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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2017-03-03  
Commission de Surveillance du Secteur Financier



**AURIS SICAV**

*Société d'Investissement à Capital Variable*

**Prospectus  
February 2017**

**AURIS SICAV** (the "**Company**") is registered under part I of the Luxembourg law of 17 December 2010 concerning undertakings for collective investment, as may be amended from time to time (the "**Law**"). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities under 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 from time to time including by means of Directive 2014/91/EU as regards depositary functions, remuneration policies and sanctions. The Company is managed by Auris Gestion on the basis of the freedom of services pursuant to chapter 15 of the Law.

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

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

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

US investors, as such term is defined in Section 1, are not eligible to an investment in the Company, unless they have been individually authorized to do so by the board of the Company.

Potential investors should ensure that they meet all applicable eligibility requirements for an investment in the Company and are advised to consult with their tax and legal counsel in case of any doubt.

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

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 Luxembourg law of 2 August 2002 on data protection, as amended. Confidential information concerning the investors will not be divulged unless required to do so by law or regulation. Investors agree that personal details contained in the application form and arising from the business relationship with the Company may be stored, modified or used in any other way, in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection, as amended, on behalf of the Company for the purpose of administering and developing the business relationship with the investor. To this end, investors accept that data may be transmitted to the Management Company, financial advisers working with the Company, as well as to other companies being appointed to support the business relationship.

In accordance with the provisions of Luxembourg law of 2 August 2002 on data protection, investors are entitled to request information about their personal data at any time as well as to request their correction.

## **DIRECTORY**

### **AURIS SICAV**

Société d'Investissement à Capital Variable

Registered office: 5 Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg

RCS: in the course of being registered with the Luxembourg companies register

### **Board of Directors**

Mr. Marc de Saint Denis, Président, Auris Gestion

Mr. Alexandre Hezez, Directeur de la Gestion Collective, Auris Gestion

Mr. Bertrand Gibeau, Administrateur indépendant.

### **Management Company**

Auris Gestion

153 Boulevard Haussmann F-75008 Paris, France

### **Depository and Paying Agent**

CACEIS BANK, Luxembourg Branch

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

### **Administration Agent**

CACEIS BANK, Luxembourg Branch

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

### **Global Distributor**

Auris Gestion

153 Boulevard Haussmann F-75008 Paris, France

### **Auditors**

Deloitte Audit, Société à Responsabilité Limité

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

### **Legal Advisor**

Baker & McKenzie Luxembourg

10-12 Boulevard F.D. Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg

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## 1. DEFINITIONS

<b><i>Administration Agent</i></b>	CACEIS BANK, Luxembourg Branch, acting as registrar and transfer agent, paying agent and administration as further described below
<b><i>Articles</i></b>	the articles of association of the Company, as amended from time to time
<b><i>Asset</i></b>	asset(s) in which a Compartment may invest in accordance with its investment policy as described in the relevant Appendix
<b><i>AML Regulations</i></b>	the Luxembourg law of 27 October 2010 relating to the fight against money-laundering and the financing of terrorism, the law of 19 February 1973 on the sale of medicinal substances and the fight against drug addiction (as amended), the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended), and associated Grand Ducal, Ministerial and CSSF Regulations and the circulars of the CSSF applicable as amended from time to time
<b><i>Appendix</i></b>	an appendix to this Prospectus
<b><i>Board of Directors</i></b>	the board of directors of the Company
<b><i>Business Day</i></b>	a full business day on which banks are opened in Luxembourg and the French stock exchanges are opened in France
<b><i>Class(es)</i></b>	within each Compartment, separate classes of Shares whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum investment amount, taxation, distribution policy or other feature may be applied
<b><i>Compartments</i></b>	A specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Class or Classes of Shares, which are distinguished mainly by their specific investment policy and objective and/or by the currency in which they are denominated. The specifications of each Compartment are described in the relevant Appendix to this Prospectus
<b><i>CSSF</i></b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg authority supervising the financial sector
<b><i>Cut-off Time</i></b>	a deadline (as further specified in the Appendices) before which applications for subscription, redemption, or conversion of Shares of any Class in any Compartment must be received by the Administration Agent in relation to a Valuation Day. For the avoidance of doubt, cut-off times are stated in the Luxembourg time zone (UTC + 1)
<b><i>Depository</i></b>	CACEIS BANK, Luxembourg Branch
<b><i>Directive</i></b>	the Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended from time to time including by means of Directive 2014/91/EU as regards depository functions, remuneration policies and sanctions
<b><i>EU</i></b>	the European Union

<b><i>EUR</i></b>	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as the same may be amended from time to time
<b><i>FATCA Rules</i></b>	the regulations relating to Information Reporting by Foreign Financial Institutions and Other Foreign Entities released by the IRS on 28th January 2013 (the “FATCA Regulations”), all subsequently published Fatca announcements and as the case may be, the provisions of the intergovernmental agreement (IGA) entered between Luxembourg and the United States and/or between the country of each investor and the US
<b><i>FATF</i></b>	Financial Action Task Force (also referred to as <i>Groupe d'Action Financière</i> )
<b><i>Feeder Compartment</i></b>	a Compartment of the Company which investment policy consists in investing at least 85 % of its assets in units/shares in a Master Fund according to article 77 of the Law, by way of derogation from Article 2(2) first indent, Articles 41, 43 and 46, and Article 48(2) third indent of the Law, as further described in the relevant Appendix
<b><i>Hedged Share Class</i></b>	A class of Shares denominated in a currency other than the base currency of the Compartment and for which currency hedging transactions may be engaged in order to minimize exchange rate fluctuations between the currency of the Hedged Share Class and the Reference Currency of the Compartment
<b><i>Investment Manager</i></b>	the investment manager appointed by the Management Company (as the case may be) for a specific Compartment as further detailed in the Appendix
<b><i>Issue Price</i></b>	the net asset value per relevant Share / Share Class of a Compartment as determined on the applicable Valuation Day plus the applicable sales commission (if any)
<b><i>KIID</i></b>	the key investor information document as defined by the Law and applicable laws and regulations
<b><i>Law</i></b>	the law of 17 December 2010 concerning undertakings for collective investments, as may be amended from time to time including by means of the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions
<b><i>Management Company</i></b>	Auris Gestion
<b><i>Master Fund</i></b>	A UCITS, or a sub-fund thereof or a Compartment of the Company, as further described in the relevant Appendix into which a Feeder Compartment invests at least 85 % of its assets and which: <ul style="list-style-type: none"> <li>(a) has among its unit-holders, at least one feeder UCITS;</li> <li>(b) is not itself a feeder UCITS; and</li> <li>(c) does not hold units of a feeder UCITS</li> </ul>
<b><i>Member State</i></b>	a member state as defined in the Law



<b><i>Redemption Fee</i></b>	a fee which may be withheld on the redemption amount payable to a redeeming Shareholder and paid to the Company or to the Management Company as further specified in the relevant Appendix
<b><i>Reference Currency</i></b>	the currency specified as such in the relevant Appendix to the Prospectus
<b><i>Regulated Market</i></b>	a market within the meaning of Article 4(1)14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and any other market which is regulated, operates regularly and is recognised and open to the public
<b><i>Subscription / Redemption</i></b>	the Business Day on which the consideration for subscription, or redemption is fully paid, which is to occur on a Business Day as further specified in each Appendix
<b><i>Settlement Day Shares</i></b>	a share of any Class of any Compartment in the capital of the Company, the details of which being specified in the Appendices
<b><i>Shareholders</i></b>	holders of Shares
<b><i>Subscription Fee</i></b>	a fee which may be withheld on the subscription amount paid by the investor and payable to the Company or the Management Company as further specified in the relevant Appendix
<b><i>Transaction Fee</i></b>	a fee which is paid to the Management Company in connection with certain portfolio transactions engaged by the Management Company on behalf of a Compartment as further specified in the relevant Appendix
<b><i>UCI</i></b>	undertaking for collective investment within the meaning of the first and second indent of Article 1 (2) of the Directive, whether situated in a Member State or not
<b><i>UCITS</i></b>	undertaking for collective investment in transferable securities as defined in the Directive and the Law
<b><i>UCITS Regulation</i></b>	The Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing the Directive 2009/65/EC that has been adopted pursuant to Article 112a of the Directive
<b><i>UCITS Rules</i></b>	The set of rules formed by the Directive and any derived or connected EU or national act, statute, regulation, circular or binding guidelines, including but not limited to the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions and amending the law of 17 December 2010 relating to undertakings for collective investment, as amended, and the law of 12 July 2013 on alternative investment fund managers, as amended, and the Circular CSSF 14/587 (as amended by Circular CSSF 15/608) setting out provisions applicable to credit institutions acting as depositaries of UCITS subject to Part I of the law of 17 December 2010 relating to undertakings for collective investment and to all UCITS, as the case may be, represented by their management company
<b><i>“U.S. Person”</i></b>	(a) any natural person resident in the U.S.;
	(b) any partnership or corporation organised or incorporated under the laws of the U.S.;

- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;
- (e) any agency or branch of a non-U.S. entity located in the U.S.;
- (f) any non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the U.S.; and
- (h) any partnership or corporation if
  - (i) organised or incorporated under the laws of any non-U.S. jurisdiction and
  - (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933, as amended, unless it is organised or incorporated, and owned, by accredited investors (as defined under Rule 501(a) under the U.S. Securities Act of 1933, as amended) who are not natural persons, estates or trusts

***Valuation Day***

Business Day by reference to which the net asset value per Share of each Compartment is calculated as detailed in the relevant Appendix of each Compartment

The Board of Directors may in its absolute discretion amend the Valuation Day for some or all of the Compartments. In such case the Shareholders of the relevant Compartment will be duly informed and the Appendix will be updated accordingly

## 2. THE COMPANY

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

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

The assets and liabilities of each Compartment, as further described under 13.5. "Allocation of Assets and Liabilities among the Compartments", shall be segregated from the assets and liabilities of those of the other Compartments, with creditors having recourse only to the assets of the Compartment concerned and where the liabilities can not be satisfied out of the assets of another Compartment. As between the Shareholders and creditors, each Compartment will be deemed to be a separate entity.

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

## 3. THE MANAGEMENT COMPANY

The Company has appointed Auris Gestion to serve as its designated Management Company in accordance with the Law pursuant to a management company services agreement dated as of 8 June 2015. Under this agreement, the Management Company provides investment management services, administrative agency, registrar and transfer agency services and marketing, principal distribution and sales services to the Company, subject to the overall supervision and control of the Board of Directors of the Company.

The Management Company was incorporated as a French *Société Anonyme à Directoire et Conseil de surveillance* registered with the *registre du commerce et des sociétés de Paris* with number B479789778. The Management Company is authorised and supervised by the *Autorité des Marchés Financiers* since 31 December 2004 under the number GP04000069.

The management company services agreement is concluded for an indefinite period of time and may be terminated by either party upon three months' prior written notice or forthwith by notice in writing in the specific circumstances provided in such agreement.

In consideration of its services, the Management Company is entitled to receive a remuneration as indicated in the relevant Appendix to the Prospectus.

The Management Company may delegate, under its responsibility and control, and with the consent and under the supervision of the Company and its Board of Directors, certain of its functions and duties to third parties.

The Management Company may notably appoint one or more investment managers (each an "**Investment Manager**") for providing day-to-day management of the assets of certain Sub-Funds. The Management Company may further, under the same conditions, appoint advisors (each an "Investment Advisor") to provide investment information, recommendations and research concerning prospective and existing investments.

Third parties to whom such functions have been delegated by the Management Company will be remunerated directly by the Company (out of the assets of the relevant Compartment), except as otherwise provided in the relevant Appendix.

These remunerations shall be detailed in the relevant Appendix.

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

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

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

Generally, each Compartment seeks capital preservation and/or an above-average total investment return, comprised principally of long-term capital appreciation, by investing in a diversified portfolio of transferable securities or in financial derivative instruments as described in respect of the investment objective and policies in the relevant Appendix. There can be no assurance that the investment objectives of any Compartment will be achieved.

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

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

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

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

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

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

### **4.3 Investment and Borrowing Restrictions**

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

The Board of Directors has decided that the following restrictions shall apply to the investments of the Company and, as the case may be and unless otherwise specified for a Compartment in the Appendix, to the investments of each of the Compartments:

I.

- (1) The Company, for each Compartment, may invest in:
  - (a) transferable securities and money market instruments admitted to or dealt in on an Eligible Market;
  - (b) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
  - (c) units of UCITS and/or other UCI, whether situated in a Member State or not, provided that:
    - (i) such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
    - (ii) the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive;

- (iii) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - (iv) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the Luxembourg regulatory authority as equivalent to those laid down in EU law;
- (e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
- (i) the underlying consists of instruments covered by this section I. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their investment objective;
  - (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (iii) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- (f) money market instruments other than those dealt in on an Eligible Market, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- (i) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a third country or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
  - (ii) issued by an undertaking any securities of which are dealt in on Eligible Markets; or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, such as, but not limited to, a credit institution which has its registered office in a country which is an OECD member state and a FATF State.
  - (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 EUR) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

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

## II.

- (1) The Company may hold on an ancillary basis cash.
  - (a) The Company may invest no more than 10% of the net assets of any Compartment in transferable securities and money market instruments issued by the same issuing body.
  - (b) The Company may not invest more than 20% of the net assets of any Compartment in deposits made with the same body.
  - (c) The risk exposure of a Compartment to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) d) above or 5% of its net assets in other cases.
- (2) Moreover, where the Company holds on behalf of a Compartment investment in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Compartment, the total of all such investments must not account for more than 40% of the total net assets of such Compartment.
  - I This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
  - II Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine for each Compartment:
    - (a) investments in transferable securities or money market instruments issued by a single body;
    - (b) deposits made with a single body; and/or
    - (c) exposures arising from OTC derivative transactions undertaken with a single body;
    - (d) in excess of 20% of the net assets of each Compartment.

- (3) The limit of 10% laid down in sub-paragraph III. (1) (a) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its local authorities, or by another Eligible State, including the federal agencies of the United States of America, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, or by public international bodies of which one or more Member States are members.
- (4) The limit of 10% laid down in sub-paragraph III. (1) (a) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.
- III If a Compartment invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Compartment.
- (5) The transferable securities and money market instruments referred to in paragraphs (3) and (4) shall not be included in the calculation of the limit of 40% in paragraph (2).
- IV The limits set out in sub-paragraphs (1), (2), (3) and (4) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Compartment's net assets;
- V Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with the seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended, or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III. (1) to (5);
- VI The Company may cumulatively invest up to 20% of the net assets of a Compartment in transferable securities and money market instruments within the same group.
- (6) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Compartment, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD, the G20 or Singapore or by public international bodies of which one or more member states of the EU, provided that such Compartment must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Compartment.**

### III.

- (1) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. (1) to (5) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Compartment is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Compartment's investment policy.

The limit laid down in paragraph (1) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

### III.

- (1) The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- (2) The Company may acquire no more than:
  - (a) 10% of the non-voting shares of the same issuer;
  - (b) 10% of the debt securities of the same issuer;
  - (c) 10% of the money market instruments of the same issuer.

VII 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.

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

IX These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III. (1) to (5), V. (1) and (2) and VI.

### V.

- (1) Unless otherwise provided for in the Appendix to the Prospectus for a Compartment, no more than 10% of a Compartment's net assets may be invested in aggregate in the units of UCITS and/or other UCIs referred to in paragraph I. (1) (c).
  - X In the case the restriction of the above paragraph is not applicable to a specific Compartment as provided in its investment policy, (i) such Compartment may acquire units of UCITS and/or other UCIs referred to in paragraph I. (1) (c) provided that no more than 20% of the Compartment's net assets be invested in the units of a single UCITS or other UCI, and (ii) investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Compartment.
  - XI For the purpose of the application of this investment limit, each Compartment of a UCITS and UCI with multiple Compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various Compartments vis-à-vis third parties is ensured.
- (2) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III. (1) to (5) above.
- (3) When the Company invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs, except for any applicable dealing charge payable to the UCITS and/or UCIs.
  - XII In the case where a substantial proportion of the net assets are invested in investment funds the Appendix of the relevant Compartment will specify the maximum management fee (excluding any performance fee, if any) charged to the Compartment and each of the UCITS or other UCIs concerned.
- (4) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the



units in issue cannot be calculated. In case of a UCITS or other UCI with multiple Compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all Compartments combined.

## VI.

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

## VII.

- (1) The Company needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Compartments may derogate from paragraphs III. (1) to (5), IV. and VI. (1) and (2) for a period of six months following the date of their creation.
- (2) If the limits referred to in paragraph (2) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.
- (3) To the extent that an issuer is a legal entity with multiple Compartments where the assets of the Compartment are exclusively reserved to the investors in such Compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that Compartment, each Compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III. (1) to (5), IV. and VI.

VIII. Each Compartment may, subject to the conditions provided for in the Articles as well as this Prospectus, subscribe, acquire and/or hold securities to be issued or issued by one or more Compartments of the Company without the Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own Shares, under the condition however that:

- (1) the target Compartment does not, in turn, invest in the Compartment invested in this target Compartment;
- (2) no more than 10% of the assets of the target Compartment whose acquisition is contemplated may, pursuant to the Articles be invested in aggregate in units of other target Compartments of the same Company;
- (3) voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Compartment concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and

- (4) in any event, for as long as these securities are held by the Company, their value will not be taken into consideration of the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law.

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

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

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

Each Compartment may invest in financial derivative instruments within the limits laid down in I. (1) (e), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause III. (1) to (5). When a Compartment invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in III. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction. When a Compartment qualifies as a Feeder Compartment, that Feeder Compartment shall calculate its global exposure related to financial derivative instruments in accordance with Section 3 I. (3) above.

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

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

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

All revenues arising from efficient portfolio management techniques, net of any direct and indirect operational costs/fees, will be returned to the Fund, unless otherwise provided by the Appendix. In particular, fees and cost may be paid to the Management Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of efficient portfolio management techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they have with the Depositary Bank or Management Company - will be available in the annual report of the Fund, if applicable, and disclosed in the Compartment Appendices.

The Company may enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement entitle the seller to repurchase from the purchaser the securities at a price and at a time agreed amongst the two parties at the conclusion of the agreement.

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

- The Company may purchase or sell securities in the context of a repurchase agreement only if its counterpart is a highly rated financial institution which are experts in this type of transactions and which are subject to prudential supervision rules considered by the Luxembourg regulatory authority as equivalent to those prescribed by EU law;
- During the lifetime of a repurchase agreement, the Company may not sell the securities which are the object of the agreement either before the repurchase of the securities by the counterparty has been carried out or the repurchase period has expired;

- The Company must ensure to maintain the value of purchased securities subject to a repurchase obligation at a level such that it is able, at any time, to meet its obligations to redeem its own Shares;
- The Company must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered;
- When the Company enters into a reverse repurchase agreement, it must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the Company;
- When the Company enters into a repurchase agreement, it should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

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

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

1. Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of paragraph V above.
2. 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.
3. Issuer credit quality – collateral received should be of high quality.
4. Correlation – the collateral received by the Company must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
5. Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and OTC Derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. Or when the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. A Compartment may be fully 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, provided that the Company receives securities from at least six different issues and that securities from any single issue should not account for more than 30% of the NAV. Should a Compartment be fully collateralised in securities issued or guaranteed by a Member State, the relevant Appendix should identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their net asset value. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process. Detailed information regarding the nature of eligible collateral to be received by each Compartment, as well as relevant applicable haircuts is provided in each relevant Appendices to this Prospectus.
6. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

7. Where there is a title transfer, the collateral received should be held by the Depository. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
8. Collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
9. Non-cash collateral received should not be sold, re-invested or pledged.
10. Cash collateral received should only be:
  - (i) placed on deposit with entities prescribed in paragraph I. (1) (d) above;
  - (ii) invested in high-quality government bonds;
  - (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
  - (iv) Invested in short-term money market funds.

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

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

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

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

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

In accordance with the Law and the applicable regulations, in particular Circular CSSF 11/512 and 14/592, the Management Company uses for each Compartment a risk-management process which enables it to assess the exposure of each Compartment to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material to that Compartment. The Management Company may use the Value-at-Risk (VaR) or Commitment Approach to monitor and measure the global exposure as further specified for each Compartment, in the Appendix.

### **6. RISK WARNINGS**

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

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

#### **6.1 Introduction**

The value of investments and the income from them, and therefore the value of and income from Shares relating to a Compartment can go down as well as up and an investor may not get back the amount the investor invests. Due to the various commissions and fees which may be payable on the Shares, an investment in Shares should be viewed as medium to long term. Short or leveraged funds are associated with higher risks and may better be considered as short to medium term investments. An investment in a Compartment should not constitute a substantial proportion of an investment portfolio and may not be

appropriate for all investors. Investors should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisers. The legal, regulatory, tax and accounting treatment of the Shares can vary in different jurisdictions. Any descriptions of the Shares set out in the Prospectus, including any Appendix, are for general information purposes only. Investors should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment. Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares.

## **6.2 General risks**

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

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

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

*Exchange rates:* an investment in the Shares may directly or indirectly involve exchange rate risk. Because the net asset value of the Compartment will be calculated in its Reference Currency, the performance of an Underlying Asset or of its constituents denominated in a currency other than the Reference Currency will also depend on the exchange rate of such currency. Equally, the currency denomination of any Compartment asset in a currency other than the Reference Currency will involve exchange rate risk for the Compartment.

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

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

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

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

*Volatility:* the value of the Shares may be affected by market volatility and/or the volatility of the Compartment's assets and/or the Underlying Asset.

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

*Counterparty risk:* Compartment that invests in OTC Derivative may find itself exposed to risk arising from the solvency of its counterparties and from their ability to respect the conditions of these contracts. The Compartment may enter into futures, options and swap contracts including CDS or use derivative techniques, each of which involves the risk that the counterparty will fail to respect its commitments under the terms of each contract.

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

*Class Hedging risk:* The Company may engage in currency hedging transactions with regard to a certain Class of Shares (the "Hedged Share Class"). Hedged Share Classes are designed (i) to minimize exchange rate fluctuations between the currency of the Hedged Share Class and the base currency of the Sub-Fund or (ii) to reduce the impact of the exchange rate fluctuations between the currency of the Hedged Share Class and other material currencies within the Sub-Fund's portfolio. The hedging will be undertaken to reduce exchange rate fluctuations in case the base currency of the Sub-Fund or other material currencies within the Sub-Fund (the "reference currency(ies)") is (are) declining or increasing in value relative to the hedged currency. In the case of a net flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the net asset value of the Hedged Share Class until the following or a subsequent business day following the Valuation Date on which the instruction was accepted. Additionally, Shareholders of the Hedged Share Class may be exposed to fluctuations in the net asset value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. The gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Hedged Share Class. Any financial instruments used to implement such hedging strategies with respect to one or more Classes of a Sub-Fund shall be assets and/or liabilities of such Sub-Fund as a whole, but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. However, due to the lack of segregated liabilities between Classes of the same Sub-Fund, costs which are principally attributed to a specific Class may be ultimately charged to the Sub-Fund as a whole.

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

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

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

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

subscription or repurchase. Such deferrals or delays may operate to decrease the number of Shares or the repurchase amount to be received.

*Effect of substantial withdrawals:* Substantial withdrawals by Shareholders within a short period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the assets of the Company. The resulting reduction in the assets of the Company could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

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

*Legal and regulatory:* the Company must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the investment restrictions, which might require a change in the investment policy and objectives followed by a Compartment. The Compartment's assets, the Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may also be subject to change in laws or regulations and/or regulatory action which may affect the value of the Shares.

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

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

*Use of derivatives:* as a Compartment whose performance is linked to an Underlying Asset will often invest in derivative instruments or securities which differ from the Underlying Asset, derivative techniques will be used to link the value of the Shares to the performance of the Underlying Asset. While the prudent use of such derivatives techniques can be beneficial, derivatives instruments also involve risks which, in certain cases, can be greater than the risks presented by more traditional investments. There may be transaction costs associated with the use of any such derivatives instruments.

*Transaction costs:* in certain circumstances, a Compartment may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or conversions in and out of the Compartment.

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

## 6.3 Underlying Asset risks

### 6.3.1 General

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

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

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

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

### 6.3.2 Certain risks associated with particular Underlying Assets

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

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

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

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

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



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

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

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

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

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

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

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

### 6.3.3 Other risks

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

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

In the due course of their business, the above persons and entities may have potential conflicts of interest with the Company or Compartment.

Any kind of conflict of interest is to be fully disclosed to the Board of Directors.

In such event, each person and entities will at all times endeavour to comply with its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Compartment.

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

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

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

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

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

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

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

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

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

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

Unless otherwise provided for a specific Compartment in the relevant Appendix, requests for subscription, redemption and conversion of Shares should be sent to the Company at its registered address in

Luxembourg. Requests may also be accepted by facsimile transmission, or at the discretion of the Company by other means of telecommunication. An application form can be obtained from the Company.

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

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

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

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

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

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

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

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

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

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

## **7.3 Settlements**

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

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

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

#### **7.4 Minimum Subscription and Holding Amounts and Eligibility for Shares**

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

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

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

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

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

If the Company becomes aware that a Shareholder is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or would otherwise be detrimental to the interests of the Company or that the Shareholder has become or is a US Person, the Company may, in its sole discretion, redeem the Shares of the Shareholder. Shareholders are required to notify the Company immediately in the event that they are or become US Persons or hold Shares for the account or benefit of US Persons or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or otherwise be detrimental to the interests of the Company.

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

#### **7.5 Issue of Shares**

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

If any sale commissions applied in relation to any particular Compartment, it will be disclosed in the relevant Appendix to the Prospectus. The Company might be entitled to receive the sale commission (if any).

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

Payment for Shares must be received by the Company in the reference currency of the relevant Class. Requests for subscriptions in any other major freely convertible currency will be also accepted, whereby conversion will be at the cost of the investor.

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

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

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

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the Law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, CSSF Regulation 12-02 and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification. In case of Transfer of Shares, the beneficiary of the Transfer (Transferee) will be subject to the same AML procedures than if he would be subscribing directly in the Company.

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

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. More particularly, in case of redemption request or in case of the payment of dividends, the payment of the redemption proceeds and/or dividends may not be processed as long as the subscription (or the transfer) has not been approved.

Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the subscriber providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

#### **7.7 Redemption of Shares**

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

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

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

Redemption payments will normally be paid in the Reference Currency of the Class by bank transfer as described in the relevant Appendix to the Prospectus. Neither the Company are responsible for any delays or charges incurred at any receiving bank or settlement system. A Shareholder may request, at its own cost

and subject to agreement by the Company that their redemption proceeds be paid in a currency other than the Reference Currency of the relevant Class.

Shareholders attention is drawn to the section "Anti Money Laundering Provisions" above and in particular the conditions under which payment of redemption proceeds may be delayed.

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

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

Shares redeemed by the Company become null and void.

### **7.8 Conversion of Shares**

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

Procedure for conversion within the Company.

Conversion may be requested on a common Valuation Day for the original Class and the contemplated Class. The number of Shares issued upon conversion will be based upon the redemption price of the original Class and the net asset value of the contemplated Class, plus a conversion charge (if any), as disclosed in the relevant Appendix to the Prospectus. The Company is entitled to any charges arising from conversions and any rounding adjustment. Any conversion request shall be irrevocable.

### **7.9 Transfer of Shares**

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

The transfer of Shares may normally be carried out by delivery to the relevant distributor, sales agent or the Company of an instrument of transfer in appropriate form. On the receipt of the transfer request, and after reviewing the endorsement(s), signature(s) may be required to be certified by an approved bank, stock broker or public notary. Transfers may only take place to the benefit of an investor fulfilling any relevant eligibility conditions applicable to the relevant Share Class to be transferred, pursuant to applicable law and in accordance with the procedure set out in the Articles, by a transfer agreement or other instruments in writing acceptable to the Board of Directors. The Board of Directors may impose such conditions as it deems fit.

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

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

## **8. DISTRIBUTION POLICY**

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

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

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

No dividend will be distributed if their amount is below the amount of 1,250,000 EUR and will be capitalised.

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

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

## **9. MANAGEMENT AND ADMINISTRATION**

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

### **9.1 Management Company**

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

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

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

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

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

For its services, the Management Company shall receive remuneration as further described in the relevant Appendix to the Prospectus.

The Management Company is entitled to receive from the Company the Management Company Fees and possible Performance Fee as further defined and specified in the Appendices to the Prospectus.

Management Company Fees are calculated and accrued on each day and are payable monthly in arrears unless otherwise specified in the relevant Appendix.

Performance Fees are calculated and payable according to the rules defined in the relevant Appendix.

The Management Company may call for Subscription and Redemption Fees according to the rules defined in the relevant Appendices.

In remuneration of the administrative functions performed by the Management Company, the Management Company is also entitled to receive Transaction Fees calculated at each transaction (purchase and sale) from each Compartment and based on the amount of these transactions. Such Transaction Fees are detailed in each relevant Appendix and the Transaction Fees actually received by the Management Company are disclosed in the annual audited financial statements.



### 9.1.1 Conflicts of Interest

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

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

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

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

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

### 9.1.2 Best Execution

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

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

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

## 9.2 Administration Agent, Transfer and Registrar Agent, Domiciliary Agent

With the Company's consent, the Management Company has concluded an agreement (the "**Services Agreement**") appointing CACEIS BANK, Luxembourg Branch as Administration Agent.

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

In its capacity as Administration Agent, CACEIS BANK, Luxembourg Branch shall notably perform the calculation of the net asset value of units for each existing Class or Compartment of the Company,

management of accounts, the preparation of the annual and semi-annual financial statements and execute all tasks required as central administration.

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

For its services under the Services Agreement CACEIS BANK, Luxembourg Branch, shall receive remuneration as further described in the relevant Appendix to the Prospectus. In addition, C CACEIS BANK, Luxembourg Branch, is entitled to charge fees on transactions in relation to the issue, conversion and redemption of Shares.

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

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

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris. Investors may consult upon request at the registered office of the Company the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary.

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

In due compliance with the UCITS Rules the Depositary shall:

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

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

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

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

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

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

The Company and the Depositary may terminate the Depositary agreement at any time by giving ninety (90) days' notice in writing. The Company may, however, dismiss the Depositary only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Sub-Funds have been transferred to the new depositary bank.

The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this Offering Document and therefore accepts no responsibility for the accuracy of any information contained in this Offering Document or the validity of the structure and investments of the Company.

In its capacity as the main paying agent, CACEIS Bank, Luxembourg Branch shall, in particular, be responsible for distributions to the Shareholders.

For its services as Depositary and Paying Agent, CACEIS Bank, Luxembourg Branch shall receive remunerations as further described in Section 10 and each relevant Appendix to the Prospectus. In addition, CACEIS Bank, Luxembourg Branch is entitled to be reimbursed by the Company for the charges of any correspondents.

## **10. CHARGES & EXPENSES**

The Company shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- standard brokerage fees, bank charges and depositary fees on transaction originating from the Company's business transactions in relation to buying and selling securities and financial instruments;
- all fees to be paid to the Management Company, Investment Manager(s) (if any), the Investment Advisors(s) (if any), including Management Fees, Performance Fees, Transaction Fees;

- all fees to be paid to the Administration Agent, Transfer and Registrar Agent, Domiciliary Agent, Depository and Paying Agent;
- all fees due to the Board of Directors of the Company and the insurance of the Directors, if any;
- all fees due to the Auditor;
- all fees due to the legal advisors or similar administrative charges, incurred by the Company, the Management Company and the Depository for acting on behalf of the Shareholders;
- all reasonable expense, out of pocket expenses and disbursements of the Board of Directors of the Company, the Management Company, the Administration Agent and the Depository;
- and generally, any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets, subject to the agreement by the Board and the compliance with applicable laws and regulations.

Any costs incurred by the Company, which are not attributable to a specific Compartment, will be charged to all Compartments in proportion to their net assets. Each Compartment will be charged with all costs or expenses directly attributable to it. The expenses of first establishment of the Company will be amortized over a period not exceeding (5) years. Each Sub-Fund shall amortise its own expenses of establishment over a period of five (5) years as of the date of its creation.

Fees and expenses payable to the Management Company, the Administration Agent, Transfer and Registrar Agent, Domiciliary Agent, Depository and Paying Agent, are described in each relevant Appendix.

## **11. PAYMENT OF RETROCESSIONS**

The Management Company and its agents may from time to time pay retrocessions as remuneration for distribution activity in respect of the Shares. Retrocessions are deemed to be payments paid by the Management Company and its agents to eligible third parties for distribution activities. Distribution activities may include, in particular, sales promotions and introductions with potential investors, the organization of road shows and/or fund fairs, assistance in making applications, forwarding of subscription, conversion and redemption orders, providing investors with the Company's documents, verification of identification documents and the performance of due diligence tasks as well as keeping documentary record.

Such retrocessions will be apportioned in the amount and from the calculation formula to the actual added value of the distribution service so provided.

## **12. TAXATION**

### **12.1 The Company**

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

However, any Class reserved to retail investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

Any Class reserved to institutional investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.01% per annum of their net assets. Such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

For Compartments whose exclusive policy is the investment in money market instruments, qualify for the reduced "*taxe d'abonnement*" of 0.01% per annum.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Company. Although the Company's realised capital gains, whether short- or long-term, are not expected to

become taxable in another country, the Shareholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded.

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

As a result of recent developments in EU law concerning the scope of the VAT exemption for management services rendered to investment funds, VAT on some of the fees paid out of the assets of the Company to remunerate service providers might be applied.

## **12.2 Shareholders**

### **12.2.1 Taxation of Luxembourg resident shareholders**

#### **(a) Individual shareholders**

Dividends and other payments derived from the Shares by resident individuals shareholders, who act in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rate with a top effective marginal rate for the year 2013 of 40% per cent for a taxable income of more than EUR 100.000 (class 1 and 1a taxpayers) / EUR 200.000 (class 2 taxpayers, i.e. household of 2 persons). The maximum aggregate income tax rate will thus be of 42.8% (including the solidarity surcharge of 7%) for a taxable income ranging from EUR 100,000 to EUR 150,000 for class 1 and 1a taxpayers (or EUR 200,000 to EUR 300,000 for class 2 taxpayers) and 43.6% (including the solidarity surcharge of 9%) for a taxable income exceeding EUR 150,000 for class 1 and 1a taxpayers (or EUR 300,000 for class 2 taxpayers). Under current Luxembourg tax laws, 50 per cent of the gross amount of dividends received by resident individuals from (i) a fully-taxable Luxembourg resident company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in a EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive is exempt from income tax.

A tax credit is as a rule granted for the 15 per cent withholding tax.

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

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

#### **(b) Luxembourg resident corporate shareholders**

Dividends and other payments derived from the Shares by a Luxembourg fully-taxable resident company are subject to corporate income tax and municipal business tax, unless the conditions of the participation exemption regime, as described below, are satisfied.

Should the conditions of the participation exemption not be fulfilled, 50 per cent of the dividends received by a Luxembourg fully-taxable resident company from the Company are exempt from corporate income tax and municipal business tax. A tax credit is as a rule granted for the 15 per cent withholding tax and any excess may be refundable.

Under the participation exemption regime, dividends derived from the Shares by a Luxembourg fully-taxable resident company may be exempt from income tax if cumulatively (i) the shareholder is a Luxembourg resident fully-taxable company and (ii) at the time the dividend is put at the shareholder's disposal, the shareholder has held or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding in the Company. Liquidation proceeds are assimilated to receive dividends for the purpose of the participation exemption and may be exempt under the same conditions. Shares held through a fiscally transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

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

Under the participation exemption regime, capital gains realised on the Shares by a Luxembourg fully-taxable resident company may be exempt from income tax at the level of the shareholder if cumulatively (i) the shareholder is a Luxembourg resident fully-taxable company and (ii) at the time the capital gain is realised, the shareholder has held or commits itself to hold for an uninterrupted period of at least 12 months Shares representing a direct participation (a) in the share capital of the Company of at least ten per cent or (b) of an acquisition price of at least EUR six million. Shares held through a fiscally transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

#### (c) Tax exempt shareholders

A shareholder who is either (i) an undertaking for collective investment subject to the amended law of 20 December 2002 or the Law, (ii) a specialised investment fund governed by the law of 13 February 2007, or (iii) a family wealth management company governed by the law of 11 May 2007, is exempt from income tax in Luxembourg. Dividends derived from and capital gains realised on the Shares are thus not subject to income tax in their hands.

#### 12.2.2 Taxation of Luxembourg non-residents shareholders

Non-resident shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable are generally not liable to any Luxembourg income tax, whether they receive payments of dividends or realise capital gains upon sale of Shares, except for a potential withholding tax (see above) and/or capital gains realised on a substantial participation (see above) (i) before the acquisition or within the first six months of the acquisition thereof or (ii) when the beneficiary was a Luxembourg tax resident for more than 15 years and became a non-resident less than 5 years prior to the realisation of the said capital gains that are subject to income tax in Luxembourg at ordinary rates (subject to the provisions of an applicable double tax treaty).

Dividends received by a Luxembourg permanent establishment or permanent representative, as well as capital gains realised on the Shares, are subject to Luxembourg income tax, unless the conditions of the participation exemption regime are satisfied i.e. if cumulatively (i) the Shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) resident in a State having a tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than a EU Member State. If the conditions of the participation exemption are not fulfilled, 50 per cent of the gross amount of dividends

received by a Luxembourg permanent establishment or permanent representative is exempt from income tax. A tax credit is further granted for the 15 per cent withholding tax.

Under the participation exemption regime, capital gains realised on the Shares may be exempt from income tax if cumulatively (i) the Shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realised, the Qualified Permanent Establishment has held or commits itself to hold for an uninterrupted period of at least twelve months Shares representing a direct participation in the share capital of the Company (a) of at least ten per cent or (b) of an acquisition price of at least EUR six million.

#### 12.2.3 Inheritance tax and gift tax

Under Luxembourg tax law, where an individual shareholder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

#### 12.2.4 FATCA

Legislation commonly known as the Foreign Account Tax Compliance Act ("FATCA") substantially changes the information reporting requirements imposed on many non-US entities. The Internal Revenue Service ("IRS") and US Treasury Department have recently issued final Treasury Regulations for implementing the provisions of FATCA. FATCA imposes withholding at a rate of thirty percent (30%) with respect to US-source interest, dividends and certain other payments to certain non-US entities, effective July 1, 2014, and withholding at a rate of thirty percent (30%) on the gross proceeds realized by certain non-US entities from the sale of any property of a type which can produce these types of income, effective January 1, 2017. The non-US entities on which FATCA withholding is imposed include "foreign financial institutions" unless they collect and disclose information regarding their direct and indirect US owners, either under an agreement entered into by the "foreign financial institution" with the IRS or pursuant to an "intergovernmental agreement" for FATCA compliance entered into between the United States and the jurisdiction in which such "foreign financial institution" is established. On March 24th 2014, the Luxembourg and U.S. governments entered into a Model I intergovernmental agreement ("IGA") which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions.

According to the terms of the IGA, Reporting Luxembourg financial institutional subject to reporting obligations 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.

Investment funds, such as the Company, will likely be treated as "foreign financial institutions" ("FFI") under FATCA. Although the Company is unlikely to receive any US-source payments or gross proceeds, under FATCA, "foreign financial institutions" that do not comply with the reporting and disclosure requirements imposed by FATCA (including failure to comply with an applicable "intergovernmental agreement"), or that otherwise do not cooperate with certain documentation requests, may still be subject to a thirty percent (30%) US withholding tax on their receipt of certain "pass-through payments" from a "foreign financial institution" that is compliant with FATCA, effective January 1, 2017.

The Company may be required to disclose information regarding their investors to the IRS or other tax or governmental authorities. The Company may request from investors information, representations, certificates and duly completed forms as the Company may deem necessary to eliminate withholding under, or otherwise comply with, FATCA or any similar regime. Investors will be required to provide information and documentation that the Company determines is required for FATCA compliance by the Company and will be subject to certain adverse consequences for failure to so comply. The operating agreements of the Company will provide that any investors that fail to provide documentation or other information for purposes of FATCA, any "intergovernmental agreement" under FATCA or any similar regime will indemnify the Company for any costs or expenses arising out of such failure, including any withholding tax imposed under FATCA, and will economically bear such costs and expenses to any other investors.

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

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 seek their own professional adviser as to this, as well as to any relevant exchange control or other laws and regulations. Taxation law and practice, and the levels of tax relating to the Company and to Shareholders, may change from time to time.***

#### 12.2.5 Common Reporting Standard

Under Directive 2015/2060/EC repealing Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the "EUSD"), as amended by Directive 2014/48/EU, the EUSD has been repealed and will no longer apply once all the reporting obligations concerning financial year 2015 will have been complied with (normally 1 June 2016). Under the EUSD, EU Member States are required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income (within the meaning of the EUSD) paid by a paying agent (within the meaning of the EUSD) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the EUSD) established, in that other EU Member State.

Under the Luxembourg law of 21 June 2005 implementing the EUSD, as amended by the Law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU ("Territories") (the "Saving Law"), Luxembourg-based paying agents are required as since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another EU Member State or in the Territories, and certain personal detail on the beneficial owner. These details will be provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the EUSD).

Following the development by the OECD of a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) in the future on a global basis, Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted on 9 December 2014 in order to implement the CRS among the Member States. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

EU Member States will be required to implement an AEOI as provided for by the Euro-CRS Directive effective as from 1 January 2016 (and in the case of Austria as from 1 February 2017). The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). As from 2016, the Saving Law will be progressively replaced by the CRS Law. With respect to interest income generated from January 2016 on, the Saving Law will only apply to the extent that CRS Law is not applicable.

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

Accordingly, the Company will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption proceeds to the local



tax authorities of the country of fiscal residency of the foreign investors to the extent that they are fiscally resident in a jurisdiction participating in the AEOI.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016.

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

Investors in the Company may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

***Shareholders and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations. Taxation law and practice, and the levels of tax relating to the Company and to Shareholders, may change from time to time.***

## **13. GENERAL INFORMATION**

### **13.1 Organisation**

The Company is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* (SICAV) subject to Part I of the Law. The Company was initially incorporated on 8 June 2015. The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg*, in the course of being registered. The articles of incorporation are in the course of being published in the *Mémorial*. The articles of incorporation have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg.

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

### **13.2 The Shares**

Shares will be issued in registered form. Fractional entitlements to Shares will be rounded to 4 decimal places. Subject to the restrictions described herein, Shares in each Compartment are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Class of the relevant Compartment. The rules governing such allocation are set forth under 5. "Allocation of Assets and Liabilities among the Compartments".

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

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

### **13.3 Meetings**

The annual general meeting of Shareholders will be held at the registered office of the Company in Luxembourg on the second Thursday of April of each year at 11 am or, to the extent required by Luxembourg law, and notices will be sent to the holders of registered Shares recorded by the transfer agent in the Share register of the Company by post at least 8 calendar days prior to the meeting at their addresses shown on the register of Shareholders. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required in the Articles of the Company.

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

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

#### **13.4 Reports and Accounts**

Audited annual reports shall be published within 4 months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 months following the period to which they refer. The annual and semi-annual reports shall be made available at the registered offices of the Company, the Depository, the representatives and paying agents during ordinary office hours. The Company's accounting year ends on the thirty-first of December each year. The first accounting year will end in 31 December 2015. The first audited report shall be published as of 31 December 2015 and the first unaudited semi-annual report shall be published as of 30 June 2016.

The Reference Currency of the Company is the EUR. The aforesaid reports will comprise consolidated accounts of the Company expressed in EUR as well as individual information on each Compartment expressed in the Reference Currency of each Compartment.

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

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

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

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

#### **13.6 Determination of the net asset value of Shares**

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

The Administration Agent calculates the net asset value per Share in each Compartment on the Valuation Day as defined in the Appendix.

In order to avoid market timing in their units, and prevent arbitrage opportunities, where the Compartment is a Feeder Compartment, the Valuation Day shall be the same day as the valuation day of the Master Fund.

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

- during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of the Compartment's investments, or in which trading is restricted or suspended;
- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of the Compartment, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Compartment;
- during any breakdown in the means of communication normally employed in determining the price of any of the Compartment's investments or the current prices on any stock exchange;
- when for any reason beyond the control of the Board of Directors, the prices of any investment held by the Compartment cannot be reasonably, promptly or accurately ascertained; or
- during any period when remittance of money which will or may be involved in the purchase or sale of any of the Compartment's investments cannot, in the opinion of the and/or the Board of Directors, be effected at normal rates of exchange;
- when calculating the net asset value of a UCITS/UCIs in which the Company has invested a substantial portion of the assets of one or more Compartments or one or more classes is suspended or unavailable, or where the issue, redemption or conversion of shares or units of such UCITS or other UCI is suspended or restricted;
- in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up or merge the Company or one or more Compartment(s) is to be proposed; or
- during any period when in the opinion of the Directors of the Company there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Compartment of the Company;
- Furthermore, a Feeder Compartment may temporarily suspend the redemption, reimbursement or subscription of its Shares, when its master UCITS temporarily suspends the redemption, reimbursement or subscription of its shares/units, whether this be at its own initiative or at the request of its competent authorities, for a period identical to the period of suspension imposed on the master UCITS;
- The suspension of the calculation of the net asset value and of the issue, redemption, and conversion of shares shall be published in a daily newspaper in Luxembourg and in another newspaper generally available in jurisdictions in which the Company is registered.

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

I. The assets of the Company contain the following:

- (1) all fixed-term deposits, money market instruments, cash in hand or cash expected to be received or cash contributions including interest accrued;
- (2) all debts which are payable upon presentation as well as all other money claims including claims for purchase price payment not yet fulfilled that arise from the sale of investment fund Shares or other assets;
- (3) all investment fund Shares;
- (4) all dividends and distributions due in favour of the Company, as far as they are known to the Company;

- (5) all interest accrued on interest-bearing securities that the Company holds, as far as such interest is not contained in the principal claim;
- (6) all financial rights which arise from the use of derivative instruments;
- (7) the provisional expenses of the Company, as far as these are not deducted, under the condition that such provisional expenses may be amortised directly from the capital of the Company;
- (8) all other assets of what type or composition, including prepaid expenses.

II. The value of such assets is fixed as follows:

- (1) Investment funds are valued at their net asset value.
- (2) Liquid assets are valued at their nominal value plus accrued interest.
- (3) Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value.
- (4) Commercial papers are valued at their nominal value plus accrued interest. Commercial papers with an original term of more than 90 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the commercial paper is invested has been concluded including that the commercial papers are terminable at any time and the yield adjusted price corresponds to the realisation value.
- (5) Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available closing price at the time when the valuation is carried out. If the same security is quoted on a Regulated Markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors or their delegate.
- (6) Unlisted securities or financial instruments are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
- (7) Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
- (8) OTC derivative financial instruments must be value at their the «fair value» in accordance with CSSF Circular 08/356.
- (9) Units or shares of the Master Fund will be valued at their last determined and available net asset value.

III. In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of each Compartment.

IV. The liabilities of the Company contain the following:

- (1) all loans, bills of exchange and other sums due, including deposits of security such as margin accounts, etc. In connection with the use of derivative instruments; and
- (2) all administrative expenses that are due or have been incurred, including the costs of formation and registration at the registration offices as well as legal fees, auditing fees, all

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

- (3) all known liabilities, whether due or not, including dividends that have been declared but not yet been paid; and
  - (4) a reasonable sum provided for taxes, calculated as of the day of the valuation as well as other provisions and reserves approved by the Board of Directors; and
  - (5) all other liabilities of the Company, of whatever nature, vis-à-vis third parties; however, each Compartment shall be exclusively responsible for all debts, liabilities and obligations attributable to it.
- V. For the purpose of valuing its liabilities, the Company may include all administrative and other expenses of a regular or periodic nature by valuing these for the entire year or any other period and apportioning the resulting amount proportionally to the respective expired period of time. The method of valuation may only apply to administrative or other expenses which concern all of Shares equally.
- VI. For the purpose of valuation within the scope of this chapter, the following applies:
- (1) Shares that are redeemed in accordance with the provisions under "ISSUE, REDEMPTION AND CONVERSION OF SHARES" above shall be treated as existing Shares and shall be posted until immediately after the point in time set by the Board of Directors for carry out the valuation; from this point in time until the price is paid, they shall be treated as a liability of the Company; and
  - (2) All investments, cash in hand and other assets of any fixed assets that are not in the denomination of the Share Class concerned shall be converted at the exchange rate applicable on the day of the calculation of net asset value, taking into consideration their market value; and
  - (3) On every Valuation Day, all purchases and sales of securities which were contracted by the Company on this very Valuation Day must be included in the valuation to the extent possible.

In certain circumstances, a Compartment may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or conversions in and out of the Compartment.

### **13.7 Merger or Liquidation of Compartments**

The Board of Directors may decide to liquidate any Compartment if in the case of a Feeder Compartment, the Master Fund of a Feeder Compartment has been liquidated or closed (without prejudice to the below provisions) or if more generally, a change in the economic or political situation relating to the Compartment concerned would justify such liquidation or if required by the interests of the Shareholders of any of the Compartments concerned. The decision of the liquidation will be notified to the Shareholders concerned prior to the effective date of the liquidation and the notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of the Shareholders of the Compartment concerned, they may continue to request redemption or conversion of their Shares on the basis of the applicable net asset value, taking into account the estimated liquidation expenses. Assets which could not be distributed to their beneficiaries upon the close of the

liquidation of the Compartment will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

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

The Board of Directors may decide to merge any Compartment into another Compartment or into another UCITS or a compartment within such UCITS (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) (the "**new Compartment**"), in compliance with the procedures laid down in Chapter 8 of the law of 17 December 2010. Such decision will be notified to Shareholders in the same manner as described in the preceding paragraph and, in addition, the notification will contain information in relation to the new Compartment in accordance with the Law and related regulations. Such notification will be made at least 30 calendar days before the last day for requesting the redemption or conversion of the Shares, free of charge.

In accordance with the provisions of the Law applying to a Compartment qualifying as Feeder Compartment, the Feeder Compartment shall be liquidated upon the Master Fund being either liquidated, divided into two or more UCITS or merged with another UCITS, unless the CSSF approves either (a) the investment of at least 85 % of the assets of the Feeder Compartment into units of another master Fund, or (b) the Feeder Compartment's conversion into a UCITS which is not a feeder UCITS within the meaning of the Law.

### **13.8 Liquidation of the Company**

The Company is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. Such a meeting must be convened by the Board of Directors within 40 calendar days if the net assets of the Company become less than two thirds of the minimum capital required by law. The meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting. If the net assets fall below one fourth of the minimum capital, the dissolution may be resolved by Shareholders holding one fourth of the Shares at the meeting.

Should the Company be liquidated, such liquidation shall be carried out in accordance with the provisions of the Law and which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and in this connection provides for deposit in escrow at the *Caisse de Consignation* in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of liquidation. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Compartment shall be distributed to the Shareholders of the relevant Compartment in proportion to their respective holdings.

### **13.9 Material Contracts**

The following material contracts have been entered into:

- (1) An agreement between the Company and Auris Gestion pursuant to which the latter acts as Management Company of the Company. This Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.
- (2) An agreement between the Company and CACEIS Bank Luxembourg pursuant to which the latter was appointed as Depositary and Paying Agent of the Company. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months' and written notice.
- (3) An agreement between the Company and CACEIS Bank Luxembourg pursuant to which the latter acts as registrar and transfer agent and administration agent of the Company. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.

- (4) An information sharing agreement between Auris Gestion and CACEIS Bank Luxembourg acting as Depositary of the Company regulating the flows of information that are necessary to allow the Depositary to perform its functions.

### **13.10 Documents**

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

### **13.11 Complaints Handling**

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

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

## **14. ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND**

### **1. Representative in Switzerland:**

The representative in Switzerland is **CARNEGIE FUND SERVICES S.A.**, 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel.: + 41 (0)22 705 11 78, Fax: + 41 (0)22 705 11 79.

### **2. Paying Agent in Switzerland:**

The paying agent in Switzerland is **BANQUE CANTONALE DE GENÈVE**, 17, quai de l'Île, 1204 Geneva, Switzerland.

### **3. Location where the relevant documents may be obtained:**

The Prospectus, the Key Investor Information Documents for Switzerland, the Articles of Association as well as the annual and semi-annual reports may be obtained free of charge from the Representative.

### **4. Publications:**

1. Publications concerning the foreign collective investment scheme are made in Switzerland on [www.fundinfo.com](http://www.fundinfo.com).
2. Each time Shares are issued or redeemed, the issue and the redemption prices or the Net Asset Value together with a reference stating "excluding commissions" must be published for all Share Classes on [www.fundinfo.com](http://www.fundinfo.com). The prices are published daily.

### **5. Payment of retrocessions and rebates:**

1. Retrocessions

The Management Company and its agents may from time to time pay retrocessions as remuneration for distribution activity in respect of the Shares in and from Switzerland. Retrocessions are deemed to be payments paid by the Management Company and its agents to eligible third parties for distribution activities. In particular the following terms: sales promotions and introductions with potential investors, the organization of road shows and/or fund fairs, assistance in making applications, forwarding of subscription, conversion and redemption orders, providing investors with the Company's documents, verification of identification documents and the performance of due diligence tasks as well as keeping documentary record.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

## 2. Rebates

In respect of distribution in and from Switzerland] the Management Company and its agents do not pay any rebates, defined as payments by the Management Company and its agents directly to investors to reduce the fees or costs incurred by the investor and charges to the fund directly or indirectly.

## **6. Place of performance and Place of jurisdiction**

In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.



## APPENDIX 1. *Active Diversified Beta*

### 1. Investment Objective, Benchmark of the Compartment

The Compartment's primary investment objective is to outperform its benchmark of reference which is composed of 25% capitalised EONIA, 25% of the EURO STOXX 50 TR and 50% of the Euro MTS 1-3 years, over a recommended investment period of three years while maintaining a level of risk close to that of the benchmark indicator (as measured by volatility over three years).

#### **Benchmark indicator:**

- **EONIA** (Euro Overnight Index Average) is the average of daily rates in the euro zone. It is calculated on a daily basis by the European Central Bank and represents the risk-free rate of the euro zone (Bloomberg code: EONCAPL7, website: [www.ecb.europa.eu](http://www.ecb.europa.eu)).
- **EURO STOXX 50 TR** is the Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Its Bloomberg code is <SX5T> Index. A full description of the index and a listing of its individual equities is available at [www.stoxx.com](http://www.stoxx.com).
- **Euro MTS 1-3 years** measures the performance of the Eurozone's largest and most widely traded government bonds with a maturity ranging from 1 to 3 years (Bloomberg code : EXEA5, website: [www.ftse.com](http://www.ftse.com)).

The benchmark is used retrospectively as a comparative assessment. The Compartment's allocation may significantly differ from the composition of the index.

The closing prices of the indices are expressed in euros; they include dividend reinvestment (Euro Stoxx 50 TR and Euro MTS 1-3 years ) and compounded interest (EONIA).

### 2. Investment Strategy of the Compartment

In order to achieve its objective, the Compartment will invest in actively managed diversified portfolio assets. The Compartment will invest mainly in stocks, bonds and money market instruments. The Compartment may also invest in further asset categories according to opportunities. The Compartment may also consider investing through eligible UCITS and AIFs (with a maximum of 10% of its net assets).

The Compartment will combine different levels of asset allocations:

#### **a) Strategic allocation of the Compartment:**

Decisions about exposure to the main asset classes are structured and guided by a monthly ad-hoc committee focusing primarily on the following elements:

- Expectations derived from analysing macroeconomic fundamentals such as: evaluating growth rates and economic cycles, levels of household debt, corporate and government debt levels, leading economic indicators for consumers and business confidence, central bank monetary policies, evaluation of inflation rates and commodity prices, assessment of trade balances and the competitiveness of the main geographical areas, and identifying systemic and geopolitical risks;
- Monitoring risk premiums of the major asset classes: asset classes are analysed regarding their relative high cost compared to the risk taken;
- Observing a set of risk indicators: share and currency volatility, changes in credit spreads, changing correlations between asset classes; investments are also monitored with regard to their contribution to the portfolio's diversification.

#### **b) Tactical allocation of the Compartment:**

A cross-disciplinary team monitors strategy throughout implementation and focuses on selecting financial instruments that best correspond to the defined guidelines.

In the shorter term, choices of asset classes are complemented by:

- **Geographical allocations**

Regarding equity exposure, the Fund's investment policy takes risk allocation into account by diversifying investments whose geographical coverage may be global or regional (OECD countries + emerging countries).

- **Sectorial allocations**

No economic sector predominates and the manager avoids risky sectors on the basis of his analysis and his expectations.

- **Selection of company size**

The company size breakdown between small, medium and large capitalisations still depends on identified growth opportunities and the risks involved, particularly with regard to liquidity.

- **Categories of debt**

The risk/return ratio of the various categories (sovereign issuers or private, "Investment Grade", or High Yield speculative) and default rate expectations are analysed and taken into account when implementing the strategy.

- **A comparison of management styles**

The style (value, or growth, etc.) will take into account the risks anticipated in the economic scenario.

- **Selection of securities:**

Stock picking is mainly based on fundamental criteria, focusing on securities that are undervalued compared to their intrinsic value and attractive growth prospects. The selection process is based on in-house and external fundamental research.

Bond selection is also based on fundamental criteria. Regarding corporate bonds, choices are made on those offering adequate information and transparency levels. The selection process relies on recommendations from specialised intermediaries and on comparative analysis of the market opportunities for a certain level of quality and maturity.

### **3. Further investment allocation rules:**

The Compartment agrees to comply with the following net asset exposure rates:

**a) 0% to 50% in equity markets (OECD and non OECD), all market cap sizes including small and medium (up to €1 billion), from all sectors, including:**

From 0% to 35% in equities of emerging market countries (OECD),

From 0% to 15% in equities of emerging market countries (non-OECD),

From 0% to 25% in equities linked with gold and commodity.

**b) 50% to 100% in interest rate instruments of public or private issuers, of all ratings assessed by the management company or unrated, including:**

From 0% to 50% in speculative fixed-income instruments lower than the A3 rating for the short term, or a BBB- S&P rating for the long term or, failing that, an equivalent rating assessed by the Management Company, or unrated; and

From 0% to 50% into convertible bonds.

The sensitivity range of the portion exposed to interest rate risk is between 0 and 5.

The Management Company carries out its own credit analysis for shares being acquired and those being held. It does not rely exclusively on ratings provided by the agencies, but also implements a comprehensive credit risk analysis and an assessment of the necessary procedures for making buying decisions, and also divestment decisions in case portfolio shares are downgraded.

c) **From 0% to 40% foreign exchange risk on currencies other than the euro.**

#### 4. **Description of the asset classes used to achieve the investment objectives of the Compartment**

##### 1) **Securities (excluding Securities embedding derivatives)**

###### - Stocks:

Stocks are selected on the basis of their market capitalisation (P/E), published results and positioning within their sector, with no particular geographic allocation.

###### - Debt instruments and further money market instruments:

The compartment is authorised to invest across all debt securities and money market instruments:

- Bonds of any kind (including convertibles);
- Negotiable debt securities;
- Participating shares;
- Subordinated securities;
- Equivalent securities to the above, issued under foreign law.

###### - Shares / Units in other UCITS and AIFs:

The Compartment may invest up to 10% of its net assets in UCITS based in France or in other EU Member States, and in AIFs that are eligible according to the rules defined in the Prospectus.

**UCITS and further AIFs in which the Compartment may invest are potentially UCITS and AIFs managed by Auris Gestion.**

##### 2) **Derivatives**

The Compartment may use financial derivatives for hedging or exposure purposes. The hedging derivatives transaction shall aim to cover its currency, market risks and the risks linked to interest rate fluctuations. Global exposure through derivatives may not exceed 100% of the Compartment assets.

The Company may use both futures, options, swaps on indices, performance swaps, FX forward and FX swaps, either dealt in regulated, organized markets or over-the-counter derivative contracts.

##### 3) **Securities embedding derivatives**

- **Risks for which the manager seeks exposure through the use of Securities embedding derivatives :** Equities and fixed-income.

- **Type of transactions:** Hedging and/or exposure to equity and fixed-income risks.

- **Type of instruments employed:** The manager may invest in listed convertible bonds in regulated markets. The selection of convertible bonds is made after analysing their structure, the creditworthiness of their issuer and the underlying equity.

- **Strategy of using embedded derivatives to meet the management objective:** The manager may use securities with embedded derivatives if these securities offer an alternative to other financial instruments, or if such securities do not have an identical offer on the market for other financial instruments. These transactions will be conducted within the limit of one time the assets of the UCITS.

The Compartment may not invest in ABS or MBS.

**4) Deposits and cash**

The Compartment may not invest in deposits. The Compartment may hold cash to a limited extent, within the limit of its investment requirements.

**5) Cash borrowing**

The Compartment may borrow up to the equivalent of 10% of its net assets in cash on a temporary basis and for technical needs only.

**6) Temporary purchases and sales of securities**

The Compartment will not enter into repurchase and reverse repurchase agreements.

**5. Reference Currency**

The reference currency of the Compartment is the Euro.

**6. Profile of the Typical Investor**

The Compartment is open to all types of investors. The Compartment is intended for investors seeking to gain exposure to a diversified portfolio of assets with limited volatility. To determine whether to invest in the Compartment investors should consider their personal assets, the regulations applicable to them, their current financial needs over a *recommended investment horizon of minimum three years*.

**7. Form of Shares and Classes**

The Share Classes of the Compartment will be issued in registered form

Share Classes	R	I	R CHF hedged	I CHF hedged
Reference Currency	EUR	EUR	CHF	CHF
Number of decimals	one ten thousandth	one ten thousandth	one ten thousandth	one ten thousandth
Type of Shares	Accumulation	Accumulation	Accumulation	Accumulation
Target Investors	All Investors	Institutional investors	All Investors	Institutional investors
Minimum initial Subscription	One Share	EUR 1 million	One Share	CHF 1 million
Valuation Day	Each Business Day			
Management Company Fee	1.50%	0.85%	1.50%	0.85%
Depositary fixed	max 0.03% subject to a minimum of EUR 1,000 per month for the			

rate Fee	Compartment			
Administration fixed rate Fee	max 0.05% subject to a minimum of 1,500 per month for the Compartment			
Other Administration Charges	The Administrative Agent, the Depository and the Transfer Agent are also entitled to transaction related fees and commissions.			
Performance Fee	15% maximum with High Water Mark and above the indices as further detailed in Section 1 above			
Subscription Fee paid to the Management Company	max 2.5%	NA	max 2.5%	NA
Transaction Fees	The Management Company may receive up to 0.25 % for each transaction related to equity investments made by the Compartment			
Cut-off	12.00 p.m. on the relevant Valuation Day			
Subscription Settlement Day	2 Business Days following Valuation Day			
Redemption Settlement Day	2 Business Days following Valuation Day			

Furthermore, each Share Class may bear additional expenses including bank charges, brokerage fees, fees on transactions etc, as described in section 10 of the present Prospectus.

The figures above are excluding VAT. VAT may be applicable depending on the type of service..

It is recommended to refer to the KIID in order to get an estimate of the overall charges and expenses actually borne by the Compartment, as well as for more details, to the material contracts referenced under 12.9 and the Financial statements.

In case a Share Class is in a currency other than the Reference Currency of the Compartment, all FX Hedge profit or loss attributable to this Share Class will be allocated to the relevant Share Class only. It should be noted that hedged Classes of Shares may not necessarily be 100% hedged at all times. The Management Company will take hedging positions from time to time in the best interest of Shareholders and on a best effort basis. The currency hedging shall not have adverse impact on the Shareholders of the other Share Classes.

An investor who subscribes, converts or redeems Shares via an intermediary paying agent may have to pay additional charges related to these operations as realised by such agents in the jurisdiction where the Shares are offered.

## 8. Launch Date

This Compartment will be launched by way of a cross-border merger with the French UCITS FCP Active Diversified Beta, subject to the approval of their respective relevant authority. The precise launch date of this Compartment will be determined by the Board of Directors of the Company. This Prospectus will be updated to reflect the launch date as determined by the Board of Directors.

## 9. Performance Fee

The Performance Fee is calculated yearly, starting from the last Net Asset Value of the prior fiscal year to the last Net Asset Value of the current fiscal year (the “**Calculation Period**”), and will be accrued as at each Valuation Date. Exceptionally, the first Performance Fee will be calculated as from the Sub-Fund launch date. The first Performance Fee will start upon the launch of the Sub-Fund and end on the last Net Asset Value of that fiscal year.

For each Calculation Period, the Performance Fee in respect of each Class will be up to 10%, as specified above for each Share Class, of the positive difference between the annual performance of each Share Class (i.e. over the Financial Year) and the annual performance of the benchmark index over the same period (see “1, *Investment Objective, Benchmark of the Compartment*” hereabove). No Performance Fee will be payable in respect to any Class of Shares unless the Net Asset Value (prior to reduction of any accrued Performance Fee) of the relevant Class of Shares as of the end of the relevant Calculation Period exceeds its High Water Mark.

The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

The Performance Fee is normally payable to the Management Company in arrears at the end of each Calculation Period within seven Business Days after the end of such Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the Performance Fee in respect of those Shares will be calculated as if the date of redemption of such Shares were the end of the Calculation Period and will become payable immediately after the relevant Valuation Date.

If the management company services agreement is terminated before the end of a Calculation Period, the Performance Fee in respect of the Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

Transfers of Shares will be treated as redemption and subscription for Performance Fee calculation purposes. Such treatment will result in the crystallization of any Performance Fee due to holding at such time, in relation to the transferred Shares.

## 10. Total Expense Ratio

The latest calculated total expense ratio rate can be found in the Company’s latest financial report.

## 11. Risk Management

The method used to calculate overall exposure is the commitment method.

## 12. Compartments Specific Risk Factors

### 1) *Equity risk:*

If the equities or indices to which the portfolio is exposed falls, the net asset value of the Compartment may also fall.

### 2) *Risks associated with investments in small and mid-cap companies*

Since the volume of small and mid-cap stocks listed on the stock exchange is relatively low, market downturns are more pronounced and more rapid than for large caps. The net asset value of the Compartment may therefore decline more quickly and more significantly.

Investors' attention is drawn to the fact that the small-cap markets and emerging markets are intended to accommodate businesses that, due to their specific characteristics, may pose a risk for investors.

### 3) *Risk associated with the use of financial derivatives*

Instruments in derivatives will expose the Sub-Fund to higher variations as compared to an instrument in securities.

*4) Risk associated to convertible bond*

The value of convertible bonds is dependant on several factors: interest rate evolution of underlying price of equity shares, variations in the price of underlying derivatives etc.

*5) Currency risk*

Currency risk is the risk of depreciation in the currencies in which the Compartment invests relative to the reference currency. This currency risk will be managed according to market opportunities and may thus account for a significant proportion of the risk. In the event of depreciation in foreign currencies, investors are thus exposed to a decline in the value of their units.

*6) Counterparty risk*

The Compartment may incur a loss in the event of default by a counterparty with which certain transactions were conducted, leading to a decline in the Compartment's net asset value.

*7) Interest rate risk*

This refers to the risk of a fall in the value of fixed income instruments resulting from changes in interest rates. If interest rates rise, the Compartment's net asset value may fall. The Compartment has limited exposure to fixed income products.

*8) Credit risk*

This is the risk of a decline in bonds or debt securities issued by a private or public issuer or default by the latter. The value of the debt securities in which the Compartment is invested may decline, leading to a fall in net asset value.

## **APPENDIX 2.           *Evolution Europe***

### **1.       Investment Objective, Benchmark of the Compartment**

#### **a) Investment Objective:**

The Compartment primary investment objective is to outperform its indicator of reference, the STOXX EUROPE 600, on an annual basis, and over the recommended investment period.

#### **b) Benchmark:**

The Stoxx Europe 600 is an index of shares in European companies of all sizes. The index brings together 600 equities, divided equally between large, medium and small caps from 18 countries: Germany, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Ireland, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom. Selection is based on the market cap of the various shares. The index is revised quarterly and its performance includes reinvested dividends. Its Bloomberg code is <SXXR> Index. A full description of the index and a listing of its individual equities is available at [www.stoxx.com](http://www.stoxx.com). The closing price of the index in euros is used, which includes reinvested dividends.

### **2.       Investment Strategy of the Compartment**

In order to achieve its investment objective the Compartment will adopt a dynamic, opportunistic and determined style relying on fundamental analysis of successful companies, looking especially at balance sheet structure, return on equity, cash flow, and management quality, as well as macroeconomic factors. Stocks are selected if they have a catalyst that could lead to their appreciation, that is to say, the Management Company identifies a specific aspect of the company, its products, its market environment, its strategy or its business model, that is not yet sufficiently factored into its price but which should logically and eventually lead to an appreciation. The Investment Manager is supported by a large network of analysts and a circle of experts and business leaders.

Outperforming the benchmark can be achieved through stock picking, according to the knowledge and beliefs of the Investment Manager.

### **3.       Further investment allocation rules**

The Compartment agrees to comply with the following net asset exposures:

#### **a) From 60% to 100% on stocks markets for all geographical areas, all sectors and all market cap sizes, including:**

- Minimum 60% invested in equities of countries within the European Union;
- 0% to 10% in stocks of countries outside the European Union;
- 0% to 75% in shares of small and mid-cap stocks (less than €1 billion);
- 0% to 10% in stocks of emerging market countries.

#### **b) From 0% to 40% in fixed-income instruments of public or private issuers having a minimum A3 rating at the time of acquisition for the short term or a BBB S&P rating for the long term or, failing that, an equivalent rating assessed by the Management Company, including:**

- From 0% to a maximum of 10% in speculative securities rated lower than those above or unrated; and
- from 0% to 10% into convertible bonds.

*The Management Company carries out its own credit analysis for shares being acquired and those held. It does not rely exclusively on ratings provided by the agencies, but also implements a comprehensive credit risk analysis and an assessment of the necessary*



*procedures for making buying decisions, and also divestment decisions in case portfolio shares are downgraded.*

- c) **From 0% to 100% on foreign exchange risk for currencies of the European Union and from 0% to 10% risk on currencies outside the European Union.**

As it is eligible for Personal Equity Plans (PEA) in France, the UCITS agrees to comply with **a minimum investment of 75% in equities of European Union markets that are PEA approved.**

#### **4. Description of the Asset Class used to achieve the investment objectives of the Compartment**

##### **1) Securities (excluding embedded derivatives)**

###### - Stocks:

Stocks are selected on the basis of their market capitalisation (P/E), published results and positioning within their sector, without any particular geographical allocation.

###### - Debt instruments and further money market instruments:

The Compartment is authorised to invest across all debt securities and money market instruments:

- Bonds of any kind;
- Negotiable debt securities;
- Participating shares;
- Subordinated securities;
- Equivalent securities to the above, issued under foreign law.

###### - Shares / Units in other UCITS and AIFs:

The Compartment may invest up to 10% of its net assets in UCITS based in France or in other EU Member States, and in European AIFs that are eligible according to the rules defined in the Prospectus.

Investments in UCITS and other European AIFs will be considered whenever such investments appear to specifically and more adequately respond to the investment objectives of the Compartment, as compared to a direct investment

**UCITS and further AIFs in which the Compartment may invest are potentially UCITS and AIFs managed by Auris Gestion.**

##### **2) Derivatives**

The Compartment may use financial derivatives for the purpose of exposure and hedging its currency, market risks and the risks linked to interest rate fluctuations.

The Company may use both futures, options, swaps on indices, FX forward and FX swaps, either dealt in regulated, organized markets or over-the-counter derivative contracts.

##### **3) Securities embedding derivatives**

- **Risks for which the manager seeks exposure through the use of Securities embedding derivatives:** Equities, currency and fixed-income.

- **Type of transactions:** Exposure and Hedging equity, currency and fixed-income risks.

- **Type of instruments employed:** The manager may invest in listed convertible bonds in regulated markets.

The Compartment may invest in subscription bonds, warrants, certificates, convertible bonds and in obligations with redeemable subscription bonds.

The Compartment may not invest in ABS or MBS.

The selection of convertible bonds is made after analysing their structure, the creditworthiness of their issuer and the underlying equity.

- **Strategy of using embedded derivatives to meet the management objective:** The Compartment may use securities with embedded derivatives for the exclusive purpose of hedging its currency, market risks and the risks linked to interest rate fluctuations.

**4) Deposits and cash**

The Compartment may not invest in cash deposits, the Compartment may only hold cash to a limited extent, within the limit of its investment requirements.

**5) Cash borrowings**

The Compartment may borrow up to the equivalent of 10% of its net assets in cash on a temporary basis and for technical needs only.

**6) Temporary purchases or sales of securities**

The Compartment will not enter into repurchase and reverse repurchase agreements.

**5. Reference currency**

The reference currency of the Compartment is the Euro.

**6. Profile of the typical investor**

The Compartment is open to all types of investors. The Compartment is intended for investors seeking to gain exposure to a diversified portfolio of assets with limited volatility. To determine whether to invest in the Compartment investors should consider their personal assets, the regulations applicable to them, their current financial needs over a recommended investment horizon of minimum five years.

**7. Form of Shares and Classes**

The Share Classes of the Compartment will be issued in registered form.

Share Classes	R	I	R CHF hedged	I CHF hedged	R USD hedged	I USD hedged
Reference Currency	EUR	EUR	CHF	CHF	USD	USD
Number of decimals	one ten thousandth	one ten thousandth	one ten thousandth	one ten thousandth	one ten thousandth	one ten thousandth
Type of Shares	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
Target Investors	All investors	Institutional investors	All investors	Institutional investors	All investors	Institutional investors
Minimum initial Subscription	One Share	EUR 500 000	One Share	CHF 500 000	One Share	USD 500 000
Valuation Day	Each Business Day					
Management Company Fee	2.15%	1.20%	2.15%	1.20%	2.15%	1.20%

Depository fixed rate Fee	max 0.03% subject to a minimum of 1,000 € per month for the Compartment					
Administration fixed rate Fee	max 0.05% subject to a minimum of 1,500 € per month for the Compartment					
Other Administration Charges	The Administrative Agent, the Depository and the Transfer Agent are entitled to transaction related fees and commissions.					
Performance Fee	20% maximum based on the index STOXX EUROPE 600					
Transaction Fees	The Management Company may receive up to 0,39% for each transaction related to equity investments made by the Compartment					
Subscription Fee paid to the Management Company	max 2.50%	N/A	max 2.50%	N/A	max 2.50%	N/A
Cut-off	12 p.m. on the relevant Valuation Day					
Subscription Settlement Day	2 Business Days following Valuation Day					
Redemption Settlement Day	2 Business Days following Valuation Day					

Furthermore, each Share Class may bear additional expenses including bank charges, brokerage fees, fees on transactions etc., as described in section 10 of the present Prospectus.

The figures above are excluding VAT. VAT may be applicable depending on the type of service

It is recommended to refer to the KIID in order to get an estimate of the overall charges and expenses actually borne by the Compartment, as well as for more details, to the material contracts under 12.9 and the Financial statements.

In case a Share Class is in a currency other than the Reference Currency of the Compartment, all FX Hedge profit or loss attributable to this Share Class will be allocated to the relevant Share Class only. It should be noted that hedged Classes of Shares may not necessarily be 100% hedged at all times. The Management Company will take hedging positions from time to time in the best interest of Shareholders and on a best effort basis. The currency hedging shall not have adverse impact on the Shareholders of the other Share Classes.

An investor who subscribes, converts or redeems Shares via an intermediary paying agent may have to pay additional charges related to these operations as realised by such agents in the jurisdiction where the Shares are offered.

## 8. Launch Date

This Compartment will be launched by way of a cross-border merger with the French UCITS FCP Evolution Europe, subject to the approval of their respective relevant authority. The precise launch date of this Compartment will be determined by the Board of Directors of the Company. This Prospectus will be updated to reflect the launch date as determined by the Board of Directors.

## **9. Performance Fee**

The Performance Fee of each Class (the « Performance Fee ») will be up to 20% of the positive difference between the annual performance of each Class (i.e. over the Financial Year) and the annual performance of the benchmark index over the same period (*STOXX Europe 600 Net Return EUR Index*). The Performance Fee will be calculated daily and accrued on each Valuation Date during the Financial Year with no application of the « high water mark » method.

The Performance Fee in respect of each Financial Year will be calculated by reference to the last Net Asset Value of the preceding Financial Year after deduction of any previous accrued Performance Fee and the Net Asset Value at the end of the Financial Year before deduction of any accrued Performance Fee.

As regards the first Financial Year, the latter will exceptionally begin on the launch date of each Class and end on the 31 December of the same year. The related Performance Fee will then be calculated by reference to the applicable initial subscription price and the Net Asset Value at the end of the Financial Year.

The Performance Fee is normally payable to the Management Company in arrears at the end of each Financial Year. However, in the case of share redeemed during a Financial Year, the Performance Fee in respect of those shares will be calculated as if the date of redemption of such shares were the end of the Financial Year and will become payable immediately after the relevant Valuation Date.

If the management company services agreement is terminated before the end of a Financial Year, the Performance Fee in respect of the Financial Year will be calculated and paid as though the date of termination were the end of the relevant Financial Year.

Transfer of shares will be treated as redemption and subscription for Performance Fee calculation purposes. Such treatment will result in the crystallisation of any Performance Fee due to holding at such time, in relation to the transferred shares.

## **10. Total Expense Ratio**

The latest calculated total expense ratio rate can be found in the Company's latest financial report.

## **11. Risk Management**

The method used to calculate overall exposure is the commitment method.

## **12. Compartment Specific Risk Factors**

### *1) Equity risk:*

If the equities or indices to which the portfolio is exposed falls, the net asset value of the Compartment may also fall.

### *2) Risks associated with investments in small and mid-cap companies*

Since the volume of small and mid-cap stocks listed on the stock exchange is relatively low, market downturns are more pronounced and more rapid than for large caps. The net asset value of the Compartment may therefore decline more quickly and more significantly.

Investors' attention is drawn to the fact that the small-cap markets and emerging markets are intended to accommodate businesses that, due to their specific characteristics, may pose a risk for investors.

### *3) Risk associated with the use of financial derivatives.*

Instruments in derivatives will expose the Sub-Fund to higher variations as compared to an instrument in securities.

### *4) Risk associated to convertible bond*

The value of convertible bonds is dependant on several factors: interest rate evolution of underlying price of equity shares, variations in the price of underlying derivatives etc.

*5) Currency risk*

Currency risk is the risk of depreciation in the currencies in which the Compartment invests relative to the reference currency. This currency risk will be managed according to market opportunities and may thus account for a significant proportion of the risk. In the event of depreciation in foreign currencies, investors are thus exposed to a decline in the value of their units.

*6) Counterparty risk*

The Compartment may incur a loss in the event of default by a counterparty with which certain transactions were conducted, leading to a decline in the Compartment's net asset value.

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