximum potential loss that a UCITS could suffer within a certain time horizon and a given level of confidence under normal market conditions. The Management Company shall use a one month (20 days) Historical VaR with one year of history and a confidence level of 99%.

The risk profile will be evaluated by the Risk Management department of the Management Company, the result of this evaluation will be communicated to the Board of the Fund that will confirm the approach chosen or propose a new one. More specifically, the selection of the approach will result from the investment policy and strategy of each Sub-Fund (including its use of financial derivative instruments).

The approach chosen for each Sub-Fund could be found in Appendix II – Sub-Funds Details of the present prospectus. In case of a VaR approach, the expected level of leverage as well as the benchmark or the appropriate mix of assets (if managed with a relative VaR approach) will be indicated. The expected level of leverage will be calculated as the sum of notionals but could be completed by the commitment approach.



## 11. Shares

Within the meaning of Article 181 of the 2010 Law, the Fund may issue within each Sub-Fund one or more Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the Sub-Fund concerned but may differ, *inter alia*, in respect of specific sales and redemption charge structure, management charge structure, distribution policy, hedging policy or any other features as the Board of Directors shall from time to time determine in respect of each Sub-Fund.

Currently, the Board of Directors may decide to issue within each Sub-Fund, the Classes of Shares as further described in Appendix II – Sub-Funds Details to this Prospectus.

In accordance with the above, the Board of Directors may also decide to issue within the same class of Shares, two categories as further described in Appendix II – Sub-Funds Details of this prospectus.

For each Sub-Fund shares are only in registered form.

The Fund may also issue fractional shares (*thousands*) which are only in registered form. In the event that fractional registered shares are issued, a confirmation of subscription shall be issued.

The inscription of the shareholder's name in the shareholders' register evidences his right to ownership of such registered shares. The shareholders' register is kept at the registered office of the Administrative, Registrar and Transfer Agent.

Shares must be fully paid-up and are issued with no par value. There is no restriction with regard to the number of shares which may be issued, unless otherwise decided by the Board.

The rights attached to the shares are those provided for in the 1915 Law, unless superseded by the 2010 Law.

All shares of the Fund have an equal voting right, whatever their value (fraction of share do not allow a voting right). The shares of the Fund have equal rights to the liquidation proceeds of the Fund.

## 12. Listing on Borsa Italiana S.p.A. – ATFund market

*ATFund* is the new multilateral trading facility (MTF) of Borsa Italiana S.p.A launched on 1<sup>st</sup> October 2018, following the simultaneous closing of the segment dedicated to the trading of open-end funds of *ETFplus* market, where it is possible to negotiate UCITS in the meaning of the UCITS Directive, which have received Consob (the *Commissione Nazionale per le Società e la Borsa* “Consob” is the public authority responsible for regulating the Italian financial markets) or Bank of Italy authorization or, and in the case of EU UCITS, have an authorization from the home supervisory authority and are duly registered for sale in Italy. For the avoidance of any doubt, the Sub-Funds are not ETF as further detailed under CSSF Circular 14/592 on the Guidelines of the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues.

The main features of *ATFund* market are the same than the arrangements applied on the former segment of *ETFplus* market, both in terms of market operation and rules for the participants, as follows:

- Orders must display the quantity only;
- Minimum Initial Investment is 1 share (no decimal available);
- Orders are executed at the NAV of the relevant Valuation Day, with the last available prices of such Valuation Day;
- The presence of an appointed intermediary is mandatory in order to execute the buy and sell order imbalance.

Intermonte SIM S.p.A., whose registered office is at Corso Vittorio Emanuele, 9 - Milan, and registered at no. 06817880013 on the Milan Company Register, is an authorised broker for the performance of negotiation services according to the Italian Decree Law no. 58 of 24 February 1998 on financial brokerage.

Intermonte SIM S.p.A has been appointed by the Fund as appointed intermediary in order to comply with the requirements of Borsa Italiana SIM S.p.A.

For further information, please visit Borsa Italiana S.p.A. website: [www.borsaitaliana.it](http://www.borsaitaliana.it).

Share classes available through the *ATFund* are disclosed in the *Appendix II – Sub-Funds Details* of this Prospectus.

### 13. Net asset value

The net asset value per share of the Fund is determined on the Valuation Day, under the responsibility of the Board of Directors. The Valuation Day applicable for each Sub-fund is disclosed under Appendix II Sub-Funds Details.

The net asset value per share of the Fund is expressed in Euro. It is determined by dividing the net assets of the Fund by the total number of shares of the Fund outstanding. If a Valuation day is a (legal or bank) holiday in Luxembourg, the Valuation day shall be the next following Luxembourg Bank Business Day.

The net assets of the Funds shall be assessed as follows:

1. In particular, the Fund's assets shall include:

- all cash on hand and on deposit, including interest due but not yet received as well as interest accrued on these deposits up to the Valuation day;
- all bills and demand notes and accounts receivable (including the results of securities sold insofar as the proceeds have not yet been collected);
- All debt securities, time notes, certificates of deposit, shares, stock, debentures, debenture stocks, subscription rights, warrants, options and other securities, financial instruments and similar assets owned or contracted for by the Fund (provided that the Fund may make adjustments in a manner not inconsistent with paragraph (a) below with regards to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
- all dividends and distribution proceeds to be received by the Fund in cash or securities insofar as the Fund is aware of such;
- all interest accrued but not yet received and all interest produced until the Valuation day on securities owned by the Fund, unless this interest is included in the principal amount of such assets;
- the incorporation expenses of the Fund, insofar as they have not yet been written off;
- all other assets of whatever kind and nature, including prepaid expenses.

The value of these assets shall be determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet received shall be deemed to be the full value of such assets, unless it is unlikely that such values be received, in which case the value thereof shall be determined by deducting such amount the Fund may consider appropriate to reflect the true value of these assets;
- (b) the valuation of securities and/or money market instruments listed on an official stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public, is based on the last quotation known in Luxembourg on the Valuation day and, if such security is traded on several markets, on the basis of the last available price known on the market considered to be the main market for trading this security. If the last available price is not representative, the valuation shall be based on the probable sales value estimated by the Board of Directors with prudence and in good faith;
- (c) securities not listed on a stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public shall be assessed on the basis of the probable sales value estimated with prudence and in good faith;
- (d) securities expressed in a currency other than the currency of the Fund shall be converted into that currency on the basis of the last available exchange rate;
- (e) the money market instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in accordance with market practice;
- (f) shares or units in underlying open-ended investment funds shall be valued at their last available net asset value reduced by any applicable charges;
- (g) the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market, operating regularly and recognised and open to the public, will be valued in accordance with market practice;
- (h) Swaps will be valued at their fair value based on the underlying securities.

In the event that the above mentioned calculation methods are inappropriate or misleading, the Board of Directors may adjust the value of any investment or permit some other method of valuation to be used for the assets of the Fund if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investments.

2. The liabilities of the Fund shall include:

- all loans, bills matured and accounts due;
- all known liabilities, whether matured or not, including all matured contractual obligations that involve payments in cash or in kind (including the amount of any unpaid dividends declared by the Fund);
- all reserves, authorised or approved by the Board of Directors, in particular those formed for covering potential depreciation on some of the Fund's investments;
- all other liabilities of the Fund, of whatever kind and nature with the exception of those represented by the Fund's own resources.

To assess the amount of such other liabilities, the Fund shall take into account all expenses payable by it, including, without limitation, remuneration and expenses of its Directors, employees or agents, fees payable to the Management Company if any, its service providers, the formation expenses and those for subsequent amendments to the Articles of Incorporation, fees and expenses payable to the investment advisers, managers, accountants, custodians and correspondents, domiciliation agents, paying agents or other agents and employees of the Fund, as well as the permanent representatives of the Fund in countries where it is subject to registration, the costs for legal assistance and for the auditing of the Fund's annual reports, the costs for promoting, printing and publishing the sales documents for the shares, printing costs of annual and interim financial reports, the cost of convening and holding shareholders' and Board of Directors' meetings, reasonable travelling expenses of Directors and managers, Directors' fees, the costs of registration statements, all taxes and duties charged by governmental authorities and stock exchanges, the costs of publication of the issue and redemption prices as well as any other operating costs, including financial costs, bank charges and brokerage incurred at purchase or sale of assets or otherwise as well as any other administrative charges.

For the valuation of the amount of such liabilities, the Fund shall take into account administrative and other expenses of a regular or periodic nature on a prorata temporis basis.

- Towards third parties, the Fund represents one and the same legal entity. However, the assets of a specific Sub-Fund are liable only for debts, charges and obligations of such Sub-Fund. The assets, liabilities, charges and expenses, which are not attributable to a Sub-Fund shall be attributed to all the Sub-Funds, in equal proportions or as long as justified by the amounts concerned, to the prorata of their respective net assets.
3. Each share of the Fund to be redeemed is considered as an issued and existing share until the close of business on the Valuation day applicable to the redemption of such share and its price shall be considered as a liability of the Fund from the close of business on such day and this, until the relevant price is paid.

Each share to be issued by the Fund in accordance with subscription applications received, shall be considered as having been issued as from the close of business on the Valuation day of its issue price and such price shall be considered as an amount to be received by the Fund until the Fund shall have received it.

4. Insofar as possible, each investment or disinvestment decided by the Fund until the Valuation day shall be taken into account by the Fund. However, the bookkeeping of transactions will be done only in accordance with the procedures as set among the different parties concerned. A copy of such procedures may be consulted at the registered office of the Fund as well as at the Fund's representative offices in the countries where the shares are distributed.

## **14. Suspension of the calculation of net asset value, issue and redemption of shares**

The Board of Directors is authorised to suspend temporarily the calculation of the net asset value of the Fund, as well as the issuance and the redemption of shares under the following circumstances :

- (a) during any period when any of the principal stock exchanges, Regulated Market or any Other Regulated Market in a Member State or in a non Member State on which a substantial part of the Fund's investments attributable to such Sub-Fund is quoted, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Sub-Fund is denominated, are closed otherwise than for ordinary holidays or during which dealings are substantially restricted or suspended; or
- (b) when political, economic, military, monetary or other emergency events beyond the control, liability and influence of the Fund make the disposal of the assets of any Sub-Fund impossible under normal conditions or such disposal would be detrimental to the interests of the Shareholders of the Fund; or
- (c) during any breakdown in the means of communication network normally employed in determining the price or value of any of the relevant Sub-Fund's investments or the current price or value on any market or stock exchange in respect of the assets attributable to such Sub-Fund; or
- (d) during any period where the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- (e) during any period when for any other reason the prices of any investments owned by the Fund, including in particular the financial derivative instruments and repurchase transactions entered into by the Fund in respect of any Sub-Fund, cannot promptly or accurately be ascertained; or
- (f) following a decision to merge, liquidate or dissolve the Fund or, if applicable, one or several Sub-Fund(s); or
- (g) following the suspension of (i) the calculation of the net asset value per share/unit, (ii) the issue, (iii) the redemption and/or (iv) the conversion of the shares/units issued at the level of a master in which the Sub-Fund invests in its quality as feeder within the meaning of the 2010 Law; or
- (h) during any period when the Board of Directors so decides, provided all Shareholders are treated on an equal footing and all relevant laws and regulations are applied as soon as an extraordinary general meeting of Shareholders of the Fund or of a Sub-Fund has been convened for the purpose of deciding on the liquidation or dissolution of the Fund or a Sub-Fund; or
- (i) during a period where the relevant indices underlying the derivative instruments which may be entered into by the Sub-Funds of the Fund are not compiled or published; or
- (j) upon the order of the Luxembourg supervisory authority; or
- (k) in any case, at the Board of Directors' discretion when it is in the best interest of the Shareholders.

Shareholders offering shares for redemption shall be notified of the suspension of the net asset value calculation. The net asset value suspension will be published with any appropriate means, if the suspension duration overcomes a certain limit.

Pending applications for subscription, conversion and redemption may be withdrawn in writing insofar as notification thereon be received by the Fund before the end of suspension.

Applications for subscriptions and redemptions which are suspended by written request may be withdrawn before the end of the suspension period, provided that such request is received by the Fund or by any other appointed entity acting on behalf of the Fund. Subscriptions and redemptions which are suspended shall be taken into consideration on the first Valuation day immediately following the end of the suspension period.

## 15. Issue of shares, subscription and payment procedure

The Board of Directors is authorised to issue shares at any time and without limitation. It may also authorise that subscriptions within the Sub-Funds are done by a contribution in kind, unless otherwise specified in the Appendix II – Sub-Funds Details. In the latter case, this contribution will be the subject of a report established beforehand by an independent auditor. The relevant fees will be paid by the subscriber.

Investors can subscribe Shares in a Sub-Fund directly from the Fund. Investors may also purchase Shares in a Sub-Fund by using the nominee services offered by the Distributors or by the Local Paying Agents. A Distributor or a Local Paying Agent then subscribes and holds the Shares as a nominee in its own name but for the account of the investor. The Distributor or Local Paying Agent then confirms the subscription of the Shares to the investor by means of a letter of confirmation. Distributors and Local Paying Agents that offer nominee services are either seated in countries that have ratified the resolutions adopted by the FATF or Groupe d'action financière internationale (“GAFI”) or execute transactions through a correspondent bank seated in a FATF country. Investors who use a nominee service may issue instructions to the nominee regarding the exercise of votes conferred by their Shares as well as request direct ownership by submitting an appropriate request in writing to the relevant Distributor or Local Paying Agent offering the Nominee-Service.

For the Italian market, only the Local Paying Agent may group the subscription, conversion and redemptions requests, and forward such requests to the Fund on a cumulative basis, in the name of the Local Paying Agent and on behalf of the investors. In this case, the Shares will be registered in the Fund Shareholder register in the name of the Local Paying Agent, with the diction “on behalf of third party” or the equivalent. In the Application Form, the investors will grant to the Local Paying Agent the relevant mandate.

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

Any Investor shall self-certify its FATCA status to the Fund (or its delegates) via the forms prescribed by the FATCA regulations in force in the relevant jurisdiction (e.g. through the W8, W9 or equivalent filling forms) to be renewed regularly or provide the Fund (or its delegates) with their GIIN numbers if the Investors are FFIs. The Investors shall inform the Fund (or its delegates) of a change of circumstances in their FATCA status immediately in writing in order to ensure correct reporting.

It is the responsibility of the Nominee to identify its clients for FATCA purposes.

The Investors/Distributors that either have not properly documented their FATCA status as requested or have refused to disclose such a FATCA status within tax legally prescribed timeframe may be classified as “recalcitrant” and be subject to a reporting towards tax or governmental authorities and may suffer potential withholding tax.

If you have any doubt on the possible implications of FATCA on the Fund or yourself, you should seek independent professional advice. You are strongly recommended to seek independent advice from your own qualified U.S. tax advisor if you have queries related to FATCA or if you wish to know more about FATCA and its effect on you.

The Fund has delegated to the Management Company, the administration and marketing services in respect of all the Sub-Funds. Pursuant to such delegation, the Management Company or its delegates will monitor the prevention of anti-money laundering measures. Measures aimed at the prevention of money laundering may require an applicant for shares to certify its identity to the Management Company or its delegates. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant’s name at a recognised financial institution, or the application

is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is established within a country recognised by Luxembourg as having equivalent anti-money laundering regulations. Thus, for the subscription to be valid and acceptable by the Fund, shareholders shall attach, at least, the following documents to the application forms, as well as any additional documents as requested from time to time by the Administrative, Registrar and Transfer Agent in compliance with the applicable laws and regulation in Luxembourg:

- if the investor is a *physical person*, a copy of one of his/her identification documents (*passport or ID card*),  
or
- if the investor is a *legal entity*, a copy of its corporate documents (*such as the articles, published balances, excerpt of the Trade Register, ...*) and the copies of the identification documents of its economic eligible parties (*passport or ID card*).

These documents shall be certified true copies of the originals.

This requirement is mandatory, except if:

- the application form is sent through another professional of the financial sector established in a State member of the FATF and that this professional has already ascertained the identity of the applicant in a manner equivalent to that required by Luxembourg law, and
- a delegation contract of the identification obligations has been signed between such professional and the Administrative, Registrar and Transfer Agent.

Applications for subscriptions must be sent in writing, by telex, fax or electronic means to the Administrative Agent or with any other appointed agent (if sent by fax or by electronic means to be followed promptly by the original by post).

Applications for subscription may, at the subscriber's choice, pertain to a number of shares to be subscribed or to an amount to be invested in the Fund. In this latter case, fractional shares may be issued, to one thousandth of a Share.

Shares shall be allotted at the net asset value per share as of the Valuation Day. The transactions will be confirmed to the Shareholders on the day the NAV is available with reference to the applicable Valuation Day. A subscription fee expressed as a percentage of the net asset value of the shares may be charged to the investors by the appointed entities acting in relation to the distribution/placing/marketing of the Shares as described in Appendix II – Sub-Funds Details to this Prospectus.

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for shares, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of the Data Protection Law. In particular, such process of personal data or information implies that subscribing the Fund, shareholders consent that their personal data or any information relating to them be disclosed (i) to any entity of the promoter's group and any affiliate, (ii) to the Administrative, registrar and Transfer Agent or (iii) to any authority in any country when required by law or regulation.

Unless otherwise disclosed in Appendix II to this prospectus for a Sub-Fund, applications for subscription received by the Administrative Agent at the latest at noon (Luxembourg time) on the applicable Valuation day shall be carried out, if accepted, on the basis of the net asset value as dated as of this Valuation day. Applications notified after this deadline shall be executed on the following Valuation day. The subscription price of each share is payable within 3 (three) Luxembourg Bank Business Days following the applicable Valuation day.



The Fund reserves the right to:

- refuse all or part of a application for subscription of shares;
- repurchase, at any time, shares held by persons not authorised to buy or own the Fund's shares.

The Directors reserve the right to reject any application for subscription or conversion of shares from investors whom they consider to be excessive traders. The Fund may further compulsorily redeem shares held by an investor who is suspected to be or to have been engaged in excessive trading. The repeated purchase and sale of shares designed to take advantage of pricing inefficiencies in the Fund – also known as “Market Timing”- may disrupt portfolio investment strategies and increase the Fund's expenses and adversely affect the interests of the Fund’s long term shareholders. To deter such practice, the Board of Directors reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to Market Timing, which the Board of Directors shall be free to appreciate, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as doing frequent in and out trades within the Fund.

The Board of Directors, as safeguard of the fair treatment of all investors, takes necessary measures to ensure that (i) the exposure of the Fund to Market Timing activities is adequately assessed on an ongoing basis, and (ii) sufficient procedures and controls are implemented to minimize the risks of Market Timing in the Fund.

## 16. Conversion of shares

Conversion of Shares involving Class L is not allowed.

Unless otherwise specified in the Appendix II - Sub-Funds Details, and subject to compliance with any eligibility conditions, any shareholder may request the conversion of all or part of his shares of one Sub-Fund into shares of another Sub-Fund, or between Share Classes of the same Sub-Fund, at a price equal to the respective net values of the shares of the different Sub-Funds or Share Classes. A conversion fee as further detailed in Appendix II - Sub-Funds Details may be charged for the benefit of the various financial intermediaries concerned.

When distribution and capitalisation shares are issued within the Sub-Funds, holders of distribution shares may request the conversion of their shares into capitalisation shares and vice-versa at a price equal to the respective net values calculated on the applicable Valuation Day.

The shareholder who wishes a conversion of shares shall make a request in writing, by telex, by fax or electronic means to the Administrative, Registrar and Transfer Agent indicating the number and the reference name of the shares to be converted.

The conversion shall be made within three Luxembourg Bank Business Days after the applicable Valuation day.

Except in the case of a suspension of the calculation of the net assets, and unless otherwise specified for a Sub-Fund in Appendix II to this prospectus, the conversion shall be carried out on the applicable Valuation day, provided that (i) the request is notified to the Fund in Luxembourg at the latest at noon (Luxembourg time) and (ii) the applicable Valuation day is a common Valuation day for the respective Sub-Funds and that the possibilities to acquire shares of a class towards another class are met.

The number of shares allocated in the new Sub-Fund or Class shall be established as follows :

$$A = \frac{(B \times C \times D) - f}{E} \quad +/- X_p$$

Where:

A number of shares allotted in the new Sub-Fund/class;

B number of shares presented for conversion in the original Sub-Fund/class;

C net asset value, on the applicable Valuation day, of the shares of the original Sub-Fund/class, presented for conversion;

D exchange rate applicable on the day of the operation between the currencies of both Classes of Shares;

E net asset value on the applicable Valuation day of the shares allotted in the new Sub-Fund/class;

f represents the fee in favour of the financial intermediaries

Xp balance, applied or not, at the choice of the shareholder. It may be inapplicable and, in such case, reimbursed to the shareholder.

On the other hand, it may be considered to be a fraction for which the shareholder has to pay - within the time limits provided for the payment of subscriptions - the difference in relation to the net asset value of the new Sub-Fund so as to obtain a full number of shares. Finally, it may represent a fraction of a share.

After the conversion, the Fund shall inform the shareholders of the number of new shares obtained at conversion as well as their price.

## 17. Redemption of shares

Any shareholder is entitled, at any time and without limitation to have his shares redeemed by the Fund. Shares redeemed by the Fund shall be cancelled.

### *Redemption procedure*

Applications for redemption must be sent in writing, by telex, fax or electronic means to the Administrative, Registrar and Transfer Agent or with any other appointed agent (if sent by fax to be followed promptly by the original by post). The application is irrevocable (subject to the provisions of chapter 14) and must indicate the number of shares or the amount to be redeemed as well as all useful references for the settlement of the redemption.

The application must be accompanied by the certificates carrying the name of the registered owner as well as any document vouching for the transfer of the certificates.

Unless otherwise specified for a Sub-Fund in Appendix II to this prospectus, all the shares presented for redemption, accompanied by the share certificates, must be received at the registered office of the Fund at the latest at noon (Luxembourg time) on the applicable Valuation day.

Shares shall be repurchased at the net asset value of the Fund as determined on the applicable Valuation day. Applications notified after this deadline shall be dealt with on the next following Valuation day. A redemption fee of maximum 2% of the net asset value of the shares redeemed may be charged for the benefit of the various financial intermediaries concerned.

The payment for shares redeemed shall be made within 3 (three) Luxembourg Bank Business Days following the applicable Valuation day, provided the Fund has received all the documents pertaining to the redemption. Payment shall be made in the Denomination Currency of the relevant Share Class.

Where redemption requests received for one Sub-Fund on any Valuation Day exceed 10% of the net assets thereof, or if it is in the best interests of the Fund, a Sub-Fund or a Class, the Board of Directors may decide to:

- (i) Either totally or partially defer such redemption request until the next Valuation Day. On the next Valuation Day, or Valuation Days until completion of the redemption requests received in excess of the 10% of the net assets, deferred redemption requests will be dealt in priority to any redemption requests received later on, as the case may be; or
- (ii) Delay the date of the payment of such redemption request until the closest next Luxembourg Bank Business Day on which liquidity has been made available.

The Board of Directors will ensure the consistent treatment of all Shareholders who have sought to redeem Shares as of any Valuation Day at which redemptions are deferred.

The redemption price for shares of the Fund may be higher or lower than the purchase price paid by the shareholder at the time of subscription due to the appreciation or depreciation of the net assets.

## **18. Tax considerations**

### ***1. Taxation of the Fund***

In accordance with the law in force and current practice, the Fund is not liable to any Luxembourg tax on income and capital gains. Likewise, dividends paid by the Fund are not subject to any Luxembourg withholding tax. The Fund is subject to an annual tax in Luxembourg corresponding to 0.05% of the value of the net assets. This tax is payable quarterly on the basis of the Fund's net assets calculated at the end of the relevant quarter. The rate of this tax may be reduced to 0.01% of the value of the net assets for Sub-Funds, Classes of Shares reserved to Institutional Investors. To the extent that the assets of the Fund are invested in investment funds established in Luxembourg, no such tax is payable. No stamp or other tax will be payable in Luxembourg on the issue of the shares of the Fund, except a once and for all tax of 1,239.47 Euros which was paid upon incorporation.

Certain income of the Fund's portfolio, consisting of dividends and interests, may be subject to payment of withholding tax at various rates in its country of origin.

### ***2. Taxation of the Shareholders***

Under Council Directive 2003/48/EC on the taxation of savings income (the Savings Directive), EU Member States are required to provide the tax authorities of other EU Member States with details of certain payments of interest or similar income paid or secured by a paying agent (within the meaning of the Savings Directive) established in a EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union approved Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime (CRS) to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

If a payment were to be made in or collected through a EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant issuer, the guarantor, the principal paying agent, nor any of the paying agents (as defined in the Conditions of the Notes), nor any other person would be obliged to pay additional amounts with respect to any note as a result of the imposition of such withholding tax. The relevant issuer is required to maintain a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Where the provisions of the European Savings Directive continue to apply (e.g. for certain non EU-countries and dependent or associated territories, until the automatic exchange of financial account information in line with CRS is applicable for those countries and territories), dividends distributed by a Fund will be subject to the European Savings Directive if more than 15% of such Fund's assets are invested in debt claims and proceeds realised by investors on the transfer or sale of Shares in a Fund will be subject to the European Savings Directive if more than 25% of such Fund's assets are invested in debt claims.

### 3. FATCA

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

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

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

According to the FATCA Rules, FFIs, unless they can rely under ad-hoc lighter or exempted regimes, need to report to the IRS certain holdings by/ and payments made to a/ certain U.S. investors b/ certain U.S. controlled foreign entity investor, c/ non U.S. financial institution investors that do not comply with their obligations under FATCA and d/ clients that are not able to document clearly their FATCA status.

Investors not properly documented or not complying with their FATCA obligations may also suffer a 30% withholding tax on so called "withholdable payments".

On 28 March 2014, the Luxembourg and U.S. governments entered into a Model I IGA which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions (the “**Luxembourg IGA**” or the “**IGA**”).

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

The Luxembourg law of 24 July 2015 transposing the Luxembourg-US IGA was promulgated, and published on 29 July 2015.

#### *b) Other parties*

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

The foregoing is only a summary of the implications of FATCA, is based on the current interpretation thereof and does not purport to be complete in all respects.

Shareholders and prospective investors should contact their own tax adviser regarding the application of FATCA to their particular circumstances.

#### *c) FATCA Status*

The Fund has elected for the FATCA status of “Reporting FI” under the Luxembourg IGA and has obtained the following GIIN number: 0Q7ENK.99999.SL.442.

As part of its reporting obligations, the Fund (or its delegates, including in particular, the Administrative, Registrar and Transfer Agent) may be required to disclose certain confidential information (including, but not limited to, the investor’s name, address, tax identification number, if any, and certain information relating to the investor’s investment in the Fund self-certification, GIIN number or other documentation) that they have

received from (or concerning) their investors and automatically exchange information with the Luxembourg taxing authorities or other authorized authorities as necessary to comply with FATCA, related IGA or other applicable law or regulation.

The Fund will continually assess the extent of the requirements that FATCA and notably the Luxembourg IGA places upon it.

#### **4. Common Reporting Standard considerations**

The OECD developed a common reporting standard (**CRS**) to achieve a comprehensive and multilateral automatic exchange of information (**AEOI**) in the future on a global basis. The CRS will require Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. Shareholders may therefore be reported to the Luxembourg and other relevant tax authorities under the applicable rules.

On this basis, a Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the **Euro-CRS Directive**) has been adopted on 9 December 2014 in order to implement the CRS among the EU Member States. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 within the limit of the EU Member States for the data relating to calendar year 2016.

In addition, Luxembourg tax authorities signed the OECD's multilateral competent authority agreement (**Multilateral Agreement**) to automatically exchange information under the CRS. In that respect, the Luxembourg law of 18 December 2015 relating to the automatic exchange of information in tax matters (the 2015 Tax Law) has been published in the Official Journal on 24 December 2015. The 2015 Tax Law transposes Euro-CRS Directive and entered into force on 1 January 2016.

Under the 2015 Tax Law, the first exchange of information is expected to be applied by 30 September 2017 for information related to the year 2016. Accordingly, the Fund may be required to run additional due diligence process on its Shareholders and to report the identity and residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption proceeds to the local tax authorities of the country of residency of the foreign investors to the extent that they are resident of another EU Member State or of a country for which the Multilateral Agreement is in full force and applicable.

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

The Fund has elected for the status of "*Reporting Financial Institution*" for CRS purposes.

As part of its reporting obligations, the Fund and/or the Management Company (or its delegates, including in particular, the Administrative, Registrar and Transfer Agent) may be required to disclose certain confidential information (including, but not limited to, the Shareholder's name, address, tax identification number, if any, and certain information relating to the Shareholder's investment in the Fund self-certification or other documentation) that they have received from (or concerning) their investors and automatically exchange information with the Luxembourg taxing authorities or other authorized authorities as necessary to comply with CRS or other applicable law or regulation.

## 19. Distribution policy

The Board of Directors has decided that shares in all Sub-Funds and Share Classes shall be issued as Capitalisation or Distribution shares, which shall have the following characteristics:

### Distribution shares

The Distribution shares will have that portion of the Sub-Fund's net investment income, which is attributable to such shares, distributed by way of a dividend.

### Capitalisation shares

The Capitalisation shares will have that portion of the Sub-Fund's net investment income, which is attributable to such shares, retained within the Sub-Fund thereby accumulating value in the price of the Capitalisation shares.

The general meeting of holders of distribution shares in the Sub-Funds shall decide upon the proposals made by the Board of Directors on this matter. Should the Board of Directors decide to propose the payment of a dividend to the general meeting, such dividend shall be calculated in accordance with the legal and statutory limits for this purpose.

As far as distribution shares are concerned, the Board will propose the distribution of a dividend within the limits of their available assets. This dividend may include, beside the net investment income, the realised and unrealised capital gains after deduction of realised and unrealised capital losses. The Board of Directors may also decide the payment of an interim dividend of the previous or the current year in accordance with the legal provisions applicable.

Registered shareholders are paid by bank transfer sent to the address indicated in the shareholders' register according to their instructions.

Each shareholder is offered the possibility to reinvest his dividend free of charge up to the available share unit. Dividends not claimed within five years after their payment shall no longer be payable to the beneficiaries and shall revert to the Fund.

All dividend payment notices may be published in a newspaper as required by law or if deemed appropriate by the Board of Directors.

With regard to the capitalisation shares, the income will be reinvested.

## 20. Fees and Expenses

The Management Company shall receive a management fee and a performance fee, or a management company fee, as the case may be, for each Sub-Fund, unless otherwise described in the Appendix II of the prospectus, and as further described in the Appendix II to this prospectus.

The Investment Manager(s) shall receive an investment management fee and a performance fee, as the case may be, directly from the Fund, or out of the management fee, for each Sub-Fund as further described in the Appendix II to this prospectus. The management fee and the management company fee per annum are calculated on the net assets of the Sub-Fund for the provision of the Management Company services. The Management Company may also remunerate the Investment Advisor(s) out of the management fee, unless otherwise described in the Appendix II of the prospectus.

The Management Company may also remunerate the Fund's distributors out of the management fee, unless otherwise described in the Appendix II of the prospectus. However, the Management Company or the distributor(s), as the case may be, may receive, for some Sub-Funds and as further described under Appendix II, a distribution fee, out of which it will remunerate third parties entities contributing to the sale of the Fund's shares.

The Management Company will also receive an administration fee, out of which the Management Company will remunerate the Administrative, Registrar and Transfer Agent. The administration fee is subject to a maximum fee amounting up to 85'000 Euros per annum per Sub-Fund depending on the Sub-Fund specificities, excluding any additional transaction fee, exceptional and non-recurrent fee, any additional administrative extra work, as well as any reasonable out-of-pocket expenses incurred in connection with the Fund and chargeable to the Fund, and fees for other services as agreed from time to time.

When acting as Investment Manager, the Management Company will invoice the Sub-Fund for Fund Compliance Monitoring ("Up to EUR 24'000") and for middle office fees and pre matching fees ("Up to EUR 50 per trade"), as well as for marketing expenses and website development, legal and distribution support or other services requested by the Fund, as further disclosed in the Management Company Services Agreement, as may be amended from time to time.

The Depositary will receive a remuneration as follows:

- a Custodian fee up to 0,06% maximum per annum payable monthly based on the average net assets of the Fund and with a minimum of EUR 10'000 per annum per Sub-Fund;
- a Depositary fee up to 0,01% maximum per annum payable monthly based on the average net assets of each Sub-Fund; and
- an additional fixed amount up to EUR 400 maximum per month per Sub-Fund for the cash flow monitoring.

Such fees do not include brokerage fees, settlement fees and sub-custody fees, commissions charged by banks, brokers and prime brokers and other customary fees arising from transactions relating to securities and investment instruments in the Fund portfolio. The amounts effectively paid will be disclosed in the Fund's financial reports.

In consideration of the domiciliary services rendered to the Fund, the Management Company, acting as Domiciliary Agent, shall receive a domiciliation fee of Euro 5.000 per annum per Sub-Fund.

The Fund bears its operational costs including but not limited to the cost of buying and selling portfolio securities, settlement fees, governmental fees, taxes, fees and out-of-pocket expenses of its Directors, including their insurance cover, legal and auditing fees, publishing and printing expenses, marketing expenses and website development and up-dating, the cost of preparing the explanatory memoranda, financial reports and other documents for the Shareholders, postage, telephone and telex. The Fund also pays advertising expenses, the costs of the preparation of this Prospectus, any other registration fees, all expenses connected to the authorisation of the Fund, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred by the implementation and compliance with regulatory requirements). All expenses are taken into account in the determination of the net asset value of the shares of each Sub-Fund.



All recurring expenses will be charged first to the Fund's income, then to realised capital gains, then to the Fund's assets.

Fees and expenses set forth under this section shall be deemed to exclude VAT. Where applicable, VAT may additionally be charged.

The organisation expenses of the Fund shall be amortised over the first 5 (five) accounting years. These expenses will be divided in equal parts between the Sub-Funds in existence at the time of incorporation of the Fund, six months after the end of the initial offering period. In case where further Sub-Funds are created in the future, these Sub-Funds will bear their own formation expenses which may also be amortised over 5 (five) accounting years.

During an initial period of one year following the creation of a new Sub-Fund or until the total net assets of such new Sub-Fund exceed Euro 10 million, the Management Company may, at its own discretion, resolve to pay entirely or partly any fees payable by such Sub-Fund.

The Italian Paying Agent of the Fund may charge the Fund a fee up to a maximum of 8 (eight) basis points based on the average monthly net assets of the Fund subscribed through the Italian Paying Agent with a minimum of Euro 1'500 per month, and such fee is payable monthly. For Italian investors, every subscription, redemption or conversion between Sub-Funds of the Fund will be charged a fee of Euro 20 to the benefit of the Italian Paying Agent. For each dividends/redemptions paid by cheque from the Italian Paying Agent of the Fund, the Italian investors will be charged a fee of Euro 3,50.

In the case where any asset, liability, fees and expenses of the Fund cannot be considered as being attributable to a particular Share Class, such asset or liability shall be allocated to all the Share Classes pro rata to the Net Asset Value per Share of the relevant Share Classes or in such other manner as determined by the Board of Directors acting in good faith. Each Sub-Fund shall only be responsible for the liabilities which are attributable to such Sub-Fund.

## 21. General meetings of shareholders

The annual general meeting of shareholders is held each year at the Fund's registered office or at any other place in Luxembourg specified in the convening notice.

The annual general meeting of shareholders shall be held within four months following the financial year end, in accordance with any applicable Luxembourg Law.

Convening notices for all, ordinary and extraordinary, general meetings shall be sent by registered letters to all shareholders to their address indicated in the shareholders' register, at least eight days before the general meeting.

These notices shall indicate the time and place of the general meeting, the conditions for admission, the agenda and the prescriptions of Luxembourg law regarding quorum and majority.

Such notices may be published in the *Recueil Electronique des Sociétés et Associations* and/or any newspaper(s) as deemed necessary by the Board or required by any applicable laws and regulations of the countries where the Shares of the Fund are registered for sale.

Each Share confers the right to one vote. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the general meeting of the Fund and the Shareholders of the Sub-Fund concerned.

## 22. Liquidation of the Fund

The liquidation of the Fund shall take place in accordance with the provisions of the 2010 Law.

If the capital of the Fund is lower than two thirds of the minimum capital, the Directors are required to submit the question of liquidation of the Fund to the general meeting for which no quorum shall be prescribed and which shall decide by a simple majority of the shares represented at the meeting.

If the capital of the Fund is lower than one fourth of the minimum capital, the directors are required to submit the question of liquidation of the Fund to the general meeting for which no quorum shall be prescribed; dissolution may be resolved by shareholders holding one fourth of the shares at the meeting.

The meeting must be convened so that it is held within forty days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the minimum capital. In addition, the Fund may be dissolved by a decision taken by the general meeting deliberating in accordance with the statutory provisions in this matter.

Issues of new shares as well as redemptions of shares are suspended as soon as the decision to liquidate the Fund is taken.

The decisions of the general meeting or of the law courts pronouncing the dissolution or the liquidation of the Fund shall be published in the *Recueil Electronique des Sociétés et Associations* and in two newspapers with adequate circulation, including at least one Luxembourg newspaper. These publications shall be made at the request of the liquidator(s).

In case of dissolution of the Fund, liquidation shall be carried out by one or several liquidators appointed in accordance with the Fund's Articles of Incorporation and the 2010 Law.

The net proceeds of the liquidation shall be distributed to shareholders in proportion to the number of shares held. Any amounts unclaimed by shareholders at the close of liquidation shall be deposited with the Caisse de Consignation in Luxembourg. Failing their being claimed before expiry of the prescription period (30 years), these amounts can no longer be claimed.

## 23. Merger of the Fund

1. The Board of Directors may decide to proceed with a merger of the Fund, either as receiving or absorbed UCITS, with:

- another new or existing Luxembourg or foreign UCITS; or
- a sub-fund thereof.

In case the Fund is the receiving UCITS (within the meaning of the 2010 Law), solely the Board of Directors will decide on the merger and effective date thereof.

In case the Fund is the absorbed UCITS (within the meaning of the 2010 Law), and hence ceases to exist, the general meeting of the Shareholders of the Fund has to approve, and decide on the effective date of such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes validly cast at such meeting. As a consequence of the Merger, the Shares of the Fund will be redesignated as shares of the receiving UCITS, or of the relevant sub-fund thereof as applicable.

2. The general meeting of the Shareholders may decide to proceed with a merger of the Fund, either as receiving or absorbed UCITS, with:

- another new or existing Luxembourg or foreign UCITS; or
- a sub-fund thereof.

The merger decision shall be adopted by the general meeting of Shareholders with a presence quorum requirement of at least 50% of the Shares in issue; and a majority requirement of at least two thirds of the Shares present or represented and voting at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the Shareholders.

Shareholders will be entitled to request, without any charge other than those retained by the Fund to meet disinvestment costs, the repurchase or redemption of their Shares pursuant to the provisions of the 2010 Law.

Holders of Shares shall be notified in writing.

## 24. Liquidation and merger of Sub-Funds

### Closure of Sub-Funds and/or Share Classes

1. In the event that for any reason the value of the net assets in any Sub-Fund or Class has decreased to an amount determined by the Board of Directors to be the minimum level for such Sub-Fund or Class to be operated in an economically efficient manner, or if a change in the economical, political or monetary situation relating to the Sub-Fund or Class concerned would have material adverse consequences on the investments of that Sub-Fund or if the Board of Directors otherwise considers it to be in the best interest of the Shareholders of the relevant Sub-Fund and/or Class, the Board of Directors may decide to compulsorily redeem all the Shares of the relevant Class or Share Classes issued in such Sub-Fund or the relevant Class at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), determined as of the Valuation Day at which such decision shall take effect and therefore close the relevant Sub-Fund or Class. The Fund shall serve a notice to the Shareholders of the relevant Class or Share Classes prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

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

3. Assets which may not be distributed to the relevant beneficiaries upon the implementation of the redemption will be deposited with the Depository for the period required by Luxembourg law; after such period, the assets will be deposited with the “*Caisse de Consignation*” on behalf of the persons entitled thereto.

4. All redeemed Shares shall be cancelled.

5. The liquidation of the last remaining Sub-Fund of the Fund will result in the liquidation of the Fund under the conditions of the 2010 Law.

### Mergers of Sub-Funds and Amalgamation of Share Classes

1. The Board of Directors may decide to proceed with a merger of any Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- another new or existing Luxembourg or foreign UCITS; or
- another new or existing Sub-Fund within the Fund or within another Luxembourg or foreign UCITS.

In the case the last, or unique Sub-Fund involved in a merger is the absorbed UCITS (within the meaning of the 2010 Law) and, hence, ceases to exist upon completion of the merger, the general meeting of the Shareholders, rather than the Board of Directors, has to approve, and decide on the effective date of, such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes validly cast at such meeting. As a consequence of the Merger, the Shares of the Sub-Fund will be redesignated as shares of the receiving UCITS, or of the relevant sub-fund thereof as applicable.

In addition when the interest of the shareholders so require, the Board of Directors may also decide on the closing of one or several Sub-Funds through contribution to one or several other Sub-Funds in the Fund or to

one or several sub-funds of another UCITS incorporated under Luxembourg law and subject to the provisions of Part I of the 2010 Law.

2. The general meeting of the Shareholders of a Sub-Fund may also decide to proceed with a merger of the relevant Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- any new or existing Luxembourg or foreign UCITS ; or
- any new or existing Sub-Fund within the Fund or within another Luxembourg or foreign UCITS,

by a resolution adopted with a presence quorum requirement of at least 50% of the Shares in issue; and a majority requirement of at least two third of the Shares present or represented and voting at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the Shareholders.

Shareholders will be entitled to request, without any charge other than those retained by the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares or, where possible, the conversion of those Shares into Shares of other classes within the same Sub-Fund or into Shares of same or other classes within another Sub-Fund pursuant to the provisions of the 2010 Law.

Holders of Shares shall be notified in writing.

3. In the event that for any reason the value of the net assets in any Class of Shares has decreased below the minimum level under which the Sub-Fund may no longer operate in an economically efficient manner, or as a matter of economic rationalisation or for any reason determined by the Board of Directors, the Board of Directors may decide to allocate the assets of any Class to those of another existing Class within the Fund and to redesignate the Shares of the Class or Classes concerned as Shares of another Class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). The Fund shall send a written notice to the Shareholders of the relevant Class as required by any applicable law. The decision of the Board of Directors will be subject to the right of the relevant Shareholders to request, without any charges, other than those retained by the Sub-Fund to meet disinvestment costs the repurchase or redemption of their Shares or, where possible, the conversion of those Shares into Shares of other Classes within the same Sub-Fund or into Shares of same or other Classes within another Sub-Fund.

### **Split of Sub-Funds**

In the event that the Board of Directors believes it would be in the interests of the Shareholders of the relevant Sub-Fund or in the event of a change in the economic or political situation which would have material consequences on the relevant Sub-Fund, the Board of Directors may decide to reorganise a Sub-Fund by splitting it into two or more Sub-Funds. Such a decision will be notified and/or published as required by any applicable law

## **25. Information of shareholders**

### ***1. Publication of the net asset value***

The net asset value of the Sub-Funds and Classes will be published on the Luxembourg Bank Business Day following the applicable Valuation day at the Fund's registered office and in any other newspaper the Board of Directors deems appropriate.

### ***2. Information notices and publications***

Information notices may be published in those countries where the Fund is marketed and to the extent required by local law and regulations, and concerning the Grand-Duchy of Luxembourg, they shall be sent to all of the Shareholders by regular mail and published in a Luxemburg newspaper as deemed necessary by the Board or to the extent required by Luxembourg law and regulations.

In addition, information on changes to the Fund shall be published on the Management Company website : [www.linkfundsolutions.lu](http://www.linkfundsolutions.lu) and may be published in a Luxemburg newspaper, and in any other newspapers deemed appropriate by the Board of Directors, in countries in which the Fund markets its shares.

### ***3. Financial year and reports for shareholders***

The financial year begins on 1 January and ends on 31 December.

Every year, the Fund publishes a detailed report on its activities and the management of its assets, including the balance sheet and consolidated profit and loss accounts and the report of the independent auditor.

Furthermore, at the end of each half-year, it shall establish a report including *inter alia*, the composition of the portfolio, the number of shares outstanding and the number of shares issued and redeemed since the last publication.

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

### ***4. Independent auditor***

The audit of the Fund's accounts and annual reports is entrusted to Deloitte Audit S.à.r.L., 560, rue de Neudorf, L-2220 Luxembourg.

### ***5. Documents available to the public***

The prospectus, copy of the Articles of Incorporation, the last financial annual report as well as the last semi-annual report of the Fund are kept free of charge at the disposal of the public at the Fund's registered office. The agreements with the Fund may also be consulted.

## **APPENDIX I – RISK FACTORS**

### **Equity Risk**

While equities have historically been a leading choice of long-term investors, the fluctuations in their prices can sometimes be exacerbated in the short-term.

Because equity securities represent ownership in their issuers, prices of these securities can suffer for such reasons as poor management, shrinking product demand and other business risks.

Many factors can affect equity market performance: economical, political and business news can influence market-wide trends, over the short term as well as the long term.

### **Investment in warrants**

It should be noted that the inherent volatility of warrants should not be overlooked and will directly affect the net assets of the Sub-Funds concerned. The reason is that, although the use of warrants may generate higher profits than when investing in conventional shares, it may also lead to heavy losses made worse by leverage.

### **Investment in Fixed Income Securities**

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which react primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities, and it may be harder to buy and sell securities at an optimum time.

The volume of transactions effected in certain European bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Sub-Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### **Investment in Financial Derivative Instruments**

#### **a) Credit Default Swaps**

Credit default swap transactions may entail particular risks.

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

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

Credit default swaps may present a risk of liquidity if the position must be liquidated before its maturity for any reason. The Fund will mitigate this risk by limiting in an appropriate manner the use of this type of transaction.

Finally, the valuation of credit default swaps may give rise to difficulties which traditionally occur in connection with the valuation of OTC contracts.

#### **b) Futures and Options**

The Fund may use options and futures on securities, indices and interest rates in order to achieve investment goals. Also, where appropriate, the Fund may hedge market and currency risks using futures, options or forward foreign exchange or currency contracts (for the risk related to the use of forward contracts please refer to the section below "Particular Risk of OTC Derivative Transactions").



The Fund must comply with the limits set out below under 7. "Investment Restrictions".

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

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

### c) Particular Risks of OTC Derivative Transactions

Absence of regulation; counterparty default and lack of liquidity

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which forward and option contracts, credit default swaps, total return swaps and certain options on currencies and other derivative instruments are generally traded) than of transactions entered into on organised stock exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, the Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Fund will sustain losses. The Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties.

In addition, as the OTC market may be illiquid, it might not be possible to execute a transaction or liquidate a position at an attractive price.

EU Regulation No 648/2012 of 4<sup>th</sup> July 2012 on OTC derivatives, central counterparties and trade repositories, known as European Market Infrastructure Regulation ("EMIR") was designed to improve the stability of the OTC markets throughout the EU aiming at introducing uniform requirements in respect of OTC derivatives transactions by requiring certain "eligible" OTC derivatives transactions to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain detail of derivatives transactions to trade repositories.

Prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR and similar regulatory regimes may adversely affect the Fund's ability to achieve its investment objectives. In addition, the implementation and the compliance with the requirement laid down in EMIR may increase the overall costs borne by the Fund as further detailed in the Section Fees and Expenses.

### Risks of relating to the use of SFTs

SFTs involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved.

The principal risk when engaging in SFTs is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuse to honour its obligation to return securities or cash to the Sub-Fund as required by the terms of the transaction: **Counterparty risk**.

As an example, the Fund and any of its Sub-Funds may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Section 7. "Techniques and Financial instruments". If the other party to a repurchase agreement or reverse repurchase agreement should default, the Fund or the relevant Sub-Fund might suffer a loss to the extent that the proceeds

from the sale of the underlying securities and/or other collateral held by the Fund or the relevant Sub-Fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Fund or the relevant Sub-Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

The Fund and any of its Sub-Funds may also enter into securities lending transactions subject to the conditions and limits set out in Section 7. If the other party to a securities lending transaction should default, the Fund or the relevant Sub-Fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Fund or the relevant Sub-Fund in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Fund or the relevant Sub-Fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

Counterparty risk is generally mitigated by the transfer or pledge of collateral in favor of the Sub-Fund. However, there are certain risks associated with collateral management, including difficulties in selling collateral and / or losses incurred upon realization of collateral: SFTs also entail **Liquidity risk** due to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-Fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Fund to meet redemption request.

The Sub-Fund may also incur **Operational risk** such as non-settlement or delay in settlement of instructions, failure or delays in satisfying delivery obligation under sales of securities, and **Legal risks** related to the documentation uses in respect of such transactions.

The Sub-Fund may enter into SFTs with other companies in the same group of companies as the Investment Manager. Affiliated counterparties, if any, will perform their obligations under any SFTs concluded with a Sub-Fund in a commercially reasonable manner. In addition, the Investment Manager will select counterparties and enter into transaction in accordance with best execution principles. However, investors should be aware that the Investment Manager may face conflicts between its role and its own interest or that of affiliated counterparties.

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

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

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

Because it does not involve physically holding the securities, synthetic replication through total return (or unfunded swaps) and fully-funded swaps can provide a means to obtain exposure to difficult-to-implement strategies that would otherwise be very costly and difficult to have access to with physical replication. Synthetic replication therefore involves lower costs than physical replication. Synthetic replication however involves **Counterparty risk**. If the Sub-Fund engages in OTC FDI, there is the risk – beyond the general counterparty risk – that the counterparty may default or not be able to meet its obligations in full. Where the Fund and any of its Sub-Funds enters into TRSs on a net basis, the two payment streams are netted out, with Fund or each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. Total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to TRSs is limited to the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments. If the other party to a TRS defaults, in normal circumstances

the Fund's or relevant Sub-Fund's risk of loss consists of the net amount of total return payments that the Fund or Sub-Fund is contractually entitled to receive.

### **Collateral Management risk**

Counterparty risk arising from OTC FDI and SFTs is generally mitigated by the transfer of pledge of collateral in favor of the Sub-Fund. However, transactions may not be fully collateralized. Fees and returns due to the Sub-Fund may not be collateralized. If a counterparty default, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such case, the Sub-Fund could realise a loss due to inaccurate pricing or monitoring of the collateral, adverse movements, deterioration in the credit rating of issuers of the collateral may delay or restrict the ability of the Sub-Fund to meet redemption request.

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

### **Non-investment grade securities**

Furthermore, for Sub-Funds whose policy allows for the investment in securities rated lower than BBB- by Standard & Poors (or Baa3 by Moody's, or its equivalent), investors are warned that these securities are below investment grade and carry more risk, including greater price volatility and a higher default risk on the repayment of principal and the payment of interest than for higher grade securities. Moreover, certain unlisted or undervalued fixed income securities are highly speculative and entail considerable risk, and may be disputed when principal and interest payments fall due. Securities with a rating below BBB- by Standard & Poors (or Baa3 by moody's, or its equivalent), or comparable unlisted securities, are considered speculative and may be disputed when principal and interest payments fall due.

### **Investing in Emerging Markets**

Investment in securities issued by issuers situated in or traded on markets situated in emerging markets involves risk factors and special considerations, including those which follow which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging markets. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging markets in which investments may be made, including expropriation, nationalisation or other confiscation could result in loss to the Fund. By comparison with more developed securities markets, most emerging markets securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing and registration procedures may be under developed enhancing the risks of error, fraud or default.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to major markets.

### *Taxation*

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

## **Investing in India**

In India, unless otherwise permitted, entities established or incorporated outside of India are required to be registered as a Foreign Portfolio Investor (“FPI”) under the Securities and Exchange Board of India (“SEBI”) FPI Regulations (“FPI Regulations”), as amended from time to time. FPIs are required to observe certain investment restrictions, as defined by the SEBI and which can be amended from time to time. There can be no assurance that these investment control regimes will not change in a way that makes it more difficult or impossible for the Fund to reach their investment objectives or repatriate their income, gains and initial capital from India.

### *Taxation*

All FPIs will be subject to withholding tax on interest income. In case of income arising to the FPI by way of capital gains on transfer of securities, no withholding tax shall apply and the FPI would need to pay the capital gain tax directly to the Indian tax authorities. As of the date of the Prospectus, the capital gain tax (“CGT”) rates vary from 10% to 30% (as increased by applicable surcharge and education cess) depending upon various factors including the period of holding of securities. These tax rates may be subject to change from time to time. Full provisions (including on realised and unrealised gains) for both withholding tax on interest income and CGT will be made in accordance with the Indian tax regulations. As a Fund is established as a Luxembourg SICAV, no treaty benefits will accrue to a Fund. There is no assurance that the existing tax laws and regulations will not be revised or amended in the future with retrospective effect. Any changes to tax laws and regulations may lead to under-accrual or over-accrual for withholding tax on interest income and CGT which may reduce the income from, and/or value of, the investments of the relevant Fund and there may be subsequent adjustments to the NAV. Currently, FPIs are considered as foreign institutional investors (“FIIs”) for the purposes of India tax laws and are subject to the same tax treatment as FIIs.

Additional costs might apply to the Fund with regard to the appointment of a local tax advisor in order to obtain registration under the Indian laws as Eligible Investment Fund and India advisory and compliance services for offshore sub-funds from tax and regulatory perspective.

## **Investing in Frontier Markets**

Investments in Emerging Market countries involve risks as set out in the section "Emerging Markets risks" above. Investments in Frontier Markets involve risks similar to investments in Emerging Markets but to a greater extent since Frontier Markets are even smaller, less developed, and less accessible than other Emerging Markets. Frontier Markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other Emerging Markets and the relevant Fund/Investors may be adversely impacted. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other Emerging Markets. The countries that comprise Frontier Markets include the lesser developed countries located in Africa, Asia, the Middle East, Eastern Europe and Latin America. As a result, the relevant Fund/Investors may be adversely impacted.

## **Interest Rate Risk**

Investment in debt securities or money market instruments is subject to interest rate risk.

A fixed income security’s value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the risk that such movements in interest rates will negatively affect a security’s value or, in a Sub-Fund’s case, its net asset value. Fixed income securities with longer-term maturities tend to be more sensitive to interest changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk.

While changes in interest rates may affect a Sub-Fund’s interest income, such changes may positively or negatively affect the net asset value of the Sub-Fund’s shares on a daily basis.

## **Currency Risk**

Since the securities held by a Sub-Fund may be denominated in currencies different from its base currency, the Sub-Fund may be affected favorably or unfavorably by changes in the exchange rates between such Reference Currency and other currencies. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

Although a Sub-Fund may use hedging or other techniques in seeking to minimize its exposure to currency risk, it may not be possible or desirable to hedge against all currency risk exposure, nor is it guaranteed that a hedging technique will perform as anticipated.

## **Hedged Classes**

In the case where shares are hedged against the Reference Currency of a particular Sub-Fund, such hedging may, for technical reasons or due to market movements, not be complete and not cover the entire foreign exchange rate risk. There can be no guarantee that hedging strategies will be successful. Moreover, in case of hedging, the investors will not take advantage of any possible positive evolution of the foreign exchange rate.

## **Credit Risk**

Credit risk, related to all fixed income securities as well as money market instruments, is the risk that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or specific to an issuer, are all the factors that may have an adverse impact on an issuer's credit quality and security values.

## **Counterparty Risk**

Also known as "default risk", it is the risk to each party of a contract that the counterparty will not live up to its contractual obligations. Counterparty risk as a risk to both parties and should be considered when evaluating a contract.

The Fund is exposed to counterparty risk when entering into Over the Counter ("OTC") derivatives contracts.

## **Liquidity Risk**

This is the risk of losing a certain amount of money when liquidating one or more positions in a portfolio.

The loss is generated by the difference between the price at which the financial asset is marked and the price at which it can be sold.

Liquidity risk arises from situations in which a party interested in trading an asset cannot do it because nobody in the market wants to trade that asset. Liquidity risk becomes particularly important to parties who are about to hold or currently hold an asset, since it affects their ability to trade.

Manifestation of liquidity risk is very different from a drop of price to zero. In case of a drop of an asset's price to zero, the market is saying that the asset is worthless. However, if one party cannot find another party interested in trading the asset, this can potentially be only a problem of the market participants with finding each other. This is why liquidity risk is usually found to be higher in emerging markets or low-volume markets.

## **Concentration Risk**

Some Sub-Funds may have an investment policy that invests a large portion of the assets in a limited number of issuers, industries, sectors or a limited geographical area. Being less diversified, such sub-funds may be more volatile than broadly diversified Sub-Funds and carry a greater risk of loss.

## **Potential Risks associated with investing in convertible bonds**

Sub-Funds may have a direct or indirect equity or interest rate/credit risk, linked to direct investment in convertible bonds. The value of the convertible bonds depends on several factors: interest rate levels, changes in the prices of underlying shares, changes in prices of the derivative embedded in the convertible bond, (i.e. value of the conversion option corresponding to the possibility of converting the bonds to shares). These different elements may lead to a decrease of the relevant Sub-Fund's net asset value.

## **Potential Risks associated with investing in Cocos**

- Risk related to the trigger threshold: each instrument has its own characteristics. The level of conversion risk may vary, for example depending on the distance between the issuer's Tier 1 ratio and a threshold defined in the terms of issue. The occurrence of the contingent event may result in a conversion into shares or even a temporary or definitive writing off of all or part of the debt.
- Conversion risk: the behaviour of this instrument in the event of conversion may be unpredictable. The manager may be required to sell its securities in the event of a conversion into shares in order to comply with the sub-fund's investment policy.
- Impairment risk: the conversion mechanism of certain contingent convertible bonds may result in a total or partial loss of the initial investment.
- Risk of loss of coupon: with certain types of CoCos, the payment of coupons is discretionary and may be cancelled by the issuer at any time and for an indeterminate period.
- Risk of inversion of the capital structure: unlike the conventional capital hierarchy, under certain circumstances investors in CoCos may bear a loss greater than that of the shareholders. This is particularly the case when the trigger threshold is set at a high level.
- Risk of non-exercise of the repayment option by the issuer: As CoCos can be issued as perpetual instruments, investors may not be able to recover their capital on the optional reimbursement dates provided for in the terms of issue.
- Risk of concentration in a single industry: to the extent that contingent convertible bonds are issued by a single category of issuer, adverse events in the industry could affect investments in this type of instrument in a global manner.
- Risk linked to the complexity of the instrument: as these instruments are relatively recent, their behaviour during a period of stress and testing of conversion levels may be highly unpredictable.
- Liquidity risk: as with the high yield bond market, the liquidity of contingent convertible bonds may be affected significantly in the event of a period of turmoil in the markets.
- Valuation risk: the attractive return on this type of instrument may not be the only criterion guiding the valuation and the investment decision. It should be viewed as a complexity and risk premium.

Each investment policy for each Sub-Fund will indicate the maximum percentage planned for this type of instrument, if an investment is planned in CoCos.

## **Potential Risks associated with investing in Asset-Backed Securities (“ABS”) and Mortgage-Backed Securities (“MBS”)**

Certain Sub-Funds may have exposure to ABS and MBS as further detailed in their respective investment policies under *Appendix II - Sub-Funds Details*.

The obligations associated with ABS and MBS may be subject to greater credit, liquidity and interest rate risk compared to other debt securities such as government issued bonds.

In addition, ABS and MBS are often exposed to extension and prepayment risks.

**Extension risk:** The risk of a security's expected maturity lengthening in duration due to the deceleration of prepayments. Extension risk is mainly the result of rising interest rates. As interest rates may rise due to different economic factors, the likelihood of prepayment decreases as people will be less likely to refinance their real estate investment.

**Prepayment risk:** The risk associated with the early unscheduled return of principal on a fixed-income security. On a mortgage/asset-backed security, the higher the interest rate relative to current interest rates, the higher the probability that the underlying mortgages will be refinanced. Investors who pay a premium for a callable bond with a high interest rate take on prepayment risk. In addition to being highly correlated with falling interest rates, mortgage prepayments are highly correlated with rising home values, as rising home values provide incentive for borrowers to trade up in homes or use cash-out re-finances, both leading to mortgage prepayments.

## **Potential Risks associated with specific economical sectors**

Some Sub-Funds may invest in developing companies or in technological sectors of the new economy. Investors should not ignore that the quotation of these securities is volatile and that this will have a direct impact on the net value of these Sub-Funds.

## **Particular risks in relation to structured products**

Holders of Structured Products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. The Sub-Fund may have the right to receive payments only from the Structured Products, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. Certain Structured Products may be thinly traded or have a limited trading market. In addition to the general risks associated with debt securities Structured Products carry additional risks, including, but not limited to: the possibility that distributions from collateral securities will not be adequate to make interest or other payments; the quality of the collateral may decline in value or default; and the possibility that the Structured Products are subordinate to other classes. Structured notes are based upon the movement of one or more factors, including interest rates, reference bonds and stock indices, and changes in interest rates and impact of these factors may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on the structured note to be reduced to zero.

Investments in Structured Products may involve additional risks than those resulting from direct investments in underlying assets. The Sub-Fund will be exposed not only to movements in the value of the underlying asset including but not limited to currency (or basket of currencies), equity, bond, commodity index or any other eligible index, but also to the risk that the issuer of the Structured Product defaults or becomes bankrupt. The Sub-Fund may bear the risk of the loss of its principal investment and periodic payments expected to be received for the duration of its investment in the Structured Products. In addition, a liquid secondary market may not exist for the Structured Products, and there can be no assurance that one will develop. The lack of a liquid secondary market may make it difficult for the Sub-Fund to sell the Structured Products it holds. Structured products may also embed leverage which can cause their prices to be more volatile and their value to fall below the value of the underlying asset.

The return of a Structured Product investment may be less than a direct investment in the underlying(s). The Structured Product investment aims to provide a defined return which does not necessarily directly relate to the performance of the underlying(s). The value of any Structured Product investment will be initially impacted

by any charges or costs that were built into it, for example bid-offer spreads. Subsequently, factors such as, but not limited to, movements in interest rates, the performance of the underlying(s), the creditworthiness of the swap counterparty and macro-economic factors will all affect the value of the contract / security.

### **Particular risks in relation to Portfolio turnover**

High levels of portfolio turnover increase transaction costs and taxes and may lower investment performance.

### **Regulatory and Legal Risks:**

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

*MiFID II:* impose new regulatory obligations on the Investment Manager. These regulatory obligations may impact on, and constrain the implementation of, the investment approach of the Fund and lead to increased compliance obligations upon and accrued expenses for the Investment Manager and/or the Fund.

#### *Extension of pre- and post-trade transparency*

MiFID II introduces wider transparency regimes in respect of trading on EU trading venues and with EU counterparties. MiFID II extends the pre- and post-trade transparency regimes from equities traded on a regulated market to cover equity-like instruments, such as depositary receipts, exchange-traded funds and certificates that are traded on regulated trading venues, as well as to cover non-equities, such as bonds, structured finance products, emission allowances and derivatives.

The increased transparency regime under MiFID II, together with the restrictions on the use of “dark pools” and other non-regulated trading venues, may lead to enhanced price discovery across a wider range of asset classes and instruments which could disadvantage the Fund. Such increased transparency and price discovery may have macro effects on trading globally, which may have an adverse effect on the Net Asset Value.

#### *Equities – On-exchange trading*

MiFID II introduces a new rule that an EU regulated firm may execute certain equities trades only on an EU trading venue (or with a firm which is a systematic internaliser or an equivalent venue in a third country). The instruments in scope for this requirement are any equities admitted to trading on any EU trading venue, including those with only a secondary listing in the EU. The effect of this rule is to introduce a substantial limit on the possibility of trading off-exchange or OTC in EU listed equities with EU counterparties. The overall impact of this rule on the Investment Manager's ability to implement the Fund's investment objective and investment approach is uncertain.

#### *OTC derivatives*

MiFID II requires certain standardised OTC derivatives (including all those subject to a mandatory clearing obligation under EMIR) to be executed on regulated trading venues. In addition, MiFID II introduces a new trading venue, the “organised trading facility”, which is intended to provide greater price transparency and competition for bilateral trades. The overall impact of such changes on the Fund is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

#### *Access to research*

MiFID II prohibits an EU authorised investment firm from receiving investment research unless it is paid for directly by the firm out of its own resources or from a separate research payment account. EU research



providers that are MiFID firms will be obliged to price their research services separately from their execution services. It is uncertain whether these changes will lead to an overall increase in the price of research and/or lead to reduced access to research for the Investment Manager in relation to the Fund's investment approach.

#### *Changes to use of direct market access*

MiFID II introduces new requirements on EU banks and brokers which offer direct market access ("DMA") services to allow their clients to trade on EU trading venues via their trading systems. EU DMA providers will be required to impose trading and credit thresholds on their clients, and to have the benefit of monitoring rights. It will also be necessary for the EU DMA provider to enter into a binding written agreement with its clients, which deals with compliance with MiFID II and the trading venue rules. These changes may affect the implementation of the Fund's investment approach.

#### *Changes to conduct rules for EU brokers*

Historically, certain EU sell-side firms have used IPO and secondary allocations as a way of rewarding their most valued buy-side clients (in terms of trading volumes or commissions) for the business that they have given to the firm previously or to incentivise future business. New MiFID II requirements effectively prohibit such behaviour, as MiFID II precludes a sell-side firm from allocating issuances to clients either (a) to incentivise the payment of a large amount of fees for unrelated services provided by the EU firm or (b) which is conditional on the receipt of future orders or the purchase of any other service from the EU firm by a client. As a result, the manner in which the Investment Manager is allocated IPOs and secondary issuances by its sell-side service providers is likely to change significantly, which may have an adverse effect on the Investment Manager's ability to implement the Fund's investment approach.

#### *Changes to policies and procedures and costs of compliance*

MiFID II requires significant changes to a number of the Investment Manager's policies and procedures, including with respect to best execution, payment for and access to research, and conflicts of interest, which may adversely affect the Investment Manager's implementation of the Fund's investment approach. Compliance with these requirements is likely to result in the Investment Manager incurring significant costs and may also result in increased costs for the Fund.

### **Sustainability risks**

Sustainability risk means an ESG event or condition that, if it occurs, could potentially cause a material or negative impact on the value of a Sub-fund's investment. The incorporation of ESG considerations as further disclosed in the investment specifics of each Sub-Fund may affect the Sub-Fund's investment performance. As such, Sub-Funds that utilise an investment approach that integrates ESG considerations may perform differently compared to similar investment funds that do not factor in ESG considerations.

Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and based on ESG data which are difficult to obtain. This assessment is the result of the Management Company's or the Investment Manager's, as the case may be, own research and analysis as further detailed, where applicable, in the Sub-Fund's specifics to this Prospectus. Such ESG factors and risks might not correspond directly with investor's own subjective views.

Generally, when sustainability risk occurs for an asset, there will be a negative impact and potentially a total loss of its value and therefore an impact on the net asset value of the concerned Sub-fund.

The Fund, the Management Company or the Investment Manager, as the case may be, do not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness, or completeness of any ESG assessment of the underlying investments.

For the purposes of SFDR, sustainability risks, where relevant to the investment decisions being made in respect of each Sub-Fund or likely to have a material impact on the Sub-Fund's return, will be described in the section headed "Sub-Funds details" to this Prospectus.

When a Sub-Fund promotes environmental or social characteristics or has a sustainable investment objective, such information will be further detailed in the Sub-Fund's investment policy or strategy in compliance with SFDR.

# ATOMO – BE FLEXIBLE

Information contained therein should be read in conjunction with the full text of the prospectus.

## 1. Investment Manager

Swan Asset Management SA, a private limited company incorporated under the laws of Switzerland, having its registered office in Via Luciano Zuccoli 19, 6900 Paradiso (Switzerland), registered company in Switzerland No: CHE-114.604.245, and authorised and regulated by the FINMA, has been designated as Investment Manager of Atomo – Be Flexible (the “Sub-Fund”) by means of an Investment Management Agreement entered into with the Management Company and the Fund. For such services the Investment Manager will receive an Investment Management Fee out of the assets of the Sub-Fund as further described in Section 6. Fee Schedule, available Share Classes and main features.

## 2. Investment policy

The objective of the Sub-Fund is to achieve capital growth by combining different eligible assets. The objective of the Sub-Fund is to achieve capital growth by principally investing in a portfolio of UCITS and other UCIs which respectively may invest mainly in cash and cash linked instruments, bond, equity and equity linked instruments, ETF, commodities, ETC, Real Estate Investment Trusts (REITS).

For that purpose, and under normal conditions, the Sub-Fund may invest mainly in :

- Target Funds provided that the management fees applying to the Target Funds shall not exceed 3% (three percent); selection of these eligible Target Funds will be done through a look through analysis in line with the Sub-Fund investment policy.
- ETNs, provided that there is no embedded derivatives as per the meaning of article 10 of the Grand-Ducal Regulation of 8 February 2008;

In order to meet the investment objective set out above, the Sub-Fund may also invest its assets directly in:

- Equity and equity linked securities without any geographical restriction;
- Bonds, including fixed or floating rates, convertible bonds, zero-coupons, government and treasury bonds, without limits of duration and grade, and up to 15% maximum of its net asset in Cocos;
- ETCs, provided that there is no embedded derivatives as per the meaning of article 10 of the Grand-Ducal Regulation of 8 February 2008;
- The Fund is not allowed to hold real estate directly. Exposure to real estate can however be achieved indirectly through Target Funds.

The objective of the Sub-Fund is not to be exposed to asset-backed securities (“ABS”), or mortgage-backed securities (“MBS”). Nevertheless, indirect exposure limited to a residual part of the assets of the Sub-Fund may occur from the investment in the eligible Target Funds.

The Sub-Fund may invest in money market instruments and Short Term Deposits (up to 12 months) denominated in EUR, GBP, CHF, USD and JPY with a limit of 10% (ten percent) of the Sub-Fund Net Asset Value per money market instrument or Short Term Deposit.

To comply with the investment policy, the Sub-Fund may use financial derivative instruments, dealt in on a regulated market or not, subject to the provisions of Section “Investments restrictions”, for the purposes of

hedging currency risks, interest rate risk and market risk and for efficient portfolio management, therefore including investment purposes, to meet the Sub-Fund's investment objective.

Financial derivative instruments used by the Sub-Fund may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments, swap contracts and other fixed income, currency and credit derivatives dealt on a regulated market or OTC ("Over the counter"). Long and short positions may be employed as described above.

Under exceptional circumstances and in the best interest of the shareholders, the Sub-Fund may be invested up to 100% of its net assets in cash, liquid assets or money market instruments on a temporary basis.

The Sub-Fund will, for the time being, not enter into SFTs such as repurchase and reverse repurchase agreements or engage in securities lending transactions or other transactions – including total return swaps - foreseen under SFTR. Should the Board of Directors of the Fund decide to use such techniques and instruments in the future for this Sub-Fund, the Board of Directors of the Fund will update this Prospectus accordingly and will include related requirements of SFTR under this Sub-Fund.

This Sub-Fund is actively managed meaning that the Investment Manager has, subject to the stated investment objectives and policy, discretion over its portfolio, with no reference or constraint to any benchmark.

For the purposes of Article 6 of SFDR, sustainability risks are not currently relevant to the investment decisions being made in respect of the Sub-Fund, based on its investment strategy. Sustainability risks are currently not likely to have a material impact on the returns of the Sub-Fund.

The Sub-Fund does not promote environmental or social characteristics either and does not have as objective sustainable investment as provided by Articles 8 and 9 of SFDR.

The Investment Manager does not consider principal adverse impacts of its investment decisions on sustainability factors as the size, the nature and the scale of the activities of the Sub-Fund are not deemed likely to create material adverse impacts on sustainability factors, and the risk-profile of the Sub-Fund is mainly determined by risk factors other than sustainability-related risk factors.

Investments within the Sub-Fund do not take into account the EU Taxonomy criteria for environmentally sustainable economic activities as set forth in the Taxonomy Regulation.

### **3. Profile of the Typical Investor**

The Sub-Fund is suitable for any investor type including those who are not interested in or informed about capital market topics but who see funds as a convenient "savings" products.

Investors interested in investing worldwide through investment funds and diversifying their risk over all the underlying funds.

The investors will seek return on the medium to long term.

### **4. Risk Profile**

The risks pertaining to an investment in the Sub-Fund are those primarily related to equities, interest rates, credits, commodities, currencies and Cocos, as further described in Appendix I. The Sub-Fund may have these additional risks: derivative risks.

The value of investments may vary (this may partly be the result of volatility risks or exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not recover the full amount invested. The Sub-Fund's performance may be adversely affected by variations in the relative strength of individual world currencies or if the EUR strengthens against other currencies.

Global Exposure approach used	Relative benchmark <sup>1</sup>	Expected level of leverage (Sum of Notionals) <sup>1</sup>	Higher leverage levels (Sum of Notionals) <sup>1</sup>	Expected level of leverage (Commitment)	Higher leverage levels (Commitment) <sup>1</sup>
Commitment	N/A	N/A	N/A	N/A	N/A

## 5. Reference Currency

EUR

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<sup>1</sup> If the VAR approach is used. The level of leverage may vary over time. Investors must be aware of the possibility of higher leverage levels under certain circumstances.

## 6. Fee Schedule, available Share Classes and main features

Class	Targeted investors	Shares' form	Category	Denomination Currency	Currency Hedged Share Class	Valuation Day	Management Company Fee <sup>1</sup>	Investment Management Fee	Performance Fee	Subscription Fee <sup>2,3</sup>	Redemption Fee <sup>3</sup>	Conversion Fee <sup>3</sup>	Distribution Fee	Initial issue price	Minimum initial investment <sup>4</sup>	Minimum subsequent investment <sup>4</sup>
R	Retail	Registered Shares and/or in through clearing houses	Capitalisation	EUR	N/A	Daily	Up to 0.10% with a minimum of EUR 15'000	Up to 1.40%	YES	Up to 3%	Up to 2%	Up to 2%	N/A	100	1.000	100
				CHF	YES		Up to 0.10% with a minimum of EUR 15'000	Up to 1.40%	YES	Up to 3%	Up to 2%	Up to 2%	N/A	100	1.000	100
				USD	YES		Up to 0.10% with a minimum of EUR 15'000	Up to 1.40%	YES	Up to 3%	Up to 2%	Up to 2%	N/A	100	1.000	100

<sup>1</sup> Per annum, payable monthly on the value of the average net assets of the Sub-Fund during the relevant month.

<sup>2</sup> Such fee may be use in order to remunerate the distributors, and any other financial intermediaries involved in the distribution, placement and marketing of the Shares through a regular agreement.

<sup>3</sup> Percentage of the net asset value of the shares subscribed/redeemed/converted.

<sup>4</sup> The Board of Directors is authorised to waive any requirements relating to the initial minimum subscription amount, to the subsequent minimum amount or to the minimum holding amount in its reasonable discretion and by taking into consideration the best interest of the Fund.

I	Institutional			<b>EUR</b>	N/A		Up to 0.10% with a minimum of EUR 15'000	Up to 0.70%	YES	Up to 1%	Up to 1%	Up to 1%	N/A	100	10.000	1.000
				<b>CHF</b>	YES		Up to 0.10% with a minimum of EUR 15'000	Up to 0.70%	YES	Up to 1%	Up to 1%	Up to 1%	N/A	100	10.000	1.000
				<b>USD</b>	YES		Up to 0.10% with a minimum of EUR 15'000	Up to 0.70%	YES	Up to 1%	Up to 1%	Up to 1%	N/A	100	10.000	1.000

Conversions are only authorized into share classes of this Sub-Fund and of the Sub-Fund ATOMO - BE RESOLUTE, subject to compliance with any eligibility conditions. Conversions into share classes of any other Sub-Fund are not authorized, unless otherwise decided by the Board of Directors.

## 7. Performance Fee

### All Classes

The Performance Fee per share will amount to 10% of the monthly end NAV per share of the relevant Share Class that exceeds the High Water Mark<sup>1</sup> (HWM) (No performance fee otherwise).

The Investment Manager is entitled to receive 100% of such Performance Fee.

The Performance Fee is calculated at the level of each Fund Share Class which means its performance can differ from investors' shares performance according to the date(s) of their subscription(s) within the calculation period.

The Performance Reference Period going through the lifetime of the fund, the start of the calculation period (Calendar month – extended monthly until a new HWM is set) is either the beginning of a calendar month or the launch date of the share class.

There is no possibility of HWM reset so the performance fee cannot be accrued or paid more than once for the same level of performance over the whole life of the fund.

On each Valuation Day, an accrual of Performance Fee is made when appropriate, and the Performance Fee is paid where applicable for each class of the Sub-Fund as described below.

The Performance Fee will be calculated taking into account movements on the capital (adjustments are made for preventing artificial performance fee increase due to the sole increase of outstanding shares in period where the return of the share class leads the NAV per share above the High Water Mark) and applying the Crystallization Principle<sup>2</sup> so that the Performance Fee is calculated on the basis of the NAV per share (gross of the share class distributed dividend during the Reference Period – if any) after deduction of all expenses, liabilities, Management Fees (but excluding Performance Fee) and is adjusted to take into account all subscriptions and redemptions (total outstanding shares).

If Shares are redeemed on any day before the last day of the period for which a Performance Fee is calculated, while provision has been made for Performance Fee, the Performance Fees for which provision has been made and which are attributable to the Shares redeemed will be crystallized and paid at the end of the period even if provision for Performance Fees is no longer made at that date.

Gains which have not been realized may be taken into account in the calculation and payment of Performance Fees.

If any, the performance fee will be paid on the basis of the last Net Asset Value per share of the calendar month and effectively paid at the beginning of the following one.

Examples of scenarios with performance fee **key features**:

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<sup>1</sup> High Water Mark: Highest historical Net Asset Value per share of the relevant Class as of the end of most recent calculation period for which performance fee was paid or payable to the Investment Manager, or if no performance fee has been paid since the inception, then the initial Net Asset Value per share of such share class of the sub-fund.

<sup>2</sup> Crystallization Principle: Any accrued positive performance fee will be crystallized when there are redemptions, the proportion of the accrued performance fee applicable to the redemption will be crystallized, i.e. become payable (or will be written off) and cannot be eroded by future underperformance. As accrued performance fees are crystallized, the cumulative accrual will adjust with the payable amount without any impact on the NAV.



	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Monthly end NAV before Perf Fee</b>	<b>HWM</b>	<b>Perf Fee to pay (If 1 &gt; 2)</b>	<b>Payable Perf Fee = (1-2) x 10%</b>	<b>Monthly end NAV post Perf Fee = (1-4)</b>
<b>Calculation period 1</b>	110.00	100.00	<b>YES</b>	1.00	109.00
<b>Calculation period 2</b>	112.00	109.00	<b>YES</b>	0.30	111.70
<b>Calculation period 3</b>	109.00	111.70	<b>NO</b>	0.00	109.00
<b>Calculation period 4</b>	111.00	111.70	<b>NO</b>	0.00	111.00
<b>Calculation period 5</b>	115.00	111.70	<b>YES</b>	0.33	114.67
<b>Calculation period 6</b>	116.00	114.67	<b>YES</b>	0.13	115.87

## 8. Historical Performance

Investors are invited to refer to the Key Investor Information Document (KiiD) of the Sub-Fund where historical performance of the Sub-Fund is disclosed.

## ATOMO – BE RESOLUTE

Information contained therein should be read in conjunction with the full text of the prospectus.

### 1. Investment Manager

Swan Asset Management SA, a private limited company incorporated under the laws of Switzerland, having its registered office in Via Luciano Zuccoli 19, 6900 Paradiso (Switzerland), registered company in Switzerland with No: CHE-114.604.245, and authorised and regulated by the FINMA, has been designated as Investment Manager of Atomo – Be Resolute (the “Sub-Fund”) by means of an Investment Management Agreement entered into with the Management Company and the Fund. For such services the Investment Manager will receive an Investment Management Fee out of the assets of the Sub-Fund as further described in Section 6. Fee Schedule, available Share Classes and main features.

### 2. Investment policy

The Sub-Fund’s objective is to maximize the return on investments.

For that purpose, the Sub-Fund’s will set up, in the investors’ interest, an asset allocation depending on the financial markets and the economic environment investing mainly in:

- Equity and equity linked securities without any geographical restriction.

In order to meet the investment objective set out above, the Sub-Fund may also invest in:

- Bonds, including fixed or floating rates, convertible bonds, zero-coupons, government and treasury bonds, without limits of duration and grade;
- ETC, provided that there is no embedded derivatives as per the meaning of article 10 of the Grand-Ducal Regulation of 8 February 2008.

The Sub-Fund may invest up to 10% of its total net assets in :

- Target Funds provided that the management fees applying to the Target Funds shall not exceed 3% (three percent); selection of these eligible Target Funds will be done through a look through analysis in line with the Sub-Fund investment policy;
- ETNs, provided that there is no embedded derivatives as per the meaning of article 10 of the Grand-ducal Regulation of 8 February 2008.

The objective of the Sub-Fund is not to be exposed to asset-backed securities (“ABS”), or mortgage-backed securities (“MBS”). Nevertheless, indirect exposure limited to a residual part of the assets of the Sub-Fund may occur from the investment in the eligible Target Funds.

The Sub-Fund may invest in money market instruments and Short-Term Deposits (up to 12 months) denominated in EUR, GBP, CHF, USD and JPY with a limit of 10% (ten percent) of the Sub-Fund Net Asset Value per money market instrument or Short Term Deposit.

To comply with the investment policy, the Sub-Fund may use financial derivative instruments, dealt in on a regulated market or not, subject to the provisions of Section “Investments restrictions”, for the purposes of

hedging currency risks, interest rate risk and market risk and for efficient portfolio management, therefore including investment purposes, to meet the Sub-Fund's investment objective.

Financial derivative instruments used by the Sub-Fund may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments, swap contracts and other fixed income, currency and credit derivatives dealt on a regulated market or OTC ("Over the counter"). Long and short positions may be employed as described above.

Under exceptional circumstances and in the best interest of the shareholders, the Sub-Fund may be invested up to 100% of its net assets in cash, liquid assets or money market instruments on a temporary basis.

The Sub-Fund will, for the time being, not enter into SFTs such as repurchase and reverse repurchase agreements or engage in securities lending transactions or other transactions – including total return swaps - foreseen under SFTR. Should the Board of Directors of the Fund decide to use such techniques and instruments in the future for this Sub-Fund, the Board of Directors of the Fund will update this Prospectus accordingly and will include related requirements of SFTR under this Sub-Fund.

This Sub-Fund is actively managed meaning that the Investment Manager has, subject to the stated investment objectives and policy, discretion over its portfolio, with no reference or constraint to any benchmark.

For the purposes of Article 6 of SFDR, sustainability risks are not currently relevant to the investment decisions being made in respect of the Sub-Fund, based on its investment strategy. Sustainability risks are currently not likely to have a material impact on the returns of the Sub-Fund.

The Sub-Fund does not promote environmental or social characteristics either and does not have as objective sustainable investment as provided by Articles 8 and 9 of SFDR.

The Investment Manager does not consider principal adverse impacts of its investment decisions on sustainability factors as the size, the nature and the scale of the activities of the Sub-Fund are not deemed likely to create material adverse impacts on sustainability factors, and the risk-profile of the Sub-Fund is mainly determined by risk factors other than sustainability-related risk factors.

Investments within the Sub-Fund do not take into account the EU Taxonomy criteria for environmentally sustainable economic activities as set forth in the Taxonomy Regulation.

### **3. Profile of the Typical Investor**

The Sub-Fund is suitable for any investor type including those who are not interested in or informed about capital market topics but who see funds as a convenient "savings" products.

Investors interested in investing worldwide through investment funds and diversifying their risk over all the underlying funds.

The investors will seek return on the medium to long term.

### **4. Risk Profile**

The risks pertaining to an investment in the Sub-Fund are those primarily related to equities, interest rates, credits, commodities, currencies and Cocos, as further described in Appendix I. The Sub-Fund may have these additional risks: derivative risks.

The value of investments may vary (this may partly be the result of volatility risks or exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not recover the full amount invested. The Sub-Fund's performance may be adversely affected by variations in the relative strength of individual world currencies or if the EUR strengthens against other currencies.

Global Exposure approach used	Relative benchmark <sup>1</sup>	Expected level of leverage (Sum of Notionals) <sup>1</sup>	Higher leverage levels (Sum of Notionals) <sup>1</sup>	Expected level of leverage (Commitment)	Higher leverage levels (Commitment) <sup>1</sup>
Commitment	N/A	N/A	N/A	N/A	N/A

## 5. Reference Currency

EUR

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<sup>1</sup> If the VAR approach is used. The level of leverage may vary over time. Investors must be aware of the possibility of higher leverage levels under certain circumstances.

## 6. Fee Schedule, available Share Classes and main features

Class	Targeted investors	Shares' form	Category	Denomination Currency	Currency Hedged Share Class	Valuation Day	Management Company Fee <sup>1</sup>	Investment Management Fee	Performance Fee	Subscription Fee <sup>3,2</sup>	Redemption Fee <sup>3</sup>	Conversion Fee <sup>3</sup>	Distribution Fee	Initial issue price	Minimum initial investment <sup>4</sup>	Minimum subsequent investment <sup>4</sup>
R	Retail	Registered Shares and/or dealt in through clearing houses	Capitalisation	EUR	N/A	Daily	Up to 0.08% with a minimum of EUR 15'000	Up to 1.62%	YES	Up to 3%	N/A	N/A	N/A	100	1.000	100
				CHF	YES		Up to 0.08% with a minimum of EUR 15'000	Up to 1.62%	YES	Up to 3%	N/A	N/A	N/A	100	1.000	100
				USD	YES		Up to 0.08% with a minimum of EUR 15'000	Up to 1.62%	YES	Up to 3%	N/A	N/A	N/A	100	1.000	100
I	Institutional			EUR	N/A		Up to 0.08%	Up to 0.82%	YES	Up to 1%	N/A	N/A	N/A	100	10.000	1.000

<sup>1</sup> Per annum, payable monthly on the value of the average net assets of the Sub-Fund during the relevant month.

<sup>2</sup> Such fee may be used in order to remunerate the distributors, and any other financial intermediaries involved in the distribution, placement and marketing of the Shares through a regular agreement.

<sup>3</sup> Percentage of the net asset value of the shares subscribed/redeemed/converted.

<sup>4</sup> The Board of Directors is authorised to waive any requirements relating to the initial minimum subscription amount, to the subsequent minimum amount or to the minimum holding amount in its reasonable discretion and by taking into consideration the best interest of the Fund.

							with a minimum of EUR 15'000										
				<b>CHF</b>	YES		Up to 0.08% with a minimum of EUR 15'000	Up to 0.82%	YES	Up to 1%	N/A	N/A	N/A	100	10.000	1.000	
				<b>USD</b>	YES		Up to 0.08% with a minimum of EUR 15'000	Up to 0.82%	YES	Up to 1%	N/A	N/A	N/A	100	10.000	1.000	

Conversions are only authorized into share classes of this Sub-Fund and of the Sub-Fund ATOMO – BE FLEXIBLE, subject to compliance with any eligibility conditions. Conversions into share classes of any other Sub-Fund are not authorized, unless otherwise decided by the Board of Directors.

## 7. Performance Fee

### All Classes

The Performance Fee per share will amount to 15% of the monthly end NAV per share of the relevant Share Class that exceeds the High Water Mark<sup>1</sup> (HWM) (No performance fee otherwise).

The Investment Manager is entitled to receive 100% of such Performance Fee.

The Performance Fee is calculated at the level of each Fund Share Class which means its performance can differ from investors' shares performance according to the date(s) of their subscription(s) within the calculation period.

The Performance Reference Period going through the lifetime of the fund, the start of the calculation period (Calendar month – extended monthly until a new HWM is set) is either the beginning of a calendar month or the launch date of the share class.

There is no possibility of HWM reset so the performance fee cannot be accrued or paid more than once for the same level of performance over the whole life of the fund.

On each Valuation Day, an accrual of Performance Fee is made when appropriate, and the Performance Fee is paid where applicable for each class of the Sub-Fund as described below.

The Performance Fee will be calculated taking into account movements on the capital (adjustments are made for preventing artificial performance fee increase due to the sole increase of outstanding shares in period where the return of the share class leads the NAV per share above the High Water Mark) and applying the Crystallization Principle<sup>2</sup> so that the Performance Fee is calculated on the basis of the NAV per share (gross of the share class distributed dividend during the Reference Period – if any) after deduction of all expenses, liabilities, Management Fees (but excluding Performance Fee) and is adjusted to take into account all subscriptions and redemptions (total outstanding shares).

If Shares are redeemed on any day before the last day of the period for which a Performance Fee is calculated, while provision has been made for Performance Fee, the Performance Fees for which provision has been made and which are attributable to the Shares redeemed will be crystallized and paid at the end of the period even if provision for Performance Fees is no longer made at that date.

Gains which have not been realized may be taken into account in the calculation and payment of Performance Fees.

If any, the performance fee will be paid on the basis of the last Net Asset Value per share of the calendar month and effectively paid at the beginning of the following one.

Examples of scenarios with performance fee **key features**:

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<sup>1</sup> High Water Mark: Highest historical Net Asset Value per share of the relevant Class as of the end of most recent calculation period for which performance fee was paid or payable to the Investment Manager, or if no performance fee has been paid since the inception, then the initial Net Asset Value per share of such share class of the sub-fund.

<sup>2</sup> Crystallization Principle: Any accrued positive performance fee will be crystallized when there are redemptions, the proportion of the accrued performance fee applicable to the redemption will be crystallized, i.e. become payable (or will be written off) and cannot be eroded by future underperformance. As accrued performance fees are crystallized, the cumulative accrual will adjust with the payable amount without any impact on the NAV.

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Monthly end NAV before Perf Fee</b>	<b>HWM</b>	<b>Perf Fee to pay (If 1 &gt; 2)</b>	<b>Payable Perf Fee = (1-2) x 15%</b>	<b>Monthly end NAV post Perf Fee = (1-4)</b>
<b>Calculation period 1</b>	110.00	100.00	<b>YES</b>	1.50	108.50
<b>Calculation period 2</b>	112.00	108.50	<b>YES</b>	0.53	111.48
<b>Calculation period 3</b>	109.00	111.48	<b>NO</b>	0.00	109.00
<b>Calculation period 4</b>	111.00	111.48	<b>NO</b>	0.00	111.00
<b>Calculation period 5</b>	115.00	111.48	<b>YES</b>	0.53	114.47
<b>Calculation period 6</b>	116.00	114.47	<b>YES</b>	0.23	115.77

## 8. Historical Performance

Investors are invited to refer to the Key Investor Information Document (KiiD) of the Sub-Fund where historical performance of the Sub-Fund is disclosed.