

# Hermes Linder Fund SICAV

*Société d'investissement à capital variable (SICAV)*

an undertaking for collective investment in transferable securities (UCITS)  
in the form of an open-ended investment company with variable share capital

subject to the Luxembourg law of 17 December 2010 relating to  
undertakings for collective investment, as amended

## Prospectus

July 2024

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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
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Commission de Surveillance du Secteur Financier

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## 1. INTRODUCTION

This Prospectus contains information about **Hermes Linder Fund SICAV** a public limited liability company (*société anonyme*), organised as an investment company with variable capital (*société d'investissement à capital variable*) and qualifying as an undertaking for collective investment in transferable securities under part I of the Law of 2010 (the “**Fund**”). Prospective investors should consider the information about the Fund before making an investment.

This Prospectus is based on information, law and practice at the date hereof. The Fund cannot be bound by an out of date prospectus when it has issued a new prospectus, and investors should check with Hermes Linder Fund SICAV and on <https://www.waystone.com> that this is the most recently published prospectus. Neither delivery of the Prospectus nor anything stated herein should be taken to imply that any information contained herein is correct as of any time subsequent to the date hereof. The information contained in this Prospectus is supplemented by the financial statements and further information contained in the latest Annual Report and Semi-Annual Report of the Fund, copies of which may be requested free of charge from the Fund and on <https://www.waystone.com>.

No distributor, agent, salesman or other person has been authorised to give any information or to make any representation other than those contained in the Prospectus and in the documents referred to herein in connection with the offer of Shares and, if given or made, such information or representation must not be relied upon as having been authorised.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

The distribution of the Prospectus and/or the offer and sale of the Shares in certain jurisdictions or to certain investors may be restricted or prohibited by law. The Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful or to any person to whom it is unlawful to make such offer, solicitation or sale. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. No Shares may be acquired or held by, on behalf or for the account or benefit of, Prohibited Persons.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail.

The Fund must comply with applicable international and Luxembourg laws and regulations regarding the prevention of money laundering and terrorist financing. In particular, anti-money laundering measures in force in Luxembourg require the Fund or its agent to establish and verify the identity of subscribers for Shares (as well as the identity of any intended beneficial owners of the Shares if they are not the subscribers) and the origin of subscription proceeds and to monitor the relationship on an ongoing basis. Failure to provide information or documentation may result in delays in, or rejection of, any subscription or conversion application and/or delays in any redemption application.

An investment in the Shares is only suitable for investors who have sufficient knowledge, experience and/or access to professional advisers to make their own financial, legal, tax and accounting evaluation of the risks of an investment in the Shares and who have sufficient resources to be able to bear any losses that may result from an investment in the Shares. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser as to possible financial, legal, tax and accounting consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion or disposal of the Shares of the Fund.

### **Distribution and Selling Restrictions**

No persons receiving a copy of this Prospectus in any jurisdiction may treat this Prospectus as constituting an invitation to them to subscribe for Shares unless in the relevant jurisdiction such an invitation could lawfully be made without compliance with any registration or other legal requirements.

It is the responsibility of any recipient of this Prospectus to confirm and observe all applicable laws and regulations. The following information is provided as a general guide only.

#### **United States of America (“U.S.”)**

This Prospectus and the Shares discussed therein, has not been approved or disapproved by the United States Securities and Exchange Commission (“**SEC**”) or any U.S. State Securities Commission nor has the sec or any U.S. state securities commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense. The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“**U.S. Securities Act**”). Accordingly, the Shares are not being offered in the U.S., nor may they be directly or indirectly offered or sold in the United States of America or in its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of such person and corporations or partnerships created or organized therein), except pursuant to exemption(s) available under the U.S. Securities Act of 1933. The Fund is not and will not be registered under the U.S. investment company act of 1940, as amended (“**U.S. Investment Company Act**”).

#### **PRIIPS Regulation**

The EU Regulation No 1286/2014 of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment product (“**PRIIPs Regulation**”) entered into force in January 2018 introducing a new type of investor information document, the KID. UCITS are required to produce this document as from 1 January 2023, following an extension to the period provided for in article 32(1) of the PRIIPs Regulation.

Provided that no further changes are made to the PRIIPs Regulation, the Fund, to the extent that its Shares in relation to a particular Sub-Fund are sold to investors that do not qualify as Professional Investors, will be required to provide a KID to such investors in good time before those investors subscribe for such Shares. Prior to any marketing of the Fund to a non-Professional Investor, a KID drawn up in accordance with the PRIIPs Regulation will be provided free of charge to any such investor. Where the KID is made available in a medium other than paper, a KID in paper form shall be provided upon request. The KIDs will be available at the following website: <https://www.praude.com.mt/en/hermes-classa>.

## Data protection

In accordance with the provisions of the Luxembourg law of 1 August 2018 organizing the National Commission for data protection and of the general system on data protection, as it may be amended from time to time and the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and laws, circular regulation in the context thereto ("**Data Protection Law**"), the Fund, acting as data controller, collects, stores and processes, by electronic or other means, the data supplied by investors for the purpose of fulfilling the services required by the investors and complying with its legal and regulatory obligations. A copy of the Data Privacy Notice is available on the website [www.praude.com.mt](http://www.praude.com.mt) and at the registered office of the Fund.

The data processed includes in particular the name, contact details (including postal or email address), banking details, invested amount and holdings in the Fund of investors (and, if the investor is a legal person, of any natural person related to it such as its contact person(s) and/or beneficial owner(s)) ("**Personal Data**").

The investor may at his/her/its discretion refuse to communicate Personal Data to the Fund. In this case, however, the Fund may reject a request for subscription of Shares.

Personal Data supplied by investors is processed to enter into and perform the subscription in the Fund (i.e. for the performance of a contract) and to comply with the legal obligations imposed on the Fund and its service providers. In particular, the Personal Data is processed for the purposes of: (i) processing subscriptions, redemptions and conversions of Shares and payments of dividends to investors, account administration, (ii) client relationship management, (iii) performing controls on excessive trading and market timing practices, tax identification as may be required under Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA or CRS) and (iv) compliance with applicable anti-money laundering rules. Data supplied by Shareholders is also processed for the purpose of (v) maintaining the register of shareholders of the Fund.

To this end, and in accordance with the provisions of the Data Protection Law, Personal Data may be transferred by the Fund to data recipients (the "**Recipients**") which, in the context of the above-mentioned purposes, refer to its affiliated and third-party entities supporting the activities of the Fund which include, in particular, the Management Company, the Administrative Agent, Distributors, the Depositary, Paying Agents, the Investment Manager, Domiciliation Agent, Auditor and Legal adviser of the Fund.

The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates in or outside their group (the "**Sub-Recipients**"), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Fund and/or assisting the Recipients in fulfilling their own legal obligations.

The Recipients and Sub-Recipients may be located within or outside the European Economic Area (the "**EEA**"), in countries whose data protection laws may not offer an adequate level of protection, such as Malaysia.

In case of a transfer of Personal Data to Recipients and/or Sub-Recipients located outside the EEA in a country that does not provide an adequate level of protection, the Fund will comply with GDPR and may contractually ensure that the Personal Data relating to investors is protected in a manner which is equivalent to the protection offered pursuant to the Data

Protection Law, which may take the form of EU Commission approved “Model Clauses”. In this respect, the investor has a right to request copies of the relevant document for enabling the Personal Data transfer(s) towards such countries by writing to the Fund’s address as specified above in the “Directory”.

In particular, investors are informed that as part of those outsourcing arrangement, the Administrator may be required to disclose and transfer personal and confidential information and documents about the Shareholder and individuals related to the Shareholder (the “**Related Individuals**”) (the “**Data Transfer**”) (such as identification data – including the Shareholder and/or the Related Individual’s name, address, national identifiers, date and country of birth, etc. – account information, contractual and other documentation and transaction information) (the “**Confidential Information**”) to the sub-contractors. In accordance with Luxembourg law, the Administrator is due to provide a certain level of information about those outsourcing arrangements to the Fund, which, in turn, must be provided by the Fund to the Shareholders.

A description of the purposes of the said outsourcing arrangements, the Confidential Information that may be transferred to sub-contractors thereunder, as well as the country where those sub-contractors are located is therefore set out in the below table:

Type of Confidential Information transmitted to the Sub-contractors	Country where the Sub-contractors are established	Nature of the outsourced activities
Confidential Information (as defined above)	Belgium	<ul style="list-style-type: none"> <li>Transfer agent/ shareholders services (incl. global reconciliation)</li> </ul>
	Canada	
	Hong Kong	
	India	<ul style="list-style-type: none"> <li>Treasury and market services</li> </ul>
	Ireland	<ul style="list-style-type: none"> <li>IT infrastructure (hosting services, including cloud services)</li> </ul>
	Jersey	
	Luxembourg	<ul style="list-style-type: none"> <li>IT system management / operation Services</li> </ul>
	Malaysia	
	Poland	<ul style="list-style-type: none"> <li>IT services (incl. development and maintenance services)</li> </ul>
	Singapore	
	United Kingdom	<ul style="list-style-type: none"> <li>Reporting</li> </ul>
	United States of America	<ul style="list-style-type: none"> <li>Investor services activities</li> </ul>

Confidential Information may be transferred to sub-contractors established in countries where professional secrecy or confidentiality obligations are not equivalent to the Luxembourg professional secrecy obligations applicable to the Administrator. In any event, the Administrator is legally bound to, and has committed to the Fund that it will enter into outsourcing arrangements with sub-contractors which are either subject to professional secrecy obligations by application of law or which will be contractually bound to comply with strict confidentiality rules. The Administrator further committed to the Fund that it will take reasonable technical and organisational measures to ensure the confidentiality of the Confidential Information subject to the Data Transfer and to protect Confidential Information against unauthorised processing. Confidential Information will therefore only be accessible to a limited number of persons within the relevant sub-contractor, on “a need to know” basis and following the principle of the “least privilege”. Unless otherwise authorised/required by law, or in order to comply with requests from national or foreign regulatory authorities or law enforcement authorities, the relevant Confidential Information will not be transferred by the Administrator to entities other than the sub-contractors.

In subscribing for Shares, each investor is expressly informed of the transfer and processing of his/her Personal Data to the Recipients and Sub-Recipients referred to above, including entities located outside the EEA and in particular in countries which may not offer an adequate level of protection.

The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data upon instructions of the Fund), or as distinct data controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations). The Fund may also transfer Personal Data to third parties such as governmental or regulatory agencies, including tax authorities, in or outside the EEA, in accordance with applicable laws and regulations. In particular, such Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may acting as data controller, disclose the same to foreign tax authorities.

In accordance with the conditions set out by the Data Protection Law, each investor will upon written request to be addressed to the Fund’s address as specified below in the “Directory” have the right to:

- access his/her Personal Data (i.e. the right to obtain from the Fund confirmation as to whether or not his/her Personal Data is being processed, to be provided with certain information about the Fund’s processing of his/her Personal Data, to access such data, and to obtain a copy of the Personal data undergoing processing (subject to legal exceptions));
- ask for Personal Data to be rectified where it is inaccurate or incomplete (i.e. the right to require from the Fund that inaccurate or incomplete Personal Data or any material error be updated or corrected accordingly);
- request a restriction of the processing in accordance with the provisions of article 18 of the GDPR;
- ask for erasure of his/her Personal Data (i.e. the right to require that Personal Data be erased in certain circumstances, including where it is no longer necessary for the Fund to process this data in relation to the purposes for which it collected or processed); and

- ask for Personal Data portability (i.e. the right to have the data transferred to the investors or another controller in a structured, commonly used and machine-readable format, where this is technically feasible).

Data Subjects may exercise the above rights by writing to the Fund at the following address: 14 Porte de France, 4360 Esch-sur-Alzette, Grand Duchy of Luxembourg.

Investors also have a right to lodge a complaint with the National Commission for Data Protection (the “**CNPD**”) at the following address: 15, Boulevard du Jazz, L-4370 Belvaux, Grand Duchy of Luxembourg, or when investors reside in another European Union Member State, with any other locally competent data protection supervisory authority.

Personal Data will not be retained for a period longer than necessary for the purpose of the data processing, subject to applicable statutory periods of retention.

### **Disclaimer**

The following wording is for informational purposes only and is not intended to provide financial, investment, tax, legal, accounting or any other advice or recommendation for you, and should not be relied upon in that regard. You should not act or rely on the wording without seeking the advice of a suitably qualified professional advisor. Your advisor can help to ensure that your own circumstances have been properly considered and that action is taken on the latest available information.

**THE VALUE OF THE SHARES MAY FALL AS WELL AS RISE AND AN INVESTOR MAY NOT GET BACK THE AMOUNT INITIALLY INVESTED. INVESTING IN THE FUND INVOLVES RISK INCLUDING THE POSSIBLE LOSS OF CAPITAL.**

## **2. DIRECTORY**

### **Registered Office**

14, Porte de France

L-4360 Esch-sur-Alzette

Grand Duchy of Luxembourg

### **Members of the board of directors**

Antonia Zammit

*Chief Executive Officer of Praude Asset Management Limited*

Charles Muller

*Independent Director*

Jane Wilkinson

*Independent Director*

### **Management Company and Global Distributor**

Waystone Management Company (Lux) S.A.

19, Rue de Bitbourg

L-1273 Luxembourg

Luxembourg

RCS B96744

### **Investment Manager**

Praude Asset Management Limited

Level 14, Portomaso Business Tower

Portomaso

St Julians STJ4011

Malta

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

Mrs Rachel Wheeler – Global Product Head - Regulated Fund Solutions

Mr Denis Harty – Waystone Country Head - Continental Europe

Mr Timothy Madigan – Independent Director

Mr Vasileios Karalekas – Product Lead - Quantitative Solutions in Regulated Fund Solutions

### **Depository**

CACEIS Bank, Luxembourg Branch.

5, Allee Scheffer,

L-2520 Luxembourg,

Grand Duchy of Luxembourg

RCS B47192

### **Administrator**

CACEIS Bank, Luxembourg Branch.

5, Allee Scheffer,

L-2520 Luxembourg,

Grand Duchy of Luxembourg

RCS B47192

### **Auditor**

Deloitte Audit

20, Boulevard de Kockelscheuer

L-1821 Luxembourg

Grand Duchy of Luxembourg

**Legal Advisors**

Ganado SARL

47, Boulevard Prince Henri

L-1724 Luxembourg

Grand Duchy of Luxembourg

### 3. DEFINITIONS

<b>1915 Law</b>	the Luxembourg law of 10 August 1915 on commercial companies, as may be amended from time to time.
<b>2010 Law</b>	the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.
<b>Administration Agreement</b>	the agreement entered into between the Fund, the Management Company and the Administrator governing the appointment of the Administrator, as may be amended or supplemented from time to time.
<b>Administrator</b>	the administration, registrar and transfer, domiciliation and corporate agent appointed by the Management Company and the Fund in accordance with the provisions of the 2010 Law and the Administration Agreement, as identified in the Directory.
<b>Annual Report</b>	the report issued by the Fund as of the end of the latest financial year in accordance with the 2010 Law.
<b>Articles of Association</b>	the articles of association of the Fund, as may be amended from time to time.
<b>Benchmarks Regulation</b>	the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as may be amended or supplemented from time to time.
<b>Board of Directors</b>	the board of directors of the Fund.
<b>Business Day</b>	any day on which banks are open the whole day for non-automated business in Luxembourg and in such other countries or cities as may be specified for a Sub-Fund or Share Class in a Supplement.
<b>Capitalisation Shares</b>	Shares with respect to which the Fund does not intend to distribute dividends.
<b>Circular 04/146</b>	the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices.

<b>Circular 08/356</b>	the CSSF circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments.
<b>Circular 14/592</b>	the CSSF circular 14/592 relating to the ESMA Guidelines on ETF and other UCITS issues.
<b>Class</b>	a class of Shares issued in any Sub-Fund.
<b>Contingency Plan</b>	has the meaning ascribed to that term under Section 7.7.
<b>Contingent Deferred Sales Charge or CDSC</b>	a fee which the Fund may charge, instead of the Subscription Fee, when Shares are redeemed within a certain time period after subscription, as described in Section 10.4 and specified for each Sub-Fund or Share Class in the Supplement, where applicable.
<b>Conversion Fee</b>	the fee that may be paid by the Shareholders in the event of a conversion of Shares, if any, as described under Section 10.3.
<b>CRS</b>	the Common Reporting Standard, within the meaning of the Standard for Automatic Exchange of Financial Account Information in Tax Matters, as set out in the Luxembourg law on the Common Reporting Standard.
<b>CSSF</b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of the financial sector.
<b>Cut-Off Time</b>	the day and time by which an application for subscription, redemption or conversion, as applicable, must in principle be received together with the relevant cleared funds in the case of a Subscription, by the Fund in order for the application to be processed, if accepted, by reference to the Net Asset Value per Share calculated as at that Valuation Day, as specified, in respect of a specific Sub-Fund or Share Class in the Supplement. The following Business Day shall therefore be the Subscription Day or Redemption Day relevant to the said Valuation Day.
<b>DAC 6</b>	Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

<b>Depositary</b>	the depositary bank appointed by the Fund in accordance with the provisions of the 2010 Law and the Depositary Bank and Principal Paying Agent Agreement, as identified in the Directory.
<b>Depositary Bank and Principal Paying Agent Agreement</b>	the agreement entered into between the Fund, the Management Company and the Depositary governing the appointment of the Depositary, as may be amended or supplemented from time to time.
<b>Directive 2009/65/EC or the UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast), as may be amended from time to time.
<b>Directive 2013/34/EU</b>	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as may be amended from time to time.
<b>Distribution Shares</b>	Shares with respect to which the Fund intends to distribute dividends and which confer on their holder the right to receive such dividends, if and when declared by the Fund.
<b>Distributor</b>	shall have the meaning ascribed to that term in Section 5.2.2.
<b>Eligible Investments</b>	eligible investments for UCITS within the meaning of article 41(1) of the 2010 Law.
<b>Eligible Investor</b>	an investor who satisfies all eligibility requirements for a specific Sub-Fund or Share Class, as specified for the Sub-Fund or Share Class in the Supplement.
<b>ESG</b>	means environmental, social, and governance.
<b>ESMA</b>	the European Securities and Markets Authority.
<b>EU</b>	the European Union.

<b>EUR</b>	the lawful currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
<b>FATCA</b>	the provisions of the United States Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act.
<b>FATF</b>	shall have the meaning ascribed to that term in Section 8.11.
<b>Fiscal Year</b>	means the twelve (12) month period starting on 1 September and ending on 31 August in each year.
<b>Fund</b>	Hermes Linder Fund SICAV.
<b>G20</b>	means the countries represented in the Group of Twenty Finance Ministers and Central Bank Governors representing twenty (20) major global economies.
<b>Guidelines 10/788</b>	the CESR Guidelines on risk measurement and the calculation of the global exposure and counterparty risks for UCITS.
<b>High Watermark</b>	unless otherwise provided for in relation to a particular Sub-Fund in the relevant Supplement, the greater of the following two figures: (i) the latest highest Net Asset Value per Share on which a performance fee has been paid, and (ii) the initial NAV per Share.
<b>IGA</b>	the intergovernmental agreement between the United States of America and the Grand Duchy of Luxembourg to improve international tax compliance and to implement FATCA signed on 28 March 2014.
<b>Initial Offering Period or Initial Offering Date</b>	with respect to each Sub-Fund in the relevant Supplement, the first offering of Shares in a Sub-Fund made pursuant to the terms of the Prospectus and the relevant Supplement.
<b>Initial Offering Price</b>	the price at which Shares are issued in respect of subscriptions received during the Initial Offering Period or on the Initial Offering Date, as determined for each Sub-Fund and Class in the relevant Supplement.

<b>Institutional Investor</b>	an institutional investor as defined for the purposes of the 2010 Law and by the administrative practice of the CSSF and as further defined in the relevant Supplement.
<b>Investment Adviser</b>	such person from time to time appointed by the Investment Manager, with the approval of the Fund, as the investment adviser for a particular Sub-Fund and disclosed in the relevant Supplement.
<b>Investment Management Agreement</b>	the agreement entered into between the Fund, the Management Company and the Investment Manager governing the appointment of an Investment Manager, in relation to a particular Sub-Fund if any, as may be amended or supplemented from time to time.
<b>Investment Management Fee</b>	the fee payable by the Fund to the Investment Manager under the Investment Management Agreement, as described in Section 10.9.
<b>Investment Manager</b>	any company appointed by the Management Company in relation to a particular Sub-Fund and which provide day-to-day management in respect of the investment and re-investment of the assets of that Sub-Fund. Where the Management Company does not delegate its investment management functions for one or more Sub-Funds, as reflected in the relevant Supplement(s), references to the Investment Manager shall be construed as references to the Management Company.
<b>Investment Objective</b>	the predefined investment objective of a Sub-Fund as specified in the relevant Supplement.
<b>Investment Policy</b>	the predefined investment policy of a Sub-Fund as specified in the relevant Supplement.
<b>Investment Restrictions</b>	the investment restrictions applicable to the Sub-Funds. The investment restrictions applicable to all Sub-Funds are set out under Section 6. Additional investment restrictions may be applicable to each Sub-Fund as set out in the relevant Supplement.
<b>ISIN Code</b>	International Securities Identification Number that uniquely identifies a Sub-Fund / Share Class.
<b>KID</b>	a Key Information Document drawn up in accordance with the requirements of the PRIIPs Regulation.

<b>Lugano Convention</b>	the Convention of Lugano of 30 October 2007 on jurisdiction and the enforcement of judgments in civil and commercial matters.
<b>Luxembourg</b>	the Grand Duchy of Luxembourg.
<b>Luxembourg Banking Day</b>	a day on which banks are generally open for business in Luxembourg during the whole day (excluding Saturdays and Sundays and public holidays).
<b>Management Company</b>	the management company appointed by the Fund in accordance with the provisions of the 2010 Law and the Management Company Agreement, as identified in the Directory.
<b>Management Company Agreement</b>	the agreement entered into between the Fund and the Management Company governing the appointment of the Management Company, with effect as of 9 January 2023, as may be amended or supplemented from time to time.
<b>Management Fee</b>	the fee payable by the Fund to the Management Company under the Management Company Agreement, as described in Section 10.5 of this Prospectus.
<b>Market Timing</b>	any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e. an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the Net Asset Value of the UCI.
<b>Maturity Date</b>	the date indicated in the relevant Supplement on which the outstanding Shares will be redeemed, the Sub-Fund being thereafter liquidated. Unless a Maturity Date is indicated in the relevant Supplement, Sub-Funds will have no Maturity Date.
<b>Member State</b>	a State that is a contracting party to the Agreement creating the European Union. The States that are contracting parties to the Agreement creating the European Economic Area, other than the Member States of the European Union, within the limits set forth by such Agreement and related acts, are considered as equivalent to Member States of the European Union.

<b>MFSA</b>	The Malta Financial Services Authority, the supervisory authority of the financial sector in the Republic of Malta.
<b>MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as may be amended from time to time.
<b>Minimum Holding Amount</b>	the minimum number of Shares or amount which a Shareholder must hold at any time in a particular Class in a particular Sub-Fund.
<b>Minimum Subsequent Subscription Amount</b>	the minimum number of Shares or amount which a Shareholder must subscribe for in a particular Class in a particular Sub-Fund when subscribing for additional Shares of the relevant Class. Unless otherwise specified in respect of a specific Class in a Sub-Fund in the relevant Supplement, the Minimum Subsequent Subscription Amount is one Share.
<b>Money Market Instrument</b>	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
<b>NAV Publication Day</b>	the next Business Day to a Valuation Day, except if the relevant Appendix states otherwise, on which the Net Asset Value is calculated and published.
<b>Net Asset Value or NAV</b>	the net asset value of the Fund, each Sub-Fund, each Class and each Share as determined in accordance with Section 9 of the Prospectus.
<b>New Shares</b>	Shares described in Section 8.6 of this Prospectus.
<b>Non-Member State</b>	any State, other than a Member State, in Europe, America, Africa, Asia or Oceania.
<b>OECD</b>	the Organisation for Economic Cooperation and Development.
<b>OECD Member State</b>	any of the member states of the OECD.
<b>OTC</b>	over-the-counter.

<b>OTC Derivative</b>	any financial derivative instrument dealt over-the-counter.
<b>Original Shares</b>	Shares described in Section 8.6 of this Prospectus.
<b>Paying Agent</b>	the paying agent appointed by the Fund.
<b>PRIIPs</b>	means packaged retail and insurance-based investment products.
<b>PRIIPs Regulation</b>	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.
<b>Professional Investor</b>	an investor who is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II of MiFID II.
<b>Prohibited Person</b>	any person, determined in the sole discretion of the Board of Directors as being not entitled to subscribe or hold Shares in the Fund or any Sub-Fund or Class if, in the opinion of the Board, (i) such person would not comply with the eligibility criteria of a given Class or Sub-Fund, (ii) a holding by such person would cause or is likely to cause the Fund some pecuniary, tax or regulatory disadvantage or (iii) a holding by such person would cause or is likely to cause the Fund to be in breach of the law or requirements of any country or governmental authority applicable to the Fund.
<b>Prospectus</b>	this prospectus including all Supplements, as may be amended from time to time.
<b>Redemption Day</b>	any Business Day on which Shares may be redeemed at the NAV calculated on the same Redemption Day as at the previous Valuation Day. Certain jurisdictions do not permit redemptions to be processed on local holidays.
<b>Redemption Fee</b>	a fee which the Fund may charge upon redemption of Shares, equal to a percentage of the Redemption Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.

<b>Redemption Form</b>	the forms and other documents, as issued or accepted by the Fund from time to time, which the Fund requires the investor or the person acting on behalf of the investor to complete, sign, and return to the Fund or its agent, with the supporting documentation, in order to request the redemption of all or part of the investor's Shares. The term "Redemption Form" shall be deemed to include redemption applications placed on electronic or other online trading platforms authorized by the Fund for such purposes.
<b>Redemption Price</b>	the price at which Shareholders may redeem Shares on a Redemption Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Redemption Day and in accordance with the provisions of this Prospectus.
<b>Redemption Settlement Period</b>	unless otherwise specified for each Sub-Fund or Share Class in the Supplement, it should be up to 5 Business Days from the Redemption Day. By the end of this period the Fund will normally pay the Redemption Price (less any Redemption Fee) to redeeming investors, subject to the provisions of this Prospectus.
<b>Reference Currency</b>	as the context indicates, (i) in relation to the Fund, the EUR, or (ii) in relation to a Sub-Fund, the currency in which the assets and liabilities of the Sub-Fund are valued and reported, as specified in each Supplement, or (iii) in relation to a Sub-Fund or Share Class, the currency in which the Shares of that Sub-Fund or Share Class are denominated, as specified in each Supplement.
<b>Regulated Market</b>	a regulated market within the meaning of MiFID II.
<b>Retail Investor</b>	any investor not qualifying as an Institutional Investor.
<b>Semi-Annual Report</b>	the report issued by the Fund as of the first half of the current financial year in accordance with the 2010 Law.
<b>SICAV</b>	<i>Société d'Investissement à Capital Variable.</i>
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and the European Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

<b>SFTR</b>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
<b>Share Class</b>	a class of Shares of a Sub-Fund created by the Board of Directors, as described in Section 8.1 of this Prospectus. For the purposes of this Prospectus, each Sub-Fund shall be deemed to comprise at least one Share Class.
<b>Shareholder</b>	any registered holder of Shares.
<b>Shares</b>	shares of a Sub-Fund or Share Class issued by the Fund.
<b>Sub-Fund</b>	a separate portfolio of assets established for one or more Share Classes of the Fund which is invested in accordance with a specific Investment Objective. The specifications of each Sub-Fund will be described in the relevant Supplement.
<b>Subscription Day</b>	any Business Day on which shares may be purchased at the NAV calculated on the same Subscription Day as at the previous Valuation Day. Certain jurisdictions do not permit subscriptions to be processed on local holidays.
<b>Subscription Fee</b>	a fee which the Fund may charge upon subscription for Shares, equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.
<b>Subscription Form</b>	the forms and other documents, as issued or accepted by the Fund from time to time, which the Fund requires the investor or the person acting on behalf of the investor to complete, sign, and return to the Fund or its agent, with the supporting documentation, in order to make an initial and/or additional application for subscription to Shares.
<b>Subscription Price</b>	the price at which investors may subscribe for Shares on a Subscription Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Subscription Day and in accordance with the provisions of this Prospectus.

<b>Subscription Settlement Period</b>	the period of time by the end of which the subscriber is required to pay the Subscription Price (plus any Subscription Fee) to the Fund. The Subscription Settlement Period is specified for each Sub-Fund or Share Class in the Supplement.
<b>Supplement</b>	the supplement(s) to this Prospectus for each specific Sub-Fund, which form part of this Prospectus.
<b>Sustainability factor</b>	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters
<b>Sustainability risk</b>	Means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment
<b>Transferable Security</b>	shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.
<b>UCI</b>	undertaking for collective investment within the meaning of article 1(2)(a) and (b) of the UCITS Directive, being an open-ended undertaking with the sole object of collective investment of capital raised from the public, in accordance with the principle of risk-spreading, in transferable securities and other liquid financial assets.
<b>UCITS</b>	undertaking for collective investment in transferable securities.
<b>US Dollar or USD</b>	the lawful currency of the United States.
<b>US Investment Company Act</b>	the US Investment Company Act of 1940, as amended.

<b>US Person</b>	any United States Person as defined pursuant to Regulation S under the U.S. Securities Act of 1933, as amended and under FATCA and the IGA Model 1 as any U.S. citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more U.S. persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States.
<b>US Securities Act</b>	the US Securities Act of 1933, as amended.
<b>Valuation Day</b>	each Business Day in Luxembourg, as at which the NAV of the Sub-Funds is determined according to the relevant Supplement and Section 9.1 of this Prospectus.

## **4. THE FUND**

### **4.1 Form – Legal Structure**

The Fund is an open-ended investment company organised under the laws of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*), registered with the Luxembourg Register of Commerce and Companies under number B249446. The Articles of Association were published on the *Recueil électronique des sociétés et associations* (“**RESA**”) on 10 December 2020, the central electronic platform of the Grand-Duchy of Luxembourg.

The Fund was originally incorporated in the British Virgin Islands as an international business company on the 27 July 2000 as Hermes Global Fund Limited and was later registered as continuing in Malta as an open-ended multi-fund investment company with variable share capital on the 25 March 2009 under the name Hermes Linder Fund SICAV p.l.c. with registration number SV 100. The Fund was continued in Malta as a professional investor fund and was later converted to an undertaking for collective investment in transferable securities on 1 September 2010. The Fund was continued in Luxembourg on 27 November 2020. The Fund has been admitted to the official list of the CSSF as an undertaking for collective investment in transferable securities governed by Part I of the 2010 Law.

The Fund has been authorised by the *Commission de Surveillance du Secteur Financier* (“**CSSF**”). However, such authorisation does not require the CSSF to approve or disapprove either the adequacy or accuracy of this Prospectus or the portfolio of assets held by the Fund. Any declaration to the contrary should be considered as unauthorised and illegal.

There is no limit to the number of Shares which may be issued. Shares will be issued to subscribers in registered form.

Shares shall have the same voting rights and shall have no pre-emptive subscription rights. In the event of the liquidation of the Fund, each Share is entitled to its proportionate share of the Fund's assets after payment of the Fund's debts and expenses, taking into account the Fund's rules for the allocation of assets and liabilities.

The minimum share capital of the Fund must at all times be at least of EUR 1,250,000 which amount has to be attained within six months of the Fund's authorisation to operate as a UCI. The Fund's share capital is at all times equal to its Net Asset Value. The Fund's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed, and no special announcements or publicity are necessary in relation thereto.

### **4.2 Umbrella structure**

#### **4.2.1 Sub-Funds**

The Fund is a single legal entity incorporated as an umbrella fund comprised of one or several Sub-Funds. Each Sub-Fund has a specific investment objective and policy as further described in its Supplement. A separate portfolio of assets is maintained for each Sub-Fund and invested for its exclusive benefit in accordance with its investment objective and policy. Shares in the Fund are shares in a specific Sub-Fund. The Fund may issue Shares of different Share Classes in each Sub-Fund. Such Share Classes may each have specific characteristics. Certain Share Classes may be reserved to certain categories of investors. Investors should refer to the Supplement for further information on characteristics of Share Classes.

The rights of the Shareholders and creditors relating to a Sub-Fund or arising from the setting up, operation and liquidation of a Sub-Fund are limited solely to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the setting up, operation and liquidation of that Sub-Fund. In the event that, for any reason, the liabilities arising in respect of the creation, operation and liquidation of a Sub-Fund exceed the assets allocated to it, creditors will have no recourse against the assets of any other Sub-Fund to satisfy such deficit.

Each Sub-Fund is treated as a separate entity and operates independently, each portfolio of assets being invested for the exclusive benefit of this Sub-Fund. A purchase of shares relating to one particular Sub-Fund does not give the holder of such Shares any rights with respect to any other Sub-Fund.

Additional Sub-Funds may be established by the Board of Directors from time to time without the consent of investors in other Sub-Funds. A new Supplement will be added to this Prospectus for each new Sub-Fund established.

#### **4.3 Share Classes**

The Sub-Funds may offer several Share Classes, as set out in the relevant Supplement. Each Share Class within a Sub-Fund may have different features such as the fee structure, minimum subscription or holding amounts, currency, different hedging techniques or distribution policy or other distinctive features, or be offered or reserved to different types of investors. Investors will be able to choose the Share Class with the features most suitable to their individual circumstances.

Additional Share Classes may be established in any Sub-Fund from time to time without the approval of investors. New Share Classes will be added to the relevant Supplement. Such new Share Classes may be issued on terms and conditions that differ from the existing Share Classes. The list and details of the Share Classes established within each Sub-Fund, if any, are set out in the Supplements.

#### **4.4 Term of the Fund and the Sub-Funds**

The Fund will exist for an indefinite period. However, the Fund will be automatically put into liquidation upon the termination of a Sub-Fund if no further Sub-Funds are active at that time.

The Sub-Funds may be created with an unlimited or a limited duration. In the latter case, Shares for which no redemption request has been submitted in respect of the Maturity Date as set out in the relevant Supplement, will be compulsorily redeemed at the NAV calculated as at such Maturity Date. The Sub-Fund will be liquidated on or around the Maturity Date.

## **5. MANAGEMENT AND ADMINISTRATION**

### **5.1 The Board of Directors**

The Fund shall be managed by the Board of Directors, which must be composed at all times of at least three Directors. The Board of Directors is vested with the broadest powers to act on behalf of the Fund and to take any actions necessary or useful to fulfil the Fund's corporate purpose, subject to the powers expressly assigned by law or the Articles of Association to the general meeting of shareholders. Any Director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting of Shareholders.

The Board of Directors is responsible for conducting the overall management and business affairs of the Fund in accordance with the Articles of Association. In particular, the Board of Directors is responsible for defining the investment objective and policy of the Sub-Funds and their risk profile, subject to the principle of risk diversification, and for the overall supervision of the management and administration of the Fund, including the selection and supervision of the Management Company and the general monitoring of the performance and operations of the Fund.

The Board of Directors may at its discretion and under its supervision create committees.

The Fund may indemnify any Director or officer, and his heirs, executors and administrators against expenses reasonably incurred by him or her in connection with any action, suit proceeding to which he or she may be made a party by reason of his or her being or having been a Director or officer of the Fund or, at its request, of any other company of which the Fund is a shareholder or creditor and from which he or she is not entitled to be indemnified, except in relation to matters as which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct,; in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Fund is advised by counsel that the person to be indemnified did not commit such a breach of duty. The foregoing right of indemnification shall not exclude other rights to which he or she may be entitled.

The current directors are:

#### Ms Antonia Zammit

Antonia graduated in law at the University of Malta in 2006 and obtained her LL.M. in Corporate and Commercial Law from the London School of Economics in 2007. Prior to joining Praude Asset Management Limited, Antonia worked at one of the leading Law firms in Malta, where she spent the last 6 years working in the investment services and funds sector, advising clients on structuring collective investment schemes, including hedge funds and UCITS, and on regulatory and legal matters involved in the setting up of investment management companies as well as other service providers. She also has vast experience in corporate governance related matters as well as all corporate matters relating to regulated structures.

#### Mr Charles Muller

After studying law in Paris (“maîtrise en droit” at the Sorbonne) and London (LLM at University College), Charles (55) became a Luxembourg barrister (“avocat à la Cour”). In 1994 he joined Banque Générale du Luxembourg (now BGL BNP Paribas), then, in 2003, ALFI (the Association of the Luxembourg Fund Industry) where he held the position of Deputy Director General and Board member of the world-wide federation of investment fund associations IIFA

(International Investment Fund Association). In 2011, Charles joined KPMG Luxembourg as a Partner, Head of Regulatory and Leader of the European Centre of Excellence for Investment Management Regulation. He was also a member of the KPMG Global leadership team for investment management and a Global Lead on AIFMD (Alternative Investment Fund Managers Directive). Since March 2018, Charles is an independent lawyer, trainer and director, registered with the Luxembourg Bar. He continues to be a member of several consultative committees with the Luxembourg regulator CSSF, LPEA, ALFI and the Government Working Group on Business and Human Rights. Since October 2018, he is also part of the network of independent directors "The Directors Office".

#### Ms Jane Wilkinson

Jane is a UK Fellow Chartered Accountant and Luxembourg Registered Auditor. She has 30 years of experience working in the financial sector, most of which has been in Luxembourg. She has spent 25 years at KPMG Luxembourg, between 2007 and 2017 as the audit partner to a large number with international fund management groups and their investment funds. In 2017 she joined Luxembourg Stock Exchange's Management team as Head of the Luxembourg Green Exchange and Head of Sustainable Finance. Jane now acts as an independent director to a number of Luxembourg based investment vehicles.

## **5.2 The Management Company**

### **5.2.1 Corporate Information**

The Fund has appointed Waystone Management Company (Lux) S.A. as its management company in accordance with the provisions of the 2010 Law and the Management Company Agreement.

The Management Company is a company incorporated under Luxembourg law with registered office situated at 19, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg companies register with the RCS (*Registre de Commerce et des Sociétés*) under number B96744. The Management Company was incorporated for an unlimited duration in Luxembourg on 23 October 2003 in the form of a public limited company (*société anonyme*), in accordance with the 1915 Law and the latest revision of the articles of association were published in the RESA (*Recueil Electronique des Sociétés et Associations*).

As at 19 July 2023 the fully paid up share capital of the Management Company amounts to EUR 3,950,000. The Management Company is registered on the official list of Luxembourg management companies governed by Chapter 15 of the 2010 Law.

The Management Company is responsible of the day-to-day operations of the Fund in accordance with the 2010 Law and the management company agreement.

The directors of the Management Company are:

- Mrs Rachel Wheeler;
- Mr Denis Harty;
- Mr Timothy Madigan and
- Mr Vasileios Karalekas.

## 5.2.2 Duties

The Management Company will provide, subject to the overall control of the Board of Directors and without limitation, (i) investment management services; (ii) administration services; and (iii) marketing services to the Fund. The Management Company must at all time act honestly and fairly in conducting its activities in the best interest of the Shareholders and in conformity with the Prospectus and the Articles of Association.

The Management Company shall act as global distributor. Under the terms of the Management Company Agreement, the Management Company as global distributor may appoint distributors (“**Distributors**”) and sales agents, subject to the consent of the Fund.

The Management Company has delegated some of the above-mentioned functions.

The Management Company is vested with the day-to-day operations of the Fund. In fulfilling its responsibilities it is permitted, for the purpose of more efficient conduct of its business, to delegate, under its responsibility and control, all or a part or all of its functions and duties to any third party, which, having regard to the nature of the functions and duties to be delegated, must be qualified and capable of undertaking the duties in question. The appointment of third parties is subject to the approval of the Fund 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 will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles of Association, and the relevant provisions of the Management Company Agreement.

In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes in order to ensure an effective supervision of the third parties to whom functions and duties have been delegated and that the services provided by such third party service providers are in compliance with the Articles of Association, the Prospectus and the agreement entered into with the relevant third party service provider.

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

The following functions have been delegated by the Management Company to third parties: administration, investment management and distribution as further set forth in this Prospectus, including the Supplements.

The Management Company Agreement has been entered into for an undetermined period of time and may be terminated by either party upon serving to the other a 90 days’ prior written notice.

The Management Company also acts as management company for other funds, in addition to the Fund. The list of funds managed by the Management Company may also be obtained upon request from the Management Company and is accessible on the following website: <https://www.waystone.com/about-us/>.

### **5.2.3 Remuneration Policy**

The Management Company has in place a remuneration policy in line with the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending 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.

The remuneration policy sets out principles applicable to the remuneration of senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

In particular, the remuneration policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of the activities of the Management Company:

- i. it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or Articles of Association of the Fund;
- ii. if and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- iii. it is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the Shareholders, and includes measures to avoid conflicts of interest; and
- iv. fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The remuneration policy is determined and reviewed at least on an annual basis by the remuneration officer.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits, are available on <https://www.waystone.com/waystone-policies/>, a paper copy will be made available free of charge upon request.

### 5.3 The Investment Manager

The Management Company may, with the consent of the Fund and subject to compliance with the Prospectus, determine that an Investment Manager be appointed to carry out investment management services and to be responsible for the relevant Sub-Fund's investment activities within the parameters and restrictions set out in this Prospectus and the relevant Supplement.

The Investment Manager will provide or procure to each Sub-Fund investment advisory and investment management services, pursuant to the provisions of the Investment Management Agreement and in accordance with the Investment Policy, Investment Objective and Restrictions of the relevant Sub-Fund as set out in the Articles of Association and Prospectus and with the aim to achieve the Sub-Fund's Investment Objective.

Any such Investment Manager may be assisted by one or more Investment Advisers or delegate its functions, with the approval of the CSSF, the Management Company and the Board of Directors, to one or more sub-managers. In case sub-managers/advisers are appointed, the relevant Supplement will be updated.

Unless otherwise stated in the relevant Supplement, the Investment Manager is responsible for, among other matters, identifying and acquiring the investments of the Fund. The Investment Manager is granted full power and authority and all rights necessary to enable it to manage the investments of the relevant Sub-Funds and provide other investment management services to assist the Fund to achieve the Investment Objectives and Investment Policy set out in this Prospectus and any specific Investment Objective and Investment Policy set out in the relevant Supplement. Consequently, the responsibility for making decisions to buy, sell or hold a particular security or asset rests with the Management Company, the Investment Manager and, as the case may be, the relevant sub-investment manager appointed by them, subject always to the overall policies, direction, control and responsibility of the Board of Directors and the Management Company.

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

### 5.4 The Investment Adviser(s)

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

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

### 5.5 The Depositary

#### 5.5.1 Corporate Structure

The Fund has appointed CACEIS Bank, Luxembourg Branch as the Fund's depositary (the "**Depositary**") in accordance with the 2010 Law, and the Depositary Bank and Principal Paying Agent Agreement dated 27 November 2020 and entered into between the Management Company, the Fund and the Depositary (the "**Depositary Bank and Principal Paying Agent Agreement**").

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 with a share capital of 1 280 677 691,03 Euros having its registered office located at 89-91, rue Gabriel Peri, 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Nanterre. Caceis Bank is an authorised credit institution supervised by the European Central Bank ("**ECB**") and the Autorité de Contrôle Prudential et de Résolution ("**ACPR**"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

Investors may consult upon request at the registered office of the Fund, 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-Fund's assets, and it shall fulfil the obligations and duties provided for by Part I of the Law. In particular, the Depositary shall ensure an effective and proper monitoring of the Fund' cash flows.

In due compliance with the 2010 Law, the Depositary shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the Fund are carried out in accordance with the applicable national law and the 2010 Law or the Articles of Association;
- (ii) ensure that the value of the shares is calculated in accordance with the 2010 Law, the Articles of Association and the procedures laid down in the 2010 Law;
- (iii) carry out the instructions of the Fund or the Management Company or any of their agents acting on behalf of the Fund, unless they conflict with the 2010 Law, or the Articles of Association;
- (iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (v) ensure that the Fund's income is applied in accordance with the 2010 Law and the Articles of Association.

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 2010 Law, 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 2010 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 règlementaire"). 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 Fund, 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 Fund'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:

- (i) identifying and analysing potential situations of conflicts of interest;
- (ii) recording, managing and monitoring the conflict of interest situations either in:
  - a. 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
  - b. implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

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

The Fund, the Management Company and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. The Fund may, however, dismiss the Depositary only if a new depositary bank is appointed within two (2) 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 Fund's investments. The Depositary is a service provider to the Fund and is not responsible for the preparation of this Prospectus and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Fund.

### **5.5.2 Depositary Bank's conflicts of interests**

From time to time, conflicts of interests may arise between the Depositary and the delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Fund. On an ongoing basis, the Depositary analyses, based on applicable laws and regulations any potential conflicts of interests that may arise while carrying out its functions. Any identified potential conflict of interest is managed in accordance with the Depositary's conflicts of interests' policy which is subject to applicable laws and regulations for a credit institution according to and under the terms of the Luxembourg law of 5 April 1993 on the financial sector and applicable CSSF circulars governing the provision of depositary services.

Further, potential conflicts of interest may arise from the provision by the Depositary and/or its affiliates of other services to the Fund, the Management Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund, the Management Company and/or other funds for which the Depositary (or any of its affiliates) act.

The Depositary has implemented and maintains a management of conflicts of interests' framework, aiming namely at:

- i. establishing, implementing and maintaining operational an effective conflicts of interest policy;
- ii. establishing a functional, hierarchical and contractual separation between its depositary functions and the performance of other tasks; and
- iii. identifying, managing and adequately disclosing of potential conflicts of interest.

The Depositary manages and monitors potential conflicts of interests situations by:

- o implementing a functional and hierarchical segregation making sure that operations are carried out at arm's length from the Depositary business;
- o implementing preventive measures to decline any activity giving rise to the conflict of interest such as:
  - the Depositary and any third party to whom the custodian functions have been delegated should not accept any investment management mandates;
  - the Depositary does not accept any delegation of the compliance and risk management functions, however the Depositary may be entrusted with the performance of certain tasks linked to the risk management function;
  - the Depositary has a robust escalation process in place to ensure that regulatory breaches are notified to its internal control functions which report material breaches to the management body of the Depositary; and
  - a dedicated permanent internal audit department provides independent, objective risk assessment and evaluation of the adequacy and effectiveness of internal controls and governance processes.

An up to date information on conflicts of interest policy referred to above may be obtained, upon request, from the Depositary or via the following website link: <https://www.caceis.com/who-we-are/compliance/>.

### 5.5.3 Miscellaneous

The Depositary or the Fund may terminate the Depositary Bank and Principal Paying Agent Agreement at any time upon ninety (90) calendar days' written notice (or earlier in case of certain breaches of the Depositary Bank and Principal Paying Agent Agreement, including the insolvency of any of them) provided that the Depositary Bank and Principal Paying Agent Agreement shall not terminate until a replacement depositary is appointed. Up-to-date information regarding the description of the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary, the list of third-party delegates and any conflicts of interest that may arise from such a delegation will be made available to investors on request at the Depositary's registered office.

### 5.6 The Administrator

The Management Company has appointed CACEIS Bank, Luxembourg Branch as administrative, registrar and transfer agent and as domiciliary agent of the Fund (the "**Administrator**") pursuant to the Administration Agreement.

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 whose registered office is situated at 5, Allee Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg, and which is registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B209310. Caceis Bank, Luxembourg branch is an authorised credit institution supervised by the European Central Bank and the Autorité de Contrôle Prudential et de Résolution. It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg. The Administrator is not responsible for any investment decisions of the Fund or the effect of such investment decisions on the performance of the Fund.

The rights and obligations of the Administrator are governed by an Administration Agreement effective as of 27 November 2020, entered into between the Administrator, the Management Company and the Fund for an unlimited period of time. Each of the parties may terminate this agreement by giving the others not less than 90 days prior written notice.

The Administrator will be responsible, without limitation for the performance of the central administrative and registrar and transfer agent functions required by Luxembourg law, and, inter alia and without limitation, for the calculation of the NAV of the Shares, the safe keeping of the register of the Shareholders, the processing of subscription, conversion and redemption orders in respect of Shares as well as the maintenance of the Fund's accounting records.

Subject to the prior written consent of the Board of Directors, the Management Company reserves the right to change the administration arrangements described above by agreement with the Administrator. Shareholders will be notified in due course of any such appointment.

The Administrator is entitled to a remuneration as further described under Section 10.8.

### 5.7 The Auditor

The Fund has appointed Deloitte Audit as its independent auditor (*réviseur d'entreprises agréé*) within the meaning of the 2010 Law. The Auditor is elected by the general meeting of shareholders. The Auditor will inspect the accounting information contained in the Annual Report and fulfil other duties prescribed by the 2010 Law.

## **5.8 Distributor(s) and nominee(s)**

The Management Company as global distributor, may enter into distribution agreement(s) to appoint Distributor(s) to distribute Shares of the Sub-Funds from time to time with the prior approval of the Fund. The Distributor(s) may appoint one or more sub-distributors.

The Fund and the Management Company expect that in relation to Shares to be offered to investors, the relevant Distributor(s) will offer to enter into arrangements with the relevant investors to provide nominee services to those investors in relation to the Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

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

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

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

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

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

## **5.9 Conflicts of interest**

The Board of Directors, the Management Company, the Depositary, the Administrator, the Investment Manager, and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

As further described in the Articles of Association, any director of the Fund who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The director may not take part in the discussions on and may not vote on the transaction. Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met,

the board of directors may submit the decision on this specific item to the general meeting of shareholders.

The Management Company has adopted and implemented a conflicts of interest policy and has made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund is treated fairly.

#### **5.10 Execution of transactions**

The Management Company has adopted a "best execution" policy with the objective of obtaining the best possible result for the Fund when executing decisions to deal on behalf of the Fund or placing orders to deal on behalf of the Fund with other entities for execution.

Under the overall supervision of the Management Company, the Investment Manager may select and enter into transactions with broker-dealers that provide them with proprietary or third-party brokerage and research services or other assistance to the Investment Manager in the investment decision-making process. When the Investment Manager uses client commissions to obtain brokerage and research services, it receives a benefit because it does not have to produce or pay for the brokerage and research services itself. Subject to the Management Company's "best execution" policy and applicable laws and regulations, the Investment Manager's duty to seek best execution and applicable law, and without prejudice to applicable inducement rules, it may pay for brokerage and research services with such "soft" or commission dollars borne by the Fund. This means that, subject to the above, the Fund may pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. Other clients of the Investment Manager may indirectly benefit from the provision of these services to the Investment Manager, and the Fund may indirectly benefit from services provided to them as a result of transactions for other clients. Soft commission arrangements are subject to the following conditions: (i) the Investment Manager will act at all times in the best interest of the Fund when entering into soft commission arrangements; (ii) the services provided will be in direct relationship to the activities of the Investment Manager for the Fund; (iii) brokerage commissions on portfolio transactions for the Fund will be directed by the Investment Manager to broker-dealers that are entities and not to individuals; (iv) the Investment Manager will provide reports to the Management Company (and the Management Company will in turn provide reports to the Fund) with respect to soft commissions including the nature of the services it receives, and (v) information concerning the soft commission arrangements will be disclosed in the financial statements of the Fund.

## **6. INVESTMENT STRATEGY AND RESTRICTIONS**

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments for each Sub-Fund, the Reference Currency of a Sub-Fund and the course of conduct of the management and business affairs of the Fund.

Except to the extent that more restrictive rules are provided for in connection with a specific Fund under the relevant Supplement, the investment policy shall comply with the investment rules and restrictions laid down hereafter:

### **6.1 Authorised investments**

**6.1.1** The investments of each Sub-Fund must comprise only one or more of the following.

- (A) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market.
- (B) Transferable Securities and Money Market Instruments dealt in on another market in a Member State that is regulated, operates regularly and is recognised and open to the public.
- (C) Transferable Securities and Money Market Instruments admitted to the official listing on a stock exchange in a Non-Member State or dealt in on another market in a Non-Member State which is regulated, operates regularly and is recognised and open to the public.
- (D) 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 a stock exchange or dealing on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this Section 6.1.1, and that such admission is secured within one year of issue.
- (E) Shares or units of other UCITS or other UCI, whether or not established in a Member State, provided that the following conditions are satisfied:
  - (1) such other UCI are 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;
  - (2) the level of protection for shareholders or unitholders in such other UCI is equivalent to that provided for shareholders or unitholders in a UCITS, and in particular, the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - (3) the business of the other UCI is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;

- (4) no more than 10% of the assets of the other UCITS or the other UCI whose acquisition is contemplated can, according to their constitutive documents, be invested in aggregate in shares or units of other UCITS or other UCI;
  - (5) such other UCIs shall be prohibited from investing in illiquid assets (such as commodities and real estate) in line with article 1(2)(a) of the UCITS Directive; and
  - (6) such other UCIs shall be bound by rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and money market instruments which are equivalent to the requirements of the UCITS Directive in line with article 50(1)(e)(ii) of the UCITS Directive.
- (F) Deposits with credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, which are repayable on demand or have the right to be withdrawn and maturing in no more than twelve months.
- (G) Financial derivative instruments, including equivalent cash-settled instruments, listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this Section 6.1.1, or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**") provided that:
- (1) the underlying consists of assets covered by this Section 6.1.1 including instruments with one or more characteristics of those assets, and/or financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objective;
  - (2) the counterparties to OTC derivatives are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
  - (3) 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 initiative of the Fund.
- (H) Money Market Instruments other than those dealt in on a Regulated Market or on another regulated market referred to in paragraphs (A) to (C) of this Section 6.1.1, provided that the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and that such instruments are:
- (1) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong;

- (2) issued by an undertaking any securities of which are listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this Section 6.1.1;
- (3) 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; or
- (4) issued by other bodies provided that investments in such instruments are subject to investor protection equivalent to that set out in paragraphs (H)(1) to (H)(3) of this Section 6.1.1 and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with 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.

**6.1.2** Each Sub-Fund may invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those identified in paragraphs (A) to (D) and (H) of Section 6.1.1.

**6.1.3** Each Sub-Fund may hold ancillary liquid assets. Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets with a same body. Liquid assets held to cover exposure to financial derivative instruments do not fall under this restriction. The above mentioned 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of investors.

**6.1.4** Each Sub-Fund may borrow up to 10% of its net assets on a temporary basis. Collateral arrangements to cover exposure to financial derivative instruments are not considered borrowings for the purposes of this restriction. Each Sub-Fund may also acquire foreign currency by means of a back-to-back loan.

**6.1.5** The Fund may acquire movable and immovable property which is essential for the direct pursuit of its business. Each Sub-Fund may borrow up to 10% of its net assets for this purpose. However, the total amount of borrowing for this purpose and any borrowing on a temporary basis permitted by Section 6.1.4 above may not exceed 15% of the net assets of the Sub-Fund.

**6.1.6** Each Sub-Fund may invest into Shares issued by other Sub-Funds of the Fund (called Target Sub-Funds) provided that, during the period of investment:

- (A) the Target Sub-Fund does not, in turn, invest in the investing Sub-Fund and no more than 10% of the net assets of the Target Sub-Fund may be invested in other Sub-Funds;
- (B) the voting rights attached to such Shares of the Target Sub-Fund are suspended; and
- (C) the value of such Shares of the Target Sub-Fund will not be taken into consideration for the calculation of the Net Asset Value of the Fund for the purposes of verifying the minimum threshold of net assets imposed by the 2010 Law.

## **6.2 Prohibited investments**

**6.2.1** The Sub-Funds may not acquire commodities or precious metals or certificates representing them or hold any right or interest therein. Investments in financial instruments linked to, or backed by the performance of, commodities or precious metals, or any right or interest therein, do not fall under this restriction.

**6.2.2** Except as set out in Section 6.1.5, the Sub-Funds may not invest in real estate or hold any right or interest in real estate. Investments in financial instruments linked to, or backed by the performance of, real estate or any right or interest therein, or shares or debt instruments issued by companies which invest in real estate or interests therein, do not fall under this restriction.

**6.2.3** The Sub-Funds may not grant loans or guarantees in favour of a third party. Such restriction will not prevent any Sub-Fund from investing in Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in Section 6.1.1 which are not fully paid-up. Furthermore, such restriction will not prevent any Sub-Fund from entering into repurchase agreements, buy-sell back transactions or securities lending transactions.

**6.2.4** The Sub-Funds may not enter into uncovered sales of Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in Section 6.1.1.

**6.2.5** The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Fund are offered or sold.

## **6.3 Risk diversification limits**

**6.3.1** If an issuer or body is a legal entity with multiple sub-funds or compartments where the assets of each sub-fund or compartment are exclusively reserved to the investors of that sub-fund or compartment and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund or compartment, each sub-fund or compartment is to be considered as a separate issuer or body for the purpose of the application of these risk diversification limits.

## Transferable Securities and Money Market Instruments

- 6.3.2** No Sub-Fund may purchase additional Transferable Securities or Money Market Instruments of any single issuer if, upon such purchase:
- (A) more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of such issuer; or
  - (B) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- 6.3.3** A Sub-Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.
- 6.3.4** The limit of 10% set forth above is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Non-Member State or by a public international body of which one or more Member State(s) are member(s). Such securities are not included in the calculation of the limit of 40% set out in Section 6.3.2 paragraph (B).
- 6.3.5** The limit of 10% set out in Section 6.3.2 paragraph (A) is increased to 25% in respect of covered bonds as defined in article 3(1) of the Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issuance of covered bonds and the public oversight of covered bonds and amending Directives 2009/65/EC and 2014/59/EU issued by a credit institution before 8 July 2022 which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such covered bonds (“**Covered Bonds**”). In particular, the proceeds from the Covered Bonds issued before 8 July 2022 must be invested, in accordance with applicable law, in assets which are capable of covering claims attached to such bonds until their maturity and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of accrued interest. To the extent a Sub-Fund invests more than 5% of its net assets in Covered Bonds, the total value of such investments may not exceed 80% of its net assets. Covered Bonds are not included in the calculation of the limit of 40% set out in Section 6.3.2 paragraph (B).
- 6.3.6** Notwithstanding the limits set out above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a member State of the OECD or by a public international body of which one or more Member States are members, provided that the Sub-Fund holds in its portfolio securities from at least six different issues and that securities from any issue do not account for more than 30% of the net assets of the Sub-Fund.

## **Financial derivative instruments and efficient portfolio management techniques**

**6.3.7** The counterparty risk exposure arising from OTC financial derivative instruments and efficient portfolio management techniques (as described below) undertaken with a single body for the benefit of a Sub-Fund may not exceed 10% of the net assets of the Sub-Fund where the counterparty is a credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, or 5% of its net assets in other cases.

### **Bank deposits**

**6.3.8** Each Sub-Fund may invest up to 20% of its net assets in deposits made with a single body.

### **Combined limits**

**6.3.9** Notwithstanding the individual limits set out in Sections 6.3.2, 6.3.7 and 6.3.8, a Sub-Fund may not combine, where this would lead to an exposure of more than 20% of its net assets to a single body:

- (A) investments in Transferable Securities or Money Market Instruments issued by that body;
- (B) bank deposits made with that body;
- (C) counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques (as described below) undertaken with that body; and
- (D) margin accounts.

**6.3.10** The limits set out in Sections 6.3.2 to 6.3.9 (with the exception of Section 6.3.6) may not be combined: investments in Transferable Securities or Money Market Instruments, bank deposits, counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques, issued by or undertaken with, a single issuer or body, each in accordance with the limits set out in Sections 6.3.2 to 6.3.9 (with the exception of Section 6.3.6) may not exceed a total of 35% of the net assets of the Sub-Fund.

**6.3.11** For the purposes of the combined limits set out in Sections 6.3.9 and 6.3.10, issuers or bodies that are part of the same group of companies are considered as a single issuer or body. A group of companies comprises all companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules.

### **Sub-Fund replicating the composition of a financial index**

- 6.3.12** Without prejudice to the limits laid down in Section 6.4 below, the limits set out in Section 6.3.2 are raised to 20% for investments in Transferable Securities or Money Market Instruments issued by a single issuer where the investment objective of the Sub-Fund is to replicate the composition of a certain financial index of stock or debt securities which is recognised by the CSSF.
- 6.3.13** The limit of 20% set out in the preceding section is raised to 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain Transferable Securities or Money Market Instruments are highly dominant, provided that any investment up to this 35% limit is only permitted for a single issuer.
- 6.3.14** A financial index is an index which complies, at all times, with the following conditions: the composition of the index is diversified in accordance with the limits set out in Sections 6.3.12 and 6.3.13, the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.

### **Shares or units of UCITS or other UCI**

- 6.3.15** Unless otherwise specified in its Supplement, no Sub-Fund is permitted to invest in aggregate more than 10% of its net assets in shares or units of other UCITS or other UCI. If otherwise specified in its Supplement, the following limitations will apply:
- (A) investments made in shares or units of a single other UCITS or other UCI may not exceed 20% of the net assets of the Sub-Fund; and
  - (B) investments made in shares or units of other UCI may not, in aggregate, exceed 30% of the net assets of the Sub-Fund.
- 6.3.16** The underlying assets of the UCITS or other UCI into which a Sub-Fund invests do not have to be combined with any other direct or indirect investment of the Sub-Fund into such assets for the purposes of the limits set out in Section 6.3 above.
- 6.3.17** If a Sub-Fund invests in shares or units of UCITS or other UCI that are managed, directly or by delegation, by the Management Company or by any other company which is linked to the Management Company by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the shares or units of such UCITS or other UCI.
- 6.3.18** If a Sub-Fund invests a substantial proportion of its assets in UCITS or other UCI, the Supplement will disclose the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the UCITS or other UCI in which it intends to invest. The Fund will disclose in the Annual Report the maximum proportion of management fees charged to both the Sub-Fund itself and the UCITS or other UCI in which the Sub-Fund invests.

## **Derogation**

**6.3.19** During the first six (6) months following its authorisation, a new Sub-Fund may derogate from the limits set out in this Section 6.3 above, provided that the principle of risk-spreading is complied with.

### **6.4 Control limits**

**6.4.1** The Fund may not acquire such amount of shares carrying voting rights which would enable the Fund to exercise legal or management control or to exercise a significant influence over the management of the issuer.

**6.4.2** No Sub-Fund may acquire 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 any single issuer; or
- (D) 25% of the shares or units of the same UCITS or other UCI.

**6.4.3** The limits set out in Section 6.4.2, paragraphs (B) to (D) may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

**6.4.4** The limits set out in Sections 6.4.1 to 6.4.2 do not apply in respect of:

- (A) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- (B) Transferable Securities and Money Market Instruments issued or guaranteed by any non-Member State;
- (C) Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member States are members;
- (D) shares in the capital of a company which is incorporated under or organised pursuant to the laws of a non-Member State, provided that:
  - (1) such company invests its assets principally in securities issued by issuers having their registered office in that State;
  - (2) pursuant to the laws of that State, a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State; and
  - (3) such company observes in its investment policy the restrictions set out in Section 6.3 above (with the exceptions of Sections 6.3.6 and 6.3.12 to 6.3.14) and Sections 6.4.1 to 6.4.2;

- (E) shares held by the Fund in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at the request of shareholders exclusively on its or their behalf.
- (F) Shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of units at the request of unitholders;
- (G) The Fund need not comply with the limits set out above when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of the assets of the Sub-Funds; and
- (H) If these limits are exceeded for reasons beyond the Fund's control or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unit holders.

## **6.5 Techniques and instruments**

### **6.5.1 General**

For the purpose of efficient portfolio management and/or for the purpose of the protection of the assets and liabilities of each Sub-Fund, the Fund may, in each Sub-Fund, under the conditions and within the meaning and the limits laid down by law, regulation (including Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (the “**SFTR Regulation**”)), circulars issued by the CSSF from time to time and administrative practice and as described under the relevant Sub-Funds description, use techniques and instruments relating to Transferable Securities and Money Market Instruments.

Under no circumstances shall these operations cause the Fund to diverge from the Investment Objectives of the Sub-Funds as laid down in the Articles of Association or the Prospectus or add substantial supplementary risks in comparison to the stated risk profile of any Sub-Fund.

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

In case these techniques or instruments use derivative instruments, the Fund must respect the following conditions and limits:

- a) for each Sub-Fund, the Fund may only invest in derivative instruments to the extent that the exposure to the underlying assets does not exceed in aggregate the investment limits set out in in this Section 6.5.1; when the Fund invests in index based financial derivative instruments, these investments do not necessarily have to be combined with these limits;
- b) the counterparty risk in a transaction encompassing derivative instruments may not exceed 10% of the net assets of the Sub-Fund involved in case the counterparty is a credit institution referred to in this Section 6.5.1, or 5% of the net assets in other cases;

- c) the counterparty risk in a transaction encompassing techniques and instruments used for the purposes of efficient portfolio management shall be taken into account in the 20% of the Net Asset Value limit referred to in this Section 6.5.1;
- d) the Fund shall ensure that the global risk exposure of each Sub-Fund relating to derivative instruments does not exceed the total net value of the portfolio of the relevant Sub-Funds; and
- e) when a Transferable Security or a money market instrument includes a derivative, the latter must be taken into account when complying with the requirements relating to derivatives.

The Fund shall ensure that the global risk related to derivative instruments does not exceed the total net assets of the relevant Sub-Fund.

The risk exposure referred to above shall be 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.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC Derivatives must be combined when calculating counterparty risk limits referred to in this Section 6.5.1.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Fund. In particular, fees and cost may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees will be calculated as a percentage of gross revenues earned by the Fund through the use of such 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 may have with the Depositary – will be available in the annual report of the Fund.

The use of transactions with respect to derivative instruments or other techniques and financial instruments may under no circumstances cause the Fund to deviate from the Investment Policy and investment limits determined for each Sub-Fund.

## **6.5.2 Securities lending**

The Fund may employ techniques and instruments relating to transferable securities and Money Market Instruments provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against risk.

In particular and to the extent permitted by, and within the limits of, the Investment Policy of the relevant Sub-Fund, the 2010 Law and any related Luxembourg law or any other regulation in force, circulars and positions of the CSSF and, in particular, the provisions of (i) article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the amended Law of 20 December, 2002 relating to undertakings for collective investment and (ii) Circular 08/356 and Circular 14/592, each Sub-Fund can, in order to generate capital or additional income or to reduce costs or risk, enter into securities lending, either as a buyer or a seller.

Investing in exchange traded funds is permitted provided that those funds are eligible in accordance with article 41 (1) e of the 2010 Law.

When the use of these techniques and instruments is permitted in relation to a specific Sub-Fund, the Investment Policy of such Sub-Fund shall describe the type of collateral to be received and the collateral policy and shall contain the information requested by the Circular 14/592.

The Fund may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Law.

As part of lending transactions, the Fund must in principle receive a guarantee, the value of which during the lifetime of the contract must be at least equal to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.

The Fund must ensure that the volume of the securities lending transactions is kept at an appropriate level as disclosed below or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the Fund's assets in accordance with the Investment Policy of its Sub-Funds.

The Fund must also 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.

The Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period when the securities have been sent out for re-registration; (b) when the securities have been lent and not returned in time; (c) to avoid a failed settlement when the Depositary fails to make delivery and (d) in order to comply with an obligation to deliver the securities that are the object of repurchase agreements when the counterparty exercises his right to redeem the securities, to the extent that these securities have previously been redeemed by the Fund.

The following types of assets can be subject to securities lending: equity and bonds compliant with the relevant provisions of CSSF Circular 08/356 and held in the portfolio of the relevant sub-fund in accordance with its investment policy when the fund is acting as borrower.

The risks related to the use of securities lending and the effect on shareholders returns are described under Section 7.

The ownership of the securities lent by the Fund is transferred to the borrower and will not be safe-kept by the Depositary or its delegates.

### 6.5.3 Repurchase agreements transactions

The Fund may enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the purchaser the securities sold at a price and term specified by the two parties in a contractual arrangement in order to generate capital or additional income or to reduce costs or risk.

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

The following types of assets can be subject to repurchase agreement transactions: equity and bonds compliant with the relevant provisions of CSSF Circular 08/356 and held in the portfolio of the relevant sub-fund in accordance with its investment policy when the fund is acting as a buyer.

The risks related to the use of repurchase and agreement transactions and the effect on Section 7.

The Fund may not buy or sell securities using a repurchase agreement transaction unless the counterparty in such transactions is a first-class institution specialised in this type of transaction.

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

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

The Fund may regularly enter into repurchase agreement transactions. The Fund involvement in such transactions is, however, subject to the additional following rules:

- a) the counterparty to these transactions must be subject to prudential supervision rules considered by the regulatory authority as equivalent to those prescribed by European Law;
- b) the Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations.

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

## 6.6 Use of collateral – Management of collateral and collateral policy

In order to reduce the Fund's counterparty risk, a system of guarantee ("**collateral**") can be put in place with the counterparty in accordance with the provisions of section II of Circular 08/356 and Circular 14/592.

This Section 6.6 sets out the collateral policy applied by the Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements and OTC) shall be considered as collateral for the purposes of this Section 6.6.

The risks related to collateral management such as operational, liquidity, counterparty, custody and legal risks are described under Section 7.

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the regulatory authority from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- a) any collateral received other than cash should be of high quality, highly liquid and traded in 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;
- b) it should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- c) it should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- d) it should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the sub-company's Net Asset Value to any single issuer on an aggregate basis, taking into account all collateral received; and
- e) it should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

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

- a) cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- b) bonds issued or guaranteed by an OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- c) shares or units issued by money market UCIs calculating a daily Net Asset Value and being assigned a rating of AAA or its equivalent;
- d) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- e) bonds issued or guaranteed by first class issuers offering adequate liquidity; and

- f) shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index.

When the Fund will make use of OTC Derivatives and efficient portfolio management techniques it will determine the required level of collateral for OTC Derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions and it will indicate the level of the collateral accepted in the present Prospectus.

Collateral received by the Fund 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 Fund 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 the Net Asset Value of the Fund. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

Collateral received by the Fund is expected to have a quality of credit of AA or higher. The maturity of the collateral received by the Fund is not a decisive criterion for the Fund.

By way of derogation from the above, the Fund may be fully collateralised in different Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. In such case, the Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Net Asset Value of the Fund. The Fund may be fully collateralised in securities by EU Member States.

Approved counterparties will typically have a public rating of at least AA and will be based in the EU or in OECD countries and will in any case comply with article 3 of the SFTR Regulation. The legal form is however not a decisive criterion for the selection of the counterparty.

In the context of OTC financial Derivative transactions and efficient portfolio management techniques, the annual report of the Fund shall disclose the following:

- a) where collateral received from an issuer has exceeded 20% of the Net Asset Value of the Fund, the identity of that issuer; and
- b) whether the Fund has been fully collateralised in securities issued or guaranteed by an EU Member State.

Title transfer is the only acceptable collateral. Collateral received will be held within the network of delegates of the Depositary and its own delegates and recorded in the books of accounts of the Depositary. The Depositary ensures the attribution of received collateral to the Fund.

Collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts determined for each asset class based on the haircut policy as described below. The collateral will be marked to market daily and may be subject to daily variation margin requirements. No review of the applicable haircut levels as disclosed below is undertaken in the context of the daily valuation.

### **6.6.1 Haircut policy**

The Fund does not currently make use of any securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk. Furthermore, Hermes will not engage into buy-sell back transaction, margin lending transaction and total return swap. In the event that the Fund, and any Sub-Fund, enters into any such type of investment, the Prospectus will be updated with the required information.

### **6.6.2 Stress tests**

Where a Sub-Fund receives collateral for at least 30% of its assets, regular stress tests will be carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy must at least prescribe, (i) design of stress test scenario analysis including calibration, certification and sensitivity analysis; (ii) empirical approach to impact assessment, including back-testing of liquidity risk estimates; (iii) reporting frequency and limit/loss tolerance thresholds; and (iv) mitigation actions to reduce loss, including haircut policy and gap risk protection.

### **6.6.3 Reinvestment of collateral**

Non-cash collateral received for the benefit of a Sub-Fund may not be sold, re-invested or pledged. Cash collateral received for the benefit of a Sub-Fund can only be:

- (A) placed on deposit with a credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (B) invested in high-quality government bonds;
- (C) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; and/or
- (D) invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds issued by ESMA (CESR/10-049) as may be amended from time to time.

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

The Sub-Funds may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Sub-Funds to the counterparty at the conclusion of the transaction. The Sub-Funds would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Funds.

The financial reports of the Fund shall disclose the assets into which the cash collateral is re-invested.

#### **6.6.4 Centrally cleared OTC derivatives**

The Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Generally, centrally cleared OTC derivatives may be cleared under the agency model or the principal-to-principal model. Under the principal-to-principal model there is usually one transaction between the Fund and its clearing broker and another back-to-back transaction between the clearing broker and the central counterparty, whereas under the agency model there is one transaction between the Fund and the central counterparty. For these trades, the Fund will post and/or receive collateral for the benefit of a Sub-Fund in the form of margin payments, as agreed with the clearing broker in accordance with the rules of the applicable clearinghouse, including rules on acceptable forms of collateral, collateral level, valuation and haircuts. The Fund will ensure that variation margin receivable from the clearing broker is consistent with its collateral policy. Central clearing is designed to reduce counterparty credit risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely, as described in Section 7.5.1 below.

#### **6.7 Global exposure limits**

Unless otherwise disclosed in the relevant Supplement, the Fund shall employ the Commitment Approach in determining its global exposure and leverage to financial derivative instruments of any Sub-Fund. The aggregate value of these notional positions shall not exceed 100% of NAV of the Sub-Fund.

##### **6.7.1 General**

In accordance with Luxembourg laws and regulations, the Management Company has adopted and implemented a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Sub-Fund.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund. Global exposure is calculated, at least on a daily basis, using either the commitment approach or the value-at-risk or “**VaR**” approach, as further explained below. Global exposure is a measure designed to limit either the incremental exposure and leverage generated by a Sub-Fund through the use of financial derivative instruments and efficient portfolio management techniques (where the Sub-Fund uses the commitment approach) or the market risk of the Sub-Fund’s portfolio (where the Sub-Fund uses the VaR approach). The method used by each Sub-Fund to calculate global exposure is mentioned in its Supplement.

##### **6.7.2 Commitment approach**

Under the commitment approach, all financial derivative positions of the Sub-Fund are converted into the market value of the equivalent position in the underlying assets. Netting and hedging arrangements may be taken into account when calculating global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Under this approach, the global exposure of a Sub-Fund is limited to 100% of its Net Asset Value.

### **6.7.3 VaR approach**

In financial mathematics and financial risk management, VaR is a widely used risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR measures the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The calculation of VaR is conducted on the basis of a one-sided confidence interval of 99% and a holding period of 20 days. The exposure of the Sub-Fund is subject to periodic stress tests.

VaR limits are set using an absolute or relative approach. The Management Company in consultation with the Board of Directors will decide which VaR approach is the most appropriate methodology given the risk profile and investment strategy of the Sub-Fund. The VaR approach selected for each Sub-Fund using VaR is specified in its Supplement.

The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark for the Sub-Fund (for instance, where the Sub-Fund has an absolute return target). Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Sub-Fund. Based on the above calculation parameters, the absolute VaR of each Sub-Fund is limited to 20% of its Net Asset Value. The Management Company may set a lower limit if appropriate.

The relative VaR approach is generally appropriate for Sub-Funds where a leverage-free VaR benchmark or reference portfolio may be defined, reflecting the investment strategy of the Sub-Fund. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of the defined benchmark or reference portfolio and is limited to no more than twice the VaR on that benchmark or reference portfolio. The VaR benchmark or reference portfolio of the Sub-Fund, which may be different from the benchmark used for other purposes, is specified in its Supplement.

### **6.8 Leverage**

Unless otherwise indicated in its Supplement, a Sub-Fund may use leverage to increase its exposure through the use of financial derivative instruments. Leverage may be used at the discretion of the Management Company in accordance with the investment objective and policy of each Sub-Fund and its defined risk profile. Leverage involves certain risks for the Sub-Fund, as further described in Section 7 below. Leverage is monitored on a regular basis by the Management Company.

Under applicable laws and regulations, the level of leverage is defined as the sum of the absolute value of the notional amount of all financial derivative instruments used by the Sub-Fund, as well as any additional exposure generated by the reinvestment of cash collateral in relation to efficient portfolio management techniques. For each Sub-Fund using the VaR approach to calculate and monitor its global exposure, the expected level of leverage, expressed as a percentage of the Net Asset Value of the Sub-Fund, is disclosed in the Supplement.

The above methodology based on the “sum of notionals” is mandatory under applicable laws and regulations. It does not allow for the offset of hedging transactions and other risk mitigation strategies involving financial derivative instruments, such as currency hedging or duration management. Similarly, this methodology does not allow for the netting of derivative positions and does not take into account the underlying assets’ volatility or make any distinction between short term and long-term assets. As a result, strategies that aim to reduce risks may contribute to an increased level of leverage for the Sub-Fund.

#### **6.9 Breach of investment limits**

The Sub-Funds need not comply with the limits set out above in this Section 6.9 when exercising subscription rights attached to Transferable Securities and Money Market Instruments which form part of its assets.

If the limits set out above in this Section 6.9 are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective in its sales transactions the remedying of that situation, taking due account of the interest of investors.

## **7. GENERAL RISK FACTORS**

The performance of the Shares depends on the performance of the investments of the Sub-Fund, which may increase or decrease in value. The past performance of the Shares is not an assurance or guarantee of future performance. The value of the Shares at any time could be significantly lower than the initial investment and investors may lose a portion or even the entire amount originally invested.

Investment objectives express an intended result only. Unless otherwise specified in a Supplement, the Shares do not include any element of capital protection and the Fund gives no assurance or guarantee to any investors as to the performance of the Shares. Depending on market conditions and a variety of other factors outside the control of the Fund, investment objectives may become more difficult or even impossible to achieve. The Fund gives no assurance or guarantee to any investors as to the likelihood of achieving the investment objective of a Sub-Fund.

An investment in the Shares is only suitable for investors who have sufficient knowledge, experience and/or access to professional advisors to make their own financial, legal, tax and accounting evaluation of the risks of an investment in the Shares and who have sufficient resources to be able to bear any losses that may result from an investment in the Shares. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser as to possible financial, legal, tax and accounting consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion or disposal of the Shares of the Fund.

Investors should also carefully consider all of the information set out in this Prospectus and the Supplement of the Sub-Fund before making an investment decision with respect to Shares of any Sub-Fund or Share Class. The following sections are of a general nature and describe certain risks that are generally relevant to an investment in Shares of any Sub-Fund or Share Class. Other risks may be described in the Supplement. This Section 7 and the Supplements do not purport to be a complete explanation of all risks involved in an investment in the Shares of any Sub-Fund or Share Class and other risks may also be or become relevant from time to time.

### **7.1 General Risks**

Investors should be aware that there are risks inherent in the holding of securities:

- a. There is no assurance that any appreciation in the value of Investments will occur, or that the investment objectives of any Sub-Fund will be achieved. Past performance is no guide to the future. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full;
- b. The tax treatment of the Sub-Funds may change and such changes cannot be foreseen;
- c. Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment; and

- d. The difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment.

#### **7.1.1 Business Risk**

There can be no assurance that the Fund will achieve its investment objective in respect of any of the Sub-Funds. The investment results of the Sub-Fund are reliant upon the success of the Management Company.

#### **7.1.2 Charges to Capital**

Where all or part of fees and/or charges in respect of any Share Class or Sub-Fund may be charged against capital rather than income, this will enhance income returns but may constrain future capital growth.

#### **7.1.3 Effect of Preliminary Charge**

Where an initial charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a rise in the value of the relevant investments) realise the amount originally invested.

The Shares therefore should be viewed as medium to long-term investments.

#### **7.1.4 Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of exchanging) may be suspended (see Suspension of Valuation of Assets).

#### **7.1.5 Segregation of liabilities between Sub-Funds**

As a matter of Luxembourg law, the assets of each Sub-Fund will not be available to meet the liabilities of another. However, the Fund is a single legal entity which may operate or have assets held on behalf of or be subject to claims in other jurisdictions which may not necessarily recognise such ring-fencing and, in such circumstances, the assets of one Fund may be exposed to the liabilities of another.

#### **7.1.6 Depositary – Segregation, Sub-Custodians and Insolvency**

Where securities are held with a sub-custodian of the Depositary or by a securities depositary or clearing system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Fund may have to share that shortfall on a pro-rata basis. Securities may be deposited with clearing brokers which the Depositary is not obliged to appoint as its sub-custodians and in respect of the acts or defaults of which the Depositary shall have no liability. There may be circumstances where the Depositary is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depositary has complied with its duties.

The Fund is at risk of the Depositary or a sub-custodian entering into an insolvency procedure. During such a procedure (which may last many years) the use by the Fund of assets held by

or on behalf of the Depositary or the relevant sub-custodian, as the case may be, may be restricted and accordingly (a) the ability of the Management Company or the Investment Manager to fulfil the investment objective of each Sub-Fund may be severely constrained, (b) the Sub-Funds may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, the Fund is likely to be an unsecured creditor in relation to certain assets and accordingly the Fund may be unable to recover such assets from the insolvent estate of the Depositary or the relevant sub-custodian, as the case may be, in full, or at all.

#### **7.1.7 Depositary Liability**

In the event of loss suffered by the Fund as a result of the Depositary's actions or omissions, the Fund would generally, in order to bring a successful claim against the Depositary, have to demonstrate that it has suffered a loss as a result of Depositary's failure to use such reasonable care as may be expected of a leading global custodian in performing its obligations under the Depositary Bank and Principal Paying Agent Agreement. The Fund may also have to demonstrate that it has suffered a loss as a result of the Depositary's negligence, fraud or wilful default.

#### **7.1.8 Market Crisis and Governmental Intervention**

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the fulfilment of a Sub-Fund's investment objective.

#### **7.1.9 Hedging Risk**

The Investment Manager may, if set out in the relevant sections of the relevant Supplement, enter into certain transactions using futures, forwards or other exchange-traded or over-the-counter instruments or by the purchasing of securities ("**Hedging Transactions**") to hedge the Sub-Fund's exposure to foreign exchange risk where Classes of Shares are denominated in a currencies other than Reference Currency of the relevant Sub-Fund and/or certain other exposures including the risk of the value of a Class of Shares.

Hedging Transactions, while potentially reducing the risk of currency or other exposure which a Class of Shares may otherwise be exposed to, involve certain other risks, including, but not limited to, the risk of a default by a counterparty, as described under "**Risks associated with financial derivative instruments**" below and currency and hedging risk as described under "**Currency Risk**" below. There is no guarantee that a Hedging Transaction will fully protect a Class of Shares against foreign exchange and/or other risks.

Please refer to the heading “**Risk Warnings**” in the relevant sections in the relevant Supplement for further risks associated with Hedging Transactions.

#### **7.1.10 European Benchmark Regulation**

On 29 June 2016 the Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmark Regulation**”) was published in the Official Journal of the European Union and entered into force on 30 June 2016. It is directly applicable law across the European Union. The majority of its provisions applied from 1 January 2018. The Benchmark Regulation applies principally to “administrators” and also, in some respects, to “contributors” and certain “users” of “benchmarks” which in certain circumstances can include investment funds such as the Fund.

The Benchmark Regulation will among other things: (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the Benchmark Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors); and (ii) prevent certain uses of “benchmarks” provided by unauthorised administrators by supervised entities in the EU. The scope of the Benchmark Regulation is wide and, in addition to so-called “critical benchmark” indices, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including “proprietary” indices or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue, financial contracts and investment funds.

Potential effects of the Benchmark Regulation include (among other things): an index which is a “benchmark” could not be used by a Sub-Fund in certain ways if such index’s administrator does not obtain authorisation or, if based in a non-European Union jurisdiction, the administrator is not otherwise recognised as equivalent; and the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark. If any proposed changes change the way in which the benchmarks are calculated or a benchmark is discontinued or is not otherwise permitted to be used by the Fund, this could adversely affect a Sub-Fund and its Net Asset Value.

#### **7.1.11 European Market Infrastructure Regulation**

On 16 August 2012, the European Market Infrastructure Regulation (“**EMIR**”) entered into force. EMIR introduces certain requirements in respect of derivative contracts, which will apply primarily to “financial counterparties” such as EU authorised investment firms, credit institutions, insurance companies, UCITS and alternative investment funds managed by EU authorised alternative investment fund managers, and “non-financial counterparties” which are entities established in the EU which are not financial counterparties. Broadly, EMIR’s requirements in respect of derivative contracts are (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts; and (iii) reporting and record-keeping requirements in respect of all derivative contracts.

The implementation of EMIR is achieved largely through secondary measures which are being phased in over time. Certain of EMIR's requirements have applied since 15 March 2013 and additional requirements are coming into force subsequently thereafter and/or are yet to be finalised. The EU regulatory framework relating to derivatives is set not only by EMIR but also by the recently adopted "recast" Markets in Financial Instruments Directive ("**MiFID II**") and its implementing measures. In particular, MiFID II is expected to require transactions in derivatives to be traded on a regulated market and cleared. It is difficult to predict the full impact of these regulatory developments on the Sub-Funds. Prospective investors should be aware that the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect a Sub-Fund's ability to engage in transactions in derivatives.

The aforementioned information is not exhaustive. It is not intended to, and does not, constitute legal advice. If in doubt, potential investors should read the Prospectus carefully and consult their own professional adviser(s) as to the implications of subscribing for or otherwise dealing in the Shares.

### **7.1.12 Sustainable finance/ESG**

On 10 March 2021, the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") enters into force. Sustainable finance is a relatively new field of finance. Currently, there is no universally accepted framework or list of factors to consider to ensure that investments are sustainable. Furthermore, the legal and regulatory framework governing sustainable finance is still under development, in particular the level 2 draft regulatory technical standards referred to in the SFDR.

The lack of common standards may result in different approaches to setting and achieving ESG objectives. Sustainability factors may vary depending on investment themes, asset classes, investment philosophy and subjective use of different ESG indicators governing portfolio construction. The selection and weightings applied, may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. ESG information, whether from an external and/or internal source, is, by nature and in many instances, based on a qualitative and judgmental assessment, especially in the absence of well-defined market standards and due to the existence of multiple approaches to sustainable investment. An element of subjectivity and discretion is therefore inherent to the interpretation and use of ESG data. It may consequently be difficult to compare strategies integrating ESG criteria. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from that of a Sub-Fund.

ESG information from third-party data providers may be incomplete, inaccurate or unavailable. As a result, there exists a risk of incorrectly assessing a security or issuer, resulting in the incorrect inclusion or exclusion of a security. ESG data providers are private undertakings that offer their services to a variety of issuers. The ESG data providers may change the evaluation of issuers or instruments, at their discretion and from time to time, due to ESG or other factors.

The approach to sustainable finance may evolve and develop over time, both due to a refinement of investment decision making processes to address ESG factors and risks and because of legal and regulatory developments.

Sustainability factors including environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters may represent a sustainability risk, that, if it occurs, similarly to other risks, could cause an actual or potential material negative impact on

the value of the investments held by the Fund. In a similar way, sustainability factors may represent an opportunity for the Fund that, if it occurs, could case an actual or potential material positive impact on the value of investments in the Fund.

The consideration of sustainability factors and sustainability risks within the investment decision process may have either a positive or a negative impact on the value of investments and the overall performance of the Fund.

The Management Company and the Investment Manager are responsible for the assessment of the impact of sustainability risks, if any, on the Fund. The Investment Manager's policy with regard to the integration of sustainability risks in the investment decision-making process is published on its website here: [www.praude.com.mt/en/esg-policy](http://www.praude.com.mt/en/esg-policy).

The Fund does not promote environmental or social characteristics, nor does it have sustainable investment as its objective. The Fund is therefore considered as an "Article 6" financial product in accordance with the SFDR.

Should the approach to the consideration of sustainability factors and the related risks change, either following finalisation of the regulatory and legal framework, or based on decisions by the Management Company with regard to the investment policy, this Prospectus will be updated.

## **7.2 Specific Risks**

### **7.2.1 Concentration risk**

A Sub-Fund may at certain times hold relatively few investments. Such a Sub-Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

### **7.2.2 Credit Spreads**

A Sub-Fund may make investments that expose it to corporate credit spreads and movements in such spreads will thus have an impact on the Net Asset Value per Share of each Share Class.

### **7.2.3 Debt Securities**

The Sub-Funds may invest in fixed income securities which may not be rated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Because investors generally perceive that there are greater risks associated with unrated and below investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Sub-Funds. The Sub-Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Sub-Funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Sub-Funds will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison

across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

#### **7.2.4 Risk related to Investment Grade Bonds**

Investment grade bonds are assigned ratings within the top rating categories by independent rating agencies (rated Baa3/BBB- or higher using the highest rating available from one of the independent ratings agencies (e.g. Moody's, Standard & Poor's, Fitch) on the basis of the creditworthiness or risk of default of a bond issue. Rating agencies review, from time to time, such assigned ratings and bonds may therefore be downgraded in rating if economic circumstances impact the relevant bond issues.

#### **7.2.5 Risk related to Government Bonds**

Certain Sub-Funds may invest in debt securities ("**Sovereign Debt**") issued or guaranteed by governments or their agencies, US municipalities, quasi-government entities and state sponsored enterprises ("**governmental entities**"). This would include any bank, financial institution or corporate entity whose capital is guaranteed to maturity by a government, its agencies or government sponsored enterprises. Government bonds (including sovereign debt and municipal securities) are subject to market risk, interest rate risk and credit risk. Governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part. The price of certain government securities may be affected by changing interest rates. Government bonds may include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities. In periods of low inflation, the positive growth of a government bond may be limited.

#### **7.2.6 Risks related to the Sovereign Debt crisis**

There are increasing concerns regarding the ability of certain sovereign states to continue to meet their debt obligations. This has led to the downgrading of the credit rating of certain European governments and the US government. Global economies are highly dependent on each other and the consequences of the default of any sovereign state may be severe and far-reaching and could result in substantial losses to the Sub-Fund and the investor.

#### **7.2.7 Credit risk**

Certain Sub-Funds which may invest in fixed income instruments will be exposed to the creditworthiness of the issuers of the instruments and their ability to make principal and interest payments when due in accordance with the terms and conditions of the instruments. The creditworthiness or perceived creditworthiness of an issuer may affect the market value of fixed income instruments. Issuers with higher credit risk typically offer higher yields for this added risk, whereas issuers with lower credit risk typically offer lower yields. Generally, government debt is considered to be the safest in terms of credit risk, while corporate debt involves a higher credit risk. Related to that is the risk of downgrade by a rating agency. Rating agencies are private undertakings providing ratings for a variety of fixed income instruments based on the creditworthiness of their issuers. The agencies may change the rating of issuers or instruments from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the market value of the affected instruments.

### **7.2.8 Credit Default Swaps**

The Fund may take positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the “**protection buyer**”) to transfer credit risk of a reference entity (the “**reference entity**”) to one or more other parties (the “**protection seller**”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a “**credit event**”) experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

### **7.2.9 Swap Agreements**

The Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Fund’s exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Fund is not limited to any particular form of swap agreement if consistent with the terms of the Prospectus and the investment objective and policy of a Sub-Fund.

Swap agreements tend to shift the Fund’s investment exposure from one type of investment to another. For example, if the Fund agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Fund’s exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund’s portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Fund. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund.

### **7.2.10 Use of Swaps and Other Derivatives**

The Management Company may make use of swaps and other forms of derivative contracts. In general, a derivative contract typically involves leverage (within the permitted limits), i.e., it provides exposure to potential gain or loss from a change in the level of the market price of a security or currency (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. Many of the derivative contracts used by the Fund will be privately negotiated in the over-the-counter market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition

of the counterparty. These transactions are also expected to involve significant transaction costs.

The risks associated with investments in equity (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. Moreover, these fluctuations are often amplified in the short term.

### **7.2.11 Leverage**

Leverage refers to the use of borrowed funds or financial derivative instruments to increase exposure to an asset in excess of the capital amount invested in that asset. Each Sub-Fund is subject to strict restrictions on borrowings which are generally not permitted for investment purposes. However, in accordance with its investment objective and policy, a Sub-Fund may use financial derivative instruments to gain additional market exposure to underlying assets in excess of its Net Asset Value, thereby creating a leverage effect. While leverage presents opportunities for increasing gains of a Sub-Fund, it also has the effect of potentially increasing losses incurred by the Sub-Fund. The maximum expected level of leverage of each Sub-Fund calculating its global exposure under the VaR approach is disclosed in the Supplement. For regulatory purposes, leverage must be calculated by reference to the gross notional amounts of the derivatives used. This calculation method does not take into account the market risk and volatility of the underlying assets. A relatively high notional amount may be required in order to achieve the desired level of exposure to the underlying assets. This may be the case in particular for short-term interest rate derivatives to the extent their sensitivity to interest rate changes is low relative to other assets.

### **7.2.12 Foreign exchange risk**

Each Sub-Fund investing in securities denominated in currencies other than its Reference Currency may be subject to foreign exchange risk. As the assets of each Sub-Fund are valued in its Reference Currency, changes in the value of the Reference Currency compared to other currencies will affect the value, in the Reference Currency, of any securities denominated in such other currencies. Foreign exchange exposure may increase the volatility of investments relative to investments denominated in the Reference Currency. In accordance with its investment objective and policy, a Sub-Fund may attempt to hedge or reduce foreign exchange risk, generally through the use of derivatives. However, it may not be possible or practical to hedge or reduce such risk at all times.

In addition, a Share Class that is denominated in a Reference Currency other than the Reference Currency of the Sub-Fund exposes the investor to the risk of fluctuations between the Reference Currency of the Share Class and that of the Sub-Fund. This exposure is in addition to foreign exchange risk, if any, incurred by the Sub-Fund with respect to investments denominated in other currencies than its Reference Currency, as described above.

### **7.2.13 Currency Options Trading**

The Sub-Funds may acquire and sell currency options, the value of which depend largely upon the likelihood of favourable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to over-the-counter options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the

purchaser of an option may at worst lose his entire investment (the premium the purchaser pays).

#### **7.2.14 Derivatives**

The Sub-Funds may utilise both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of their investment policies. These instruments can be highly volatile and expose investors to a high risk of loss. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

Derivatives, in particular derivatives which are negotiated “over-the-counter” are subject to legal risks including the uncertainty in the applicability of laws, or the interpretation or enforceability of contracts or an action by a court or regulatory body that could invalidate a derivative contract entered into by the Fund.

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

#### **7.2.15 Particular Risks of OTC Derivatives**

Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC derivatives, are generally established through negotiation with the other party to the instrument. While this type of arrangement allows a Sub-Fund greater flexibility to tailor the instrument to its needs, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC derivatives are deemed not to be legally enforceable or are not documented correctly.

Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

There also may be a legal or documentation risk that the parties to the OTC derivatives may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the Fund to enforce its contractual rights may lead the Fund to decide not to pursue its claims under the OTC derivatives. The Fund thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the Fund has incurred the costs of litigation.

### **7.2.16 Counterparty Risk**

The Sub-Funds will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons.

Some of the markets in which a Sub-Fund may effect transactions are “over-the-counter” (or “**interdealer**”) markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such “over-the-counter” transactions. This exposes the relevant Sub-Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the relevant Sub-Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the relevant Sub-Fund has concentrated its transactions with a small group of counterparties.

### **7.2.17 Synthetic Short Selling**

Typically, UCITS, such as the Fund, invest on a “long only” basis. This means that their net asset value will rise (or fall) in value based on the market value of the assets they hold. A “short” sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the security and is obligated to return the security (or a security exchangeable for such security) to the lender, which is accomplished by a later purchase of said security. Although the Fund is not permitted to enter into short sales under the 2010 Law, a Sub-Fund may, by employing certain derivative techniques (such as contracts for difference) designed to produce the same economic effect as a short sale (a “**synthetic short**”), establish both “long” and “short” positions in individual stocks and markets. As a result, as well as holding assets that may rise or fall with markets, a Sub-Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position. Investors should also consider the risk factors under “Derivatives” and “Particular Rules of OTC Derivatives” above.

### **7.2.18 Options**

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security if the market price falls

below the exercise price of the option. The seller of an uncovered put option assumes the risk of decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

### **7.2.19 Developing Markets**

The Sub-Funds may invest in developing market debt securities, foreign exchange instruments and equities which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in developing market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, developing market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the investment opportunities of the Sub-Funds in certain developing markets may be restricted by legal limits on foreign investment in local securities.

Developing markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in developing markets are lower than in developed countries. When seeking to sell developing market securities, little or no market may exist for the securities. In addition, issuers based in developing markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in developing markets may not accurately reflect the actual circumstances being reported.

Some developing markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some developing markets is much slower and subject to a greater risk of failure than in markets in developed countries. Further, custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

With respect to any developing market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Sub-Funds' investments in those countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures

imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

#### **7.2.20 Effect of Substantial Redemptions**

Substantial redemptions by Shareholders within a short period of time could require a Sub-Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the assets of the Sub-Fund and/or disrupting the Sub-Fund's investment strategy. Reduction in the size of a Sub-Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in a Sub-Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

#### **7.2.21 Event Driven Investing**

Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Fund had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganisation, the risk exists that the reorganisation either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, the results of the Fund's operations may be expected to fluctuate from period to period. Accordingly, Shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

#### **7.2.22 Forward Foreign Exchange Contracts**

A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are generally effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages. There is no limitation as to daily price movements on this market and in exceptional

circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Sub-Funds are subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel the Sub-Funds to cover their commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

#### **7.2.23 Information Rights**

Upon request by a Shareholder, the Management Company or its delegate may provide a Shareholder with information about a Sub-Fund and its positions where the Board of Directors determines that there are sufficient confidentiality agreements and procedures in place. This information may not be systematically provided to all other Shareholders in a Sub-Fund (but will be available to all Shareholders if requested). As a result, the Shareholder that has received this information may be able to act on such additional information (e.g., redeem their Shares) that other Shareholders may not systematically receive. Accordingly, not all Shareholders will have the same degree of access to the type and/or frequency of individual position listings in connection with the Fund and transparency of portfolio characteristics may differ based on individual agreements with investors.

#### **7.2.24 Legal Risk**

The Sub-Funds may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which assets of the Sub-Funds' may be invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Sub-Funds and their operations.

#### **7.2.25 Mid Cap Securities Risk**

The prices of securities of mid cap companies generally are more volatile than those of large capitalisation companies and are more likely to be adversely affected than large cap companies by changes in earnings results and investor expectations or poor economic or market conditions, including those experienced during a recession.

#### **7.2.26 Investments in Small and Micro-Cap Companies**

Stocks of small-cap companies have lower trading liquidity which means that there may not be enough sellers of shares at an acceptable price when we want to buy or that we would not be able to sell shares quickly at an acceptable price when we want to sell. Additionally, low trading liquidity results in higher transaction costs. Small-cap companies have less financial resources and limited access to capital compared to larger companies. This may make it more difficult to obtain financing to pursue new growth opportunities or to endure economic and industry downturns. Furthermore, some small-cap companies do not have long operating histories or proven business models. This can make small companies more vulnerable to aggressive

competition from larger competitors or regulatory scrutiny. A small-cap company is less likely to have a following of loyal customers who believe in its business model, leaving it more exposed to risk from rapid shifts in customer preferences. Less information is publicly available about small companies than large companies. Investments in small-cap companies carry higher risks than those in large capitalised companies and therefore such investment is suitable only for certain sophisticated investors.

These risks may be enhanced for micro capitalization securities. Many micro capitalization companies tend to be new and have no proven track record. Some of these companies have no assets or operations, while others have products and services that are still in development or have yet to be tested in the market. Because micro capitalization securities trade in low volumes, any size of trade can have a large percentage impact on the price of the security.

#### **7.2.27 Net Asset Value Considerations**

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Sub-Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the Fund. In addition, where there is any conflict between Luxembourg GAAP and the valuation principles set out in the Articles of Association and this document in relation to the calculation of Net Asset Value, the latter principles shall take precedence.

In calculating a Sub-Fund's Net Asset Value, the Administrator may consult the Management Company with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Management Company in determining the valuation price of each Sub-Fund's investments and the Management Company's other duties and responsibilities in relation to the Sub-Funds, the Management Company will endeavour to resolve any such conflict of interest fairly and in the interest of investors.

#### **7.2.28 Price Fluctuations**

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

#### **7.2.29 Strategy Risk**

Strategy risk is associated with the failure or deterioration of an entire strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple investment managers in the same investment or general economic or other events that adversely affect particular strategies (e.g., the disruption of historical pricing relationships). The strategies employed by the Sub-Funds may be speculative and involve substantial risk of loss in the event of such failure or deterioration, in which event the performance of the Sub-Funds may be adversely affected.

#### **7.2.30 Tax considerations**

A Sub-Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by that Sub-Fund is incorporated, established or resident for tax purposes. Where a Sub-Fund invests in securities that are not subject to

withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The relevant Sub-Fund will not be able to recover such tax and so any change would have an adverse effect on the Net Asset Value of the Shares.

Where a Sub-Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by that Sub-Fund or the Fund (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Shares in that Sub-Fund. This could cause benefits or detriments to certain Shareholders, depending on the timing of their entry to and exit from the relevant Sub-Fund.

### **7.2.31 FATCA**

The Fund may be subject to regulations imposed by foreign regulators, in particular, the United States laws and regulations known as FATCA. FATCA provisions generally impose a reporting obligation to the US Internal Revenue Services of non-US financial institutions that do not comply with FATCA and US persons' (within the meaning of FATCA) direct and indirect ownership of non-US accounts and non-US entities. Failure to provide the requested information will result in a 30% withholding tax applying to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends. The Fund will be treated as a Foreign Financial Institution within the meaning of FATCA. As such, the Fund may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above-mentioned regulations.

Notwithstanding any other provision of this Prospectus, to the extent permitted by Luxembourg law, the Fund shall have the right to: (i) withhold on any payment to investors an amount equal to any taxes or similar charges required by applicable laws and regulations to be withheld in respect of any shareholding in the Fund, (ii) require any investor or beneficial owner of Shares to promptly provide such personal data as may be required by the Fund in its discretion in order to comply with applicable laws and regulations and/or determine the amount to be withheld; (iii) divulge any such personal data to any tax authority, as may be required by applicable laws and regulations or requested by such authority; (iv) delay payments to any investor, including any dividend or redemption proceeds, until the Fund holds sufficient information to comply with applicable laws and regulations and/or determine the amount to be withheld.

### **7.2.32 Common Reporting Standard**

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax Matters and its Common Reporting Standard ("**CRS**") as set out in the Luxembourg law on the Common Reporting Standard (the "**CRS Law**").

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the Luxembourg tax authorities personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) investors that are reportable persons under the CRS Law, and (ii) Controlling Persons (as defined below) of certain non-financial entities which are themselves reportable persons. This information, as

exhaustively set out in the CRS Law, will include personal data related to the reportable persons (the “**CRS Information**”).

The Fund’s ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the required CRS Information, as explained above, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the Fund will process such CRS Information for the purposes as set out in the CRS Law. The investors undertake to inform their controlling persons, if applicable, of the processing of their CRS Information by the Fund.

For the purposes of this Section 7.2.32, “Controlling Person” means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

Investors are further informed that the CRS Information related to reportable persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, reportable persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities. Similarly, investors undertake to inform the Fund within thirty (30) days of receipt of these statements should any personal data not be accurate. The investors further undertake to immediately inform the Fund of and provide the Fund with all supporting documentary evidence of any changes related to the CRS Information after occurrence of such changes. Any investor that fails to comply with the Fund’s CRS Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor’s failure to provide the Information or subject to disclosure of the CRS Information by the Fund to the Luxembourg tax authorities.

### **7.2.33 Transaction Costs**

The investment policies of the Sub-Funds may involve a high level of trading and turnover of the investments of the Sub-Funds which may generate substantial transaction costs which will be borne by each Sub-Fund separately.

### **7.2.34 Clearing House Protections**

On many exchanges, the performance of a transaction by a broker (or a third party with whom it is dealing on the Fund’s behalf) is “guaranteed” by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Fund and may not protect the Fund if a broker or another party defaults on its obligations to the Fund.

### **7.2.35 Redemption Risks**

Payment of redemption proceeds may be delayed if the Board of Directors declares a temporary suspension of the determination of the Net Asset Value of the Fund or a Sub-Fund in any of the exceptional circumstances as described below.

### **7.2.36 Undervalued/Overvalued Securities**

One of the key objectives of a Sub-Fund may be to identify and invest in undervalued and overvalued securities (“**misvalued securities**”). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While purchases of undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments of the Sub-Funds may not adequately compensate for the business and financial risks assumed.

The Sub-Funds may make certain speculative investments in securities which the Management Company believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Sub-Funds may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the capital of the Sub-Funds may be committed to the securities, thus possibly preventing the Sub-Funds from investing in other opportunities.

### **7.2.37 Volatility**

Futures prices are highly volatile. Such prices are influenced by, amongst other things: government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in the foreign exchange markets with the specific intention of influencing exchange rates. The effect of such intervention is often heightened by a group of governments acting in concert. The other investments in which the Sub-Funds may invest, principally debt securities, will be subject to their own fluctuations in value as a result of, amongst other things, market, interest rate and currency movements. The Sub-Funds may be exposed to adverse changes in its Net Asset Value as a result of these factors.

### **7.2.38 Availability of Investment Strategies**

The success of the investment activities of the Sub-Funds will depend on the Investment Manager’s ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Sub-Funds involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the Sub-Funds’ assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the Sub-Funds seek to invest, as well as other market factors, will reduce the scope for the implementation of the Sub-Funds’ investment strategies.

The Sub-Funds may be adversely affected by unforeseen events involving such matters as changes in interest rates, exchange rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

### **7.2.39 Liquidity risk**

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

### **7.2.40 Counterparty risk**

Counterparty risk refers to the risk of loss for a Sub-Fund resulting from the fact that the counterparty to a transaction entered into by the Sub-Fund may default on its contractual obligations. There can be no assurance that an issuer or counterparty will not be subject to credit or other difficulties leading to a default on its contractual obligations and the loss of all or part of the amounts due to the Sub-Fund. This risk may arise at any time the assets of a Sub-Fund are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements. For instance, counterparty risk may arise when a Sub-Fund has deposited cash with a financial institution, or invests into debt securities and other fixed income instruments. Counterparty risk may also arise when a Sub-Fund enters into OTC financial derivative instruments, or enters into securities lending transactions, repurchase agreements and buy-sell back transactions, as further described below.

## **7.3 Market risk**

Market risk is understood as the risk of loss for a Sub-Fund resulting from fluctuation in the market value of positions in its portfolio attributable to changes in market variables, such as general economic conditions, interest rates, foreign exchange rates, or the creditworthiness of the issuer of a financial instrument. This is a general risk that applies to all investments, meaning that the value of a particular investment may go down as well as up in response to changes in market variables. Although it is intended that each Sub-Fund will be diversified with a view to reducing market risk, the investments of a Sub-Fund will remain subject to fluctuations in market variables and the risks inherent in investing in financial markets.

### **7.3.1 Economic risk**

The value of investments held by a Sub-Fund may decline in value due to factors affecting financial markets generally, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The value of investments may also decline due to factors affecting a particular, industry, area or sector, such as changes in production costs and competitive conditions. During a general downturn in the economy, multiple asset classes may

decline in value simultaneously. Economic downturn can be difficult to predict. When the economy performs well, there can be no assurance that investments held by a Sub-Fund will benefit from the advance.

### **7.3.2 Interest rate risk**

The performance of a Sub-Fund may be influenced by changes in the general level of interest rates. Generally, the value of fixed income instruments will change inversely with changes in interest rates: when interest rates rise, the value of fixed income instruments generally can be expected to fall and vice versa. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. In accordance with its investment objective and policy, a Sub-Fund may attempt to hedge or reduce interest rate risk, generally through the use of interest rate futures or other derivatives. However, it may not be possible or practical to hedge or reduce such risk at all times.

### **7.3.3 Commodities risk**

Where specified in the Supplements, certain Sub-Funds may invest in instruments providing exposure to the commodities market, including financial derivative instruments referencing commodities indices and financial instruments or funds linked to, or backed by the performance of, commodities. Investments in derivatives related to commodities can be highly volatile: market prices of commodities derivatives may fluctuate rapidly. The price of commodities derivatives may fluctuate based on numerous factors, including changes in supply and demand (whether actual or perceived, anticipated or unanticipated) and other trading considerations generally or in the relevant commodity, domestic and international political, monetary and economic events and policies, and other public or private policies, actions or inactions, natural events such as weather conditions, agricultural factors, diseases, or technological developments. The current or “spot” prices of commodities may also affect the prices of futures contracts in respect of the relevant commodity.

### **7.3.4 Volatility**

The volatility of a financial instrument is a measure of the variations in the price of that instrument over time. A higher volatility means that the price of the instrument can change significantly over a short time period in either direction. Each Sub-Fund may make investments in instruments or markets that are likely to experience high levels of volatility. This may cause the Net Asset Value per Share to experience significant increases or decreases in value over short periods of time.

### **7.3.5 Short positions**

Certain Sub-Funds may use financial derivative instruments such as swaps, futures and forwards in order to obtain a short exposure to certain securities or other assets. A synthetic short position replicates the economic effect of a transaction in which a fund sells a security or asset it does not own but has borrowed, in anticipation that the market price of that security or asset will decline. When a Sub-Fund initiates such a synthetic short position in a security or asset that it does not own, it enters into a derivative-based transaction with a counterparty or broker-dealer and closes that transaction on or before its expiry date through the receipt or payment of any gains or losses resulting from the transaction. If the price of the security or asset on which the synthetic short position is written increases between the time of the initiation of the synthetic short position and the time at which the position is closed, the Sub-fund will incur a loss; conversely, if the price declines, the Sub-Fund will realise a gain. Any gain will be

decreased and any loss increased by transactional costs and fees. Although a Sub-Fund's gain is limited to the price at which it opened the synthetic short position, its potential loss may be substantially higher. Stop loss policies are typically employed to limit losses. Each Sub-Fund is required to maintain sufficiently liquid assets to cover any obligations arising from its short positions at any time.

## **7.4 Operational risk**

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

### **7.4.1 Valuation**

Certain Sub-Funds may hold investments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market. In addition, in certain circumstances, investments may become less liquid or illiquid. Such investments will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or liquidation prices of investments.

### **7.4.2 Laws and regulations**

The Fund may be subject to a number of legal and regulatory risks, including contradictory interpretations or applications of laws, incomplete, unclear and changing laws, restrictions on general public access to regulations, practices and customs, ignorance or breaches of laws on the part of counterparties and other market participants, incomplete or incorrect transaction documents, lack of established or effective avenues for legal redress, inadequate investor protection, or lack of enforcement of existing laws. Difficulties in asserting, protecting and enforcing rights may have a material adverse effect on the Sub-Funds and their operations.

### **7.4.3 Segregation of Sub-Funds**

The Fund is a single legal entity incorporated as an "umbrella fund" comprised of separate Sub-Funds. Under Luxembourg law, each Sub-Fund represents a segregated pool of assets and liabilities. By operation of the law, the rights and claims of creditors and counterparties of the Fund arising in respect of the creation, operation or liquidation of a Sub-Fund will be limited to the assets allocated to that Sub-Fund. However, while these provisions are binding in a Luxembourg court, these provisions have not been tested in other jurisdictions, and a creditor or counterparty might seek to attach or seize assets of a Sub-Fund in satisfaction of an obligation owed in relation to another Sub-Fund in a jurisdiction which would not recognise the principle of segregation of liability between Sub-Funds. Moreover, under Luxembourg law, there is no legal segregation of assets and liabilities between Share Classes of the same Sub-Fund. In the event that, for any reason, assets allocated to a Share Class become insufficient to pay for the liabilities allocated to that Share Class, the assets allocated to other Share Classes of the Sub-Fund will be used to pay for those liabilities. As a result, the Net Asset Value of the other Share Classes may also be reduced.

#### **7.4.4 Cybersecurity Risk**

The Fund and/or one or more of its service providers, including the Management Company and its delegates may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity (“**Cyber Incidents**”) refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, Cyber Incidents can result from deliberate attacks (“**Cyber Attacks**”) or unintentional events. Cyber Attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g., through hacking or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber Attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The issuers of securities and/or counterparties to other financial instruments in which the Fund may invest may also be prone to Cyber Incidents.

Cyber Incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the Fund’s ability to calculate its Net Asset Value, impediments to trading, the inability of Shareholders to subscribe for, exchange or redeem Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future which may adversely impact the Fund.

While the Management Company and its respective affiliates have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, none of the Fund, the Management Company, the Investment Manager and its respective affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Fund and/or the issuers in which the Fund invests.

### **7.5 Certain financial instruments and investment techniques**

#### **7.5.1 OTC financial derivative instruments**

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose a Sub-Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not *bona fide*) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral

in favour of the Sub-Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Fund.

The Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Fund. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Fund has an open position or if margin is not identified and correctly reported to the particular Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Fund may not be able to transfer or “port” its positions to another clearing broker.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or EMIR) requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Fund. While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalised by the date of this Prospectus. It is as yet unclear how the OTC derivatives market will adapt to the new regulatory regime. ESMA has published an opinion calling for the UCITS Directive to be amended to reflect the requirements of EMIR and in particular the EMIR clearing obligation. However, it is unclear whether, when and in what form such amendments would take effect. Accordingly, it is difficult to predict the full impact of EMIR on the Fund, which may include an increase in the overall costs of entering into and maintaining OTC derivatives.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Sub-Funds to adhere to their respective investment policies and achieve their investment objective.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Fund has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use

of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

### **7.5.2 Securities lending, repurchase agreements and buy-sell back transactions**

Securities lending transactions, repurchase agreements and buy-sell back transactions involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved.

The principal risk when engaging in securities lending transactions, repurchase agreements and buy-sell back transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Sub-Fund as required by the terms of the transaction. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, there are certain risks associated with collateral management, including difficulties in selling collateral and/or losses incurred upon realization of collateral, as described below.

Securities lending transactions, repurchase agreements and buy-sell back transactions also entail liquidity risks due, *inter alia*, to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-Fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Fund to meet redemption requests. The Sub-Fund may also incur operational risks such as, *inter alia*, non-settlement or delay in settlement of instructions, failure or delays in satisfying delivery obligations under sales of securities, and legal risks related to the documentation used in respect of such transactions.

The Sub-Funds may enter into securities lending transactions, repurchase agreements and buy-sell back transactions with other companies of the same group of companies of the Management Company. Affiliated counterparties, if any, will perform their obligations under any securities lending transactions, repurchase agreements and buy-sell back transactions concluded with a Sub-Fund in a commercially reasonable manner. In addition, the Investment Manager, under the overall supervision of the Management Company, will select counterparties and enter into transactions in accordance with best execution principles. However, investors should be aware that the Investment Manager and/or the Management Company may face conflicts between its role and its own interests or that of affiliated counterparties.

### **7.5.3 Collateral management**

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase agreements and buy-sell back transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-Fund may not be collateralised. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realise a loss due, *inter alia*, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the

value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

**7.6 Index-Tracking Sub-Funds**

The main investment objective of an Index-Tracking Sub-Fund is to track the performance of a certain index, as specified in its Supplement. There can be no assurance that the methodology used by the index sponsor will have the effect of selecting components with the optimal performance over any period. The index methodology may result in negative performance and/or deviate materially from historical performance. Unless otherwise stated in its Supplement, an Index-Tracking Sub-Fund will not, and should not be expected to, track the performance of its reference index with perfect accuracy. The expected tracking error of each index-Tracking Sub-Fund will be disclosed in the Supplement. An Index-Tracking Sub-Fund will be subject to tracking error risk, which is the risk that, from time to time, its returns may not track those of the index with the expected degree of tracking error. Factors that are likely to affect the ability of the Sub-Fund to track the performance of the index costs and fees incurred by the Sub-Fund, differences in the composition and/or weighting of the portfolio of the Sub-Fund relative to that of the index, regulatory, legal or tax constraints, and such other factors as may be described in the relevant Supplement. There is a risk that an Index-Tracking Sub-Fund will be terminated unexpectedly if the index ceases to be compiled or published and there is no replacement index using the same or substantially similar index methodology.

**7.7 Use of a Benchmark**

In accordance with the provisions of the Benchmark Regulation, supervised entities may use benchmarks in the European Union if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to article 36 of the Benchmark Regulation (the “**Register**”). The Benchmark Regulation prohibits the use of non-EU benchmarks unless they are included in ESMA’s public Register under the Benchmark Regulation’s third country regime.

The Indices listed below are at the date of the Prospectus provided by benchmark administrators mentioned in the Register referred to in article 36 of the Benchmark Regulation as administrator authorised pursuant to article 34 of the Benchmark Regulation.

Benchmark administrator	Benchmark administrator legal name	Benchmark	Sub-Fund
EMMI	European Money Markets Institute	EURIBOR 3 months + 1%	HERMES LINDER FUND SICAV – HERMES LINDER FUND

The Management Company with the assistance of the Investment Manager has adopted a written plan setting out actions, which it will take with respect to the Sub-Funds in the event that the index materially changes or ceases to be provided (the "**Contingency Plan**"), as required by article 28(2) of the Benchmark Regulation. A copy of the Contingency Plan may be obtained, free of charge, and upon request at the registered office of the Fund and the Management Company.

## **7.8 Fund Specific Risks**

Please review the particular Supplement for specific risks associated with each particular Sub-Fund.

## **8. SHARES**

### **8.1 Shares, Sub-Funds and Share Classes**

#### **8.1.1 Shares**

The share capital of the Fund is represented by fully paid-up Shares of no par value. The share capital of the Fund is at all times equal to the Net Asset Value of the Fund, which is the total Net Asset Value of all Sub-Funds expressed in the Reference Currency of the Fund. The share capital of the Fund must at all times be at least equal to the minimum required by the 2010 Law, which is currently EUR 1,250,000.

Written confirmation of registration will be issued upon request and at the expense of the requesting shareholder. The registration of a shareholder in the register of shareholders of the Fund evidences the shareholder's ownership right towards the Fund.

The Fund will recognise only one single shareholder per Share. In case a Share is owned by several persons, they must appoint a single representative who will represent them towards the Fund. The Fund has the right to suspend the exercise of all rights attached to that Share until such representative has been appointed.

Each Share entitles the shareholder to one (1) vote at all general meetings of shareholders of the Fund and at all meetings of the Sub-Fund or Share Class concerned.

Fractions of Shares will be issued up to three (3) decimal places. Such fractional Shares will be entitled to participate on a *pro rata* basis in the net assets attributable to the Sub-Fund or Share Class to which they belong in accordance with their terms, as set out in this Prospectus. Fractions of Shares do not confer any voting rights on their holders. However, if the sum of the fractional Shares held by the same shareholder in the same Share Class represents one or more entire Shares, such shareholder will benefit from the corresponding voting right attached to the number of entire Shares.

Shares are each entitled to participate in the net assets allocated to the relevant Sub-Fund or Share Class in accordance with their terms, as set out in the Supplements. Shares will be issued on each Subscription Day immediately after the NAV as at the relevant Valuation Day i.e. the Business Day preceding the Subscription Day is computed. Shares issued are entitled to participate in the net assets of the Sub-Fund or Share Class as of that point, as described in more detail in Section 8.4 below. Shares will be redeemed on each Redemption Day immediately after the NAV as at the relevant Valuation Day i.e. the Business Day preceding the Redemption Day is computed. Shares redeemed are entitled to participate in the net assets of the Sub-Fund or Share Class until and including that point, as described in more detail in Section 8.5 below.

Shares redeemed will generally be cancelled unless the Fund decides otherwise.

## **8.1.2 Sub-Funds**

### **8.1.3 Changes to Sub-Funds and Share Classes**

The rights and restrictions attached to Shares may be modified from time to time, subject to the provisions of the Articles of Association. Any changes to the Articles of Association will require a resolution of the general meeting of shareholders, as further described in Section 11.2 below.

Subject to the above, the Board of Directors may change the characteristics of any existing Sub-Fund, including its objective and policy, or any existing Share Class, without the consent of investors. In accordance with applicable laws and regulations, investors in the Sub-Fund or Share Class will be informed about the changes and, where required, will be given prior notice of any proposed material changes in order for them to be able to request the redemption of their Shares free of charge should they disagree. This Prospectus will be updated as appropriate.

## **8.2 Dividend distribution policy**

Each Sub-Fund may offer distributing Shares and non-distributing Shares. The Supplement shall indicate whether Shares confer the right to dividend distributions (Distribution Shares) or do not confer this right (Capitalisation Shares). Distribution Shares and Capitalisation Shares issued within the same Sub-Fund will be represented by different Share Classes.

Capitalisation Shares capitalise their entire earnings whereas Distribution Shares pay dividends. Whenever dividends are distributed to holders of Distribution Shares, their Net Asset Value per Share will be reduced by an amount equal to the amount of the dividend per Share distributed, whereas the Net Asset Value per Share of Capitalisation Shares will remain unaffected by the distribution made to holders of Distribution Shares.

The Fund shall determine how the earnings of Distribution Shares shall be distributed and may declare distributions from time to time, at such time and in relation to such periods as the Fund shall determine, in the form of cash or Shares, in accordance with the dividend distribution policy adopted for such Distribution Shares as described in the Supplement. The dividend distribution policy may vary between Distribution Shares within the same or different Sub-Funds. Dividend distributions are not guaranteed with respect to any Share Class. In any event, no distribution may be made if, as a result, the total Net Asset Value of the Fund would fall below the minimum share capital required by the 2010 Law which is EUR 1,250,000.

If requested by an investor, dividends declared with respect to Distribution Shares will be reinvested in Shares of the same Share Class and investors will be advised of the details by a dividend statement. In circumstances where, the cost of payment of dividend may exceed the actual dividend amount, the dividend payment may be deferred to the subsequent dividend period(s).

No interest shall be paid on dividend distributions declared by the Fund which have not been claimed. Dividends not claimed within five years of their declaration date will lapse and revert to the relevant Share Class of the relevant Sub-Fund.

### **8.3 Eligible Investors**

Shares may only be acquired or held by investors who satisfy all eligibility requirements for a specific Sub-Fund or Share Class, if any, as specified for the Sub-Fund or Share Class in the Supplement (an Eligible Investor). Certain Sub-Funds or Shares Classes may indeed be reserved to specified categories of investors such as Institutional Investors, investors investing through a specified distribution channel or investors who are residents of or domiciled in specific jurisdictions.

The Board of Directors has decided that any investor not qualifying as an Eligible Investor will be considered as a Prohibited Person, in addition to those persons described in Section 8.10 below. The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons in accordance with the procedure set out in this Prospectus (see Section 8.10 below).

### **8.4 Subscription for Shares**

Applications for subscriptions can be submitted for each Subscription Day provided that a complete application is submitted by the Cut-Off Time for that Subscription Day, being the preceding Business Day (i.e. the Valuation Day). Subscription amounts, minus any applicable Subscription Fee, will be processed, if accepted, at the Subscription Price applicable to that Subscription Day. Any subscription amount must be settled by the end of the Subscription Settlement Period. The subscription procedure is further described below. Shares will be issued on the Subscription Day and entitled to participate in the Net Asset Value of the Share Class from their issue. The Subscription Day, Cut-Off Time, and Subscription Settlement Period for each Sub-Fund or Share Class are specified in the Supplement and its relevant Subscription application.

#### **8.4.1 Subscription application**

Shares in any new Sub-Fund or Share Class may be available for subscription during an Initial Offer and will be issued on the first Subscription Day following the Initial Offer at the Initial Offer Price. Information on the Initial Offer and the Initial Offer Price of any new Sub-Fund or Share Class will be set out in the Supplement and available from the Administrator upon request. The Fund may reschedule the Initial Offer and/or amend the Initial Offer Price.

Shares will be available for subscription on each Subscription Day at a Subscription Price equal to the Net Asset Value per Share applicable for that Subscription Day as at the preceding Business Day (i.e. the Valuation Day). The Net Asset Value per Share for the Subscription Day at which an application will be processed is unknown to the investors when they place their subscription applications. Applications per subscriptions are hence made for a subscription amount comprising the Subscription Price plus any applicable Subscription Fee. The Subscription Fee is equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.

Investors wishing to subscribe for Shares of a Sub-Fund or Share Class will be requested to complete a Subscription Form in which they commit to subscribe and pay for the Shares and the relevant Subscription Fee. The liability of each investor in respect of the Shares subscribed will be limited to the Subscription Price and the relevant Subscription Fee. The Subscription

Form must be submitted to the Administrator following the instructions on such form. The Subscription Form is available from the Administrator on request.

The Fund will only process subscription applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application together with the relevant cleared funds. The Fund may delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications. No interest will be paid to investors on subscription proceeds received by the Fund prior to receiving clear and complete applications.

Applications must be submitted to the Administrator by the Cut-Off Time for the Subscription Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at the Subscription Price applicable to that Subscription Day. Different Cut-Off Times may apply for applications submitted by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Subscription Day. However, the Fund may accept subscription applications received after the Cut-Off Time subject to certain conditions, as set out in Section 8.9 below.

The Fund reserves the right to accept or refuse any application in whole or in part at its discretion. Without limitation, the Fund may refuse an application for subscription where the Fund determines that the Shares would or might be held by, on behalf or for the account or benefit of, Prohibited Persons. In such event, subscription proceeds received by the Fund will be returned to the applicant as soon as practicable, at the risks and costs of the applicant, without interest.

The issue of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in Section 9.4 below. The issue of Shares of a Share Class may also be suspended at the discretion of the Board of Directors, in the best interest of the Fund, notably under other exceptional circumstances.

#### **8.4.2 Settlement of subscription**

The Subscription Price (plus any Subscription Fee) must be paid in the Reference Currency of the Share Class or, at the request of the investor, in any other currency accepted by the Fund. In the latter case, the Fund will have the subscription proceeds in the other currency converted into the Reference Currency of the Sub-Fund or Share Class, at the risks and costs of the investor, taking into account prevailing currency exchange rates. The Fund may charge a fee for this conversion service. The Fund will process the subscription application by reference to the net proceeds of the conversion into the Reference Currency of the Sub-Fund or Share Class.

Cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) must be received by the Fund by the end of the Subscription Settlement Period specified in the Supplement. Settlement details are available in the Subscription Form.

If the payment of the Subscription Price (plus any Subscription Fee) has not been received by the end of the Subscription Settlement Period, any pending application for Shares may be rejected or, if the application had previously been accepted by the Fund, any allocation of Shares made on the basis of the application may be cancelled by a compulsory redemption of the Shares at the applicable Redemption Price (less any Redemption Fee or CDSC). The Administrator will inform the applicant that the application has been rejected or the subscription cancelled, as applicable, and the money received after the end of the Subscription Settlement Period, if any, will be returned to the applicant at its risks and costs, without interest.

The Fund reserves the right to require indemnification from the applicant against any losses, costs or expenses arising as a result of any failure to settle the Subscription Price (plus any Subscription Fee) by the end of the Subscription Settlement Period. The Fund may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

### **8.4.3 Subscription in kind**

The Fund may agree to issue Shares as consideration for a "contribution in kind" of assets with an aggregate value equal to the Subscription Price (plus any Subscription Fee), provided that such assets comply with the investment objective and policy of the Sub-Fund and any restrictions and conditions imposed by applicable laws and regulations. In accepting or rejecting such a contribution at any given time, the Fund shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. Any contribution in kind will be valued independently in a special report issued by the Auditor or any other independent auditor (*réviseur d'entreprises agréé*) agreed by the Fund. The Fund and the contributing investor will agree on specific settlement procedures. Any costs incurred in connection with a contribution in kind, including the costs of issuing a valuation report, shall be borne by the contributing investor or by such other third party as agreed by the Fund or in any other way which the Board of Directors considers fair to all investors of the Sub-Fund.

## **8.5 Redemption of Shares**

Applications for redemptions can be submitted by investors for each Redemption Day provided that a complete application is submitted by the Cut-Off Time for that Redemption Day. Applications will be processed, if accepted, at the Redemption Price applicable to that Redemption Day, minus any applicable Redemption Fee or CDSC. The Redemption Price (less any Redemption Fee or CDSC) will normally be paid by the end of the Redemption Settlement Period. The redemption procedure is further described below. Shares will be redeemed on the Redemption Day and entitled to participate in the net assets of the Sub-Fund or Share Class until their redemption. The Redemption Day, Cut-Off Time, and Redemption Settlement Period for each Sub-Fund or Share Class are specified in the Supplement.

### **8.5.1 Redemption application**

Investors may apply for redemption of all or any of their Shares on each Redemption Day at a Redemption Price equal to the Net Asset Value per Share for that Redemption Day, minus any applicable Redemption Fee. The Net Asset Value per Share for the Redemption Day at which an application will be processed is unknown to the investors when they place their redemption applications.

The Fund may charge a Redemption Fee or CDSC on redemptions of Shares, which will be deducted from the payment of the Redemption Price. The Redemption Fee is equal to a maximum percentage of the Redemption Price or such other amount as specified for each Sub-Fund or Share Class in the Supplement, where applicable. The CDSC is calculated as described in Section 10.4.

Investors wishing to redeem their Shares in part or in whole must submit a Redemption Form. The Redemption Form must be submitted to the Administrator following the instructions on such form. The Redemption Form is available from the Administrator on request.

The Fund will only process redemption applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications.

Applications must be submitted to the Administrator by the Cut-Off Time for the Redemption Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at the Redemption Price applicable to that Redemption Day as at the preceding Business Day i.e. the Valuation Day. Different Cut-Off Times may apply for applications submitted by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Redemption Day.

The redemption of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in Section 9.4 below. The redemption of Shares of a Sub-Fund or Share Class may also be suspended in other exceptional cases where the circumstances and the best interest of the investors so require.

### **8.5.2 Settlement of redemption**

Redemption proceeds equal to the full amount of the Redemption Price (less any Redemption Fee or CDSC) will normally be paid by the end of the Redemption Settlement Period specified in the Supplement. Different settlement procedures may apply in certain jurisdictions in which Shares are distributed due to constraints under local laws and regulations. Investors should refer to the local sales documents for their jurisdiction or contact their local paying agent for further information. The Fund will not accept responsibility for any delays or charges incurred at any receiving bank or clearing system.

Payment of redemption proceeds will be made by wire transfer on the bank account of the redeeming investor and at its risks and costs. Redemption proceeds will be paid in the Reference Currency of the Sub-Fund or the Share Class or, at the request of the investor, in any other currency accepted by the Fund. In the latter case, the Fund will have the net redemption proceeds converted into the other currency at the risks and costs of the investor, taking into account prevailing currency exchange rates. The Fund may charge a fee for this conversion service. The Fund will pay to the investor the net proceeds of the conversion into the other currency.

The Fund reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Period when there is insufficient liquidity or in other exceptional circumstances. If redemption proceeds cannot be paid by the end of the Redemption Settlement Period, the payment will be made as soon as reasonably practicable thereafter. The Fund may also delay the settlement of redemptions until reception of all information and supporting documentation deemed necessary to process the application, as described above. In any event, no redemption proceeds will be paid unless and until cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) due but not yet paid for the Shares to be redeemed has been received by the Fund. No interest will be paid to investors on redemption proceeds paid after the end of the Redemption Settlement Period.

### **8.5.3 Redemption in kind**

The Fund may, in order to facilitate the settlement of substantial redemption applications or in other exceptional circumstances, propose to an investor a “redemption in kind” whereby the investor receives a portfolio of assets of the Sub-Fund of equivalent value to the Redemption Price (less any Redemption Fee or CDSC). In such circumstances the investor must specifically consent to the redemption in kind and may always request a cash redemption payment instead. In proposing or accepting a request for redemption in kind at any given time, the Fund shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. Where the investor accepts a redemption in kind, he will receive a selection of assets of the Sub-Fund. Any redemption in kind will, if required by law, be valued independently in a special report issued by the Auditor or any other independent auditor (*réviseur d'entreprises agréé*) agreed by the Fund. The Fund and the redeeming investor will agree on specific settlement procedures. Any costs incurred in connection with a redemption in kind, including the costs of issuing a valuation report, shall be borne by the redeeming investor or by such other third party as agreed by the Fund or in any other way which the Board of Directors considers fair to all investors of the Sub-Fund.

## **8.6 Conversion of Shares**

Applications for conversions of Shares of any Share Class (called the Original Shares) into Shares of another Share Class of the same or another Sub-Fund (called the New Shares) can be submitted for each Conversion Day provided that a complete application is submitted by the Cut-Off Time for that Conversion Day. The number of New Shares issued upon a conversion will be based on the respective Net Asset Values per Share of the Original Shares and the New Shares for the Conversion Day (which, for the avoidance of doubt, may be a different day for the Original Shares and the New Shares). The Original Shares will be redeemed, and the New Shares will be issued on the Conversion Day. The conversion procedure is further described below.

### **8.6.1 Conversion application**

Unless set out otherwise in the Supplement, investors may apply for conversion of Original Shares into New Shares on each Conversion Day. However, the right to convert the Original Shares is subject to compliance with any investor eligibility requirements applicable to the New Shares. In addition, conversion applications are subject to the provisions on the minimum initial or additional subscription amounts applicable to the New Shares and the minimum holding amount applicable to the Original Shares.

The number of New Shares issued upon a conversion will be based upon the respective Net Asset Values of the Original Shares and the New Shares for the Conversion Day. These Net Asset Values are unknown to the investors when they place their conversion application.

The Fund may charge a Conversion Fee on conversions of Shares, as set out in Section 10.3 below and specified in the Supplement. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any. Alternatively, if a CDSC is applicable to Shares acquired by way of conversion, the CDSC for such Shares will be the higher of the CDSC applicable to the Original Shares and the CDSC applicable to the New Shares.

Investors wishing to convert their Shares must submit a Conversion Form. The Conversion Form must be submitted to the Administrator following the instructions on such form. The Conversion Form is available from the Administrator on request.

The Fund will only process conversion applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. The Fund may delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications.

Applications must be submitted to the Administrator by the Cut-Off Time for the Conversion Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at a conversion rate based on the respective Net Asset Values of the Original Shares and the New Shares on the Conversion Day. Different Cut-Off Times may apply for applications submitted by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction to find out which Cut-Off Time is applicable to them. Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Conversion Day. However, the Fund may accept conversion applications received after the Cut-Off Time subject to certain conditions.

The Fund reserves the right to reject any application for conversion of Shares into New Shares, in whole or in part, including, without limitation, where the Fund decides to close the Sub-Fund or Share Class to new subscriptions or new investors. In any event, no conversion application will be processed unless and until cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) for the Original Shares has been received by the Fund.

The conversion of Shares shall be suspended whenever the determination of the Net Asset Value per Share of the Original Shares or the New Shares is suspended by the Fund in accordance with Section 9.4 below, or when the redemption of Original Shares or the subscription for New Shares is suspended in accordance with the Articles of Association and this Prospectus.

## **8.6.2 Conversion rate**

The rate at which the Original Shares are converted into New Shares is determined on the basis of the following formula:

$$A = (B \times C \times D) / E$$

where:

- A is the number of New Shares to be allocated;
- B is the number of Original Shares to be converted into New Shares;
- C is the Net Asset Value per Share of the Original Shares for the Conversion Day;
- D is the exchange rate, as determined by the Fund, between the Reference Currency of the Original Shares and that of the New Shares. Where the Reference Currencies are the same, D equals one (1); and
- E is the Net Asset Value per Share of the New Shares for the Conversion Day.

A Conversion Fee may be applied, if and to the extent set out in the Supplement. The Conversion Fee is equal to the positive difference, if any, between the Subscription Fee applicable to the New Shares and the Subscription Fee paid on the Original Shares, or such lower amount as specified for each Share Class in the Supplement, where applicable.

## **8.7 Transfer of Shares**

### **8.7.1 Conditions and limitations on transfer of Shares**

Shares are freely transferable subject to the restrictions set out in the Articles of Association and this Prospectus. In particular, the Fund may deny giving effect to any transfer of Shares if it determines that such transfer would result in the Shares being held by, on behalf or for the account or benefit of, Prohibited Persons.

Subject to the above, the transfer of Shares will normally be given effect by the Fund by way of declaration of transfer entered in the register of shareholders of the Fund following the delivery to the Administrator of an instrument of transfer duly completed and executed by the transferor, in a form accepted by the Fund.

The Fund will only give effect to Share transfers that it considers clear and complete. The Administrator may require from the transferor all of the information and supporting documentation it deems necessary to give effect to the transfer. Investors are advised to contact the Administrator prior to requesting a transfer to ensure that they have all the correct documentation for the transaction. The Fund may delay the acceptance of unclear or incomplete transfer orders until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete transfer orders may lead to delays in their execution. The Fund will not accept liability for any loss suffered by transferors as a result of unclear or incomplete transfer orders.

## **8.7.2 Trading of Shares on a stock exchange**

Shares of certain Share Classes may be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange as the Fund may determine from time to time. The Supplement will specify if Shares are or are intended to be listed. Although the Shares must be freely negotiable and transferable upon their listing and admission to trading on such stock exchanges (and trades carried out on such stock exchanges cannot be cancelled by the Fund) the restrictions of ownership and conditions on holding Shares (as set out in this Prospectus and the Articles of Association) will nevertheless apply to any person to which Shares are transferred on such stock exchanges. The holding at any time of any Shares by, on behalf of or for the account or benefit of, a Prohibited Person may result in the compulsory redemption of such Shares in accordance with the provisions of this Prospectus and the Articles of Association.

The listing and admission to trading on such stock exchanges does not constitute a warranty or representation by the stock exchange as to the competence of the service providers to or any other party connected with the Fund or the suitability of the Fund for investment or for any other purpose.

## **8.8 Special considerations**

### **8.8.1 Minimum subscription and holding amounts**

The subscription for Shares may be subject to a minimum initial subscription amount and/or additional subscription amount, as specified for each Share Class in the Supplement. The Fund may reject any application for subscription for, or conversion into Shares of a Share Class which does not meet the applicable minimum initial subscription amount or additional subscription amount for that Share Class, if any.

In addition, the holding of Shares may be subject to a minimum holding amount, as specified for each Share Class in the Supplement. The Fund may treat any application for redemption or conversion of part of a holding of Shares in a Share Class as a deemed application for redemption or conversion of the entire holding of the redeeming investor in that Share Class if, as a result of such application, the Net Asset Value of the Shares retained by the investor in that Share Class would fall below the applicable minimum holding amount. Alternatively, the Fund may grant a grace period to the investor so as to allow him/her to increase his holding to at least the minimum holding amount.

The Fund may further deny giving effect to any transfer of Shares if, as a result of such transfer, the Net Asset Value of the Shares retained by the transferor in a Share Class would fall below the minimum holding amount for that Share Class, or if the Net Asset Value of the Shares acquired by the transferee in a Share Class would be less than the minimum initial or additional subscription amounts, as applicable. In such cases, the Fund will notify the transferor that it will not give effect to the transfer of the Shares.

Alternatively, the Fund has the discretion, from time to time, to waive any applicable minimum initial subscription amount, minimum additional subscription amount and/or minimum holding amount, subject to the minimum legal requirements, provided that investors are treated fairly. In particular, the Fund may waive all or part of such requirements for investments made by certain nominees and other professional intermediaries.

### **8.8.2 Minimum or maximum level of assets under management**

The Fund may decide to cancel the launch of a Sub-Fund or Share Class before the end of the Initial Offer where that Sub-Fund or Share Class has not reached the minimum or expected level of assets under management for such Sub-Fund or Share Class to be operated in an economically efficient manner. In such event, applications for subscription will be refused and subscription proceeds previously received by the Fund will be returned to the applicant.

Where applications for redemptions or conversions out of a Sub-Fund or Share Class on a particular Redemption Day or Conversion Day represent the total number of Shares in issue in that Sub-Fund or Share Class, or the remaining number of Shares in issue after such redemptions or conversions would represent a total Net Asset Value below the minimum level of assets under management required for such Sub-Fund or Share Class to be operated in an efficient manner, the Fund may decide to terminate and liquidate the Sub-Fund or Share Class in accordance with the procedure set out in Section 11.8

Liquidation below. In such a case, all remaining Shares of the Sub-Fund or Share Class will be redeemed.

The Fund may also decide to close a Sub-Fund or Share Class to new subscriptions or new investors where that Sub-Fund or Share Class has reached or is about to reach its maximum or expected level of assets under management, where accepting new subscriptions or investors would be detrimental to the performance of the Sub-Fund or Share Class, or in other circumstances determined by the Board of Directors. In such events, applications for subscription will be refused, in whole or in part, and subscription proceeds previously received by the Fund will be returned to the applicant.

### **8.8.3 Suspension of issue, redemption or conversion of Shares**

The issue, redemption or conversion of Shares in a Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Share Class is suspended by the Fund in accordance with **Section 9.4 Temporary suspension of the Net Asset Value calculation** below and in other circumstances specified in the Articles of Association and this Prospectus.

Suspended subscriptions, redemptions and conversions will be treated as deemed applications for subscriptions, redemptions or conversions in respect of the first Subscription Day, Redemption Day or Conversion Day following the end of the suspension period unless the investors have withdrawn their applications for subscription, redemption or conversion by written notification received by the Fund before the end of the suspension period.

### **8.8.4 Deferral of redemption or conversion of Shares**

If on any given Redemption Day or Conversion Day, applications for redemption or conversion of Shares out of a Sub-Fund or Share Class represent in aggregate more than 5% of the Net Asset Value of the Sub-Fund or Share Class, the Fund may decide that part (on a *pro rata* basis) or all of such requests for redemption or conversion will be deferred to the next or subsequent Redemption Days or Conversion Days until the application is processed in full. On a next or subsequent Redemption Day or Conversion Day, deferred redemption or conversion requests will be met in priority to requests submitted in respect of such Redemption Day or Conversion Day.

The Fund also reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Period in accordance with the provisions set out in Section 8.5 above.

As an alternative to deferring applications for redemptions, the Fund may propose to an investor, who accepts, to settle a redemption application, in whole or in part, by a distribution in kind of certain assets of the Sub-Fund or Share Class in lieu of cash, subject to the conditions set out in Section 8.5 above.

### **8.9 Late trading, market timing and other prohibited practices**

The Fund does not permit late trading practices as such practices may adversely affect the interests of investors. In general, late trading is to be understood as the acceptance of a subscription, redemption or conversion order for Shares after the Cut-Off Time for a Subscription Day, Redemption Day or Conversion Day and the execution of such order at a price based on the Net Asset Value applicable to such same day. However, as mentioned above, the Fund may accept subscription, conversion or redemption applications received after the Cut-Off Time, in circumstances where the subscription, redemption or conversion applications are dealt with on an unknown Net Asset Value basis, provided that it is in the interest of the Sub-Fund and that investors are fairly treated. In particular, the Fund may waive the Cut-Off Time where an intermediary submits the application to the Administrator after the Cut-Off Time provided that such application has been received by the intermediary from the investor in advance of the Cut-Off Time.

Subscriptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market timing or other excessive trading practices. Market timing is to be understood as an arbitrage method by which an investor systematically subscribes and redeems or converts Shares of the same Sub-Fund or Share Class within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value. Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimise harm to the Fund and other investors, the Fund has the right to reject any subscription or conversion order, or levy in addition to any Subscription Fee, Redemption Fee or Conversion Fee or CDSC which may be charged according to the Supplement, from any investor who is engaging or is suspected of engaging in excessive trading, or has a history of excessive trading, or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Fund. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control.

The Fund also has the power to compulsorily redeem all Shares held by, on behalf or for the account or benefit of, an investor who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, in accordance with the procedure set out in this Prospectus. The Board of Directors considers such persons as Prohibited Persons.

The Fund will not be held liable for any loss resulting from rejected orders or compulsory redemptions.

## 8.10 Prohibited Persons

The Articles of Association give powers to the Board of Directors to restrict or prevent the legal or beneficial ownership of Shares or prohibit certain practices such as late trading and market timing by any person (individual, corporation, partnership or other entity), if in the opinion of the Board of Directors such ownership or practices may (i) result in a breach of any provisions of the Articles of Association, the Prospectus or the laws or regulations of any jurisdiction, or (ii) require the Fund, the Management Company or the Investment Manager to be registered under any laws or regulations whether as an investment fund or otherwise, or cause the Fund to be required to comply with any registration requirements in respect of any of its Shares, whether in the United States of America or in any other jurisdiction, or (iii) may cause the Fund, the Management Company or the Investment Manager or the investors any legal, regulatory, taxation, administrative or financial disadvantages which they would not have otherwise incurred (a Prohibited Person).

The Board of Directors has decided that US Persons will subject to certain exceptions be considered as Prohibited Persons. By signing a Subscription Form, an applicant will certify, represent, warrant and agree that he is not a US Person or that the Shares applied for are not being acquired directly or indirectly by, on behalf or for the account or benefit of, a US Person. An applicant will further certify, represent, warrant and agree that the applicant will notify the Fund in the event that either the applicant becomes a US Person or holds the Shares on behalf of, or for the account or benefit of, a US Person. If an applicant's status changes and it becomes a US Person, it must notify the relevant party as mentioned above within thirty (30) days.

The Board of Directors has also decided that any person not qualifying as an Eligible Investor will be considered as a Prohibited Person.

Furthermore, the Board of Directors has decided that any person who is or has knowingly been engaged in, or is suspected of knowingly being engaged in, late trading, market timing or other excessive trading, directly or indirectly, will be considered as a Prohibited Person.

The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may require at any time any investor or prospective investor to provide the Fund with any representations, warranties, or information, together with supporting documentation, which the Fund may consider necessary for the purpose of determining whether the issue or transfer would result in Shares being held by, on behalf or for the account or benefit of, a Prohibited Person.

The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. In such cases, the Fund will notify the investor of the reasons which justify the compulsory redemption of Shares, the number of Shares to be redeemed and the indicative Redemption Day on which the compulsory redemption will occur. The Redemption Price shall be determined in accordance with Section 8.5 above.

The Fund may also grant a grace period to the investor for remedying the situation causing the compulsory redemption, for instance by transferring the Shares to one or more investors who are not Prohibited Persons and do not act on behalf or for the account or benefit of, Prohibited Persons, and/or propose to convert the Shares held by any investor who fails to satisfy the

investor eligibility requirements for a Shares Class into Shares of another Share Class available for such investor.

The Fund reserves the right to require the investor to indemnify the Fund against any losses, costs or expenses arising as a result of any Shares being held by, on behalf or for the account or benefit of, a Prohibited Person or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. The Fund may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

### **8.11 Prevention of money laundering**

The Administrator may request such identification documents as they deem necessary in order to comply with the laws of Luxembourg relating to anti-money laundering and fight against the financing of terrorism. In the case of doubt as to the investor's identity, or in the absence of sufficient information to enable the Administrator to ascertain such identity, they may request further information and/or documents to enable them to ascertain with certainty such identity. If the investor refuses or fails to provide the requested information and/or documents, the Administrator may refuse to enter, or delay the entry of, the investor's details on the Fund's share register or terminate the business relationship. Any such information provided to the Administrator is collected for anti-money laundering compliance purposes only.

In addition, the Administrator are under an obligation to identify the origin of the monies received from a financial institution unless such financial institution is subject to an obligatory identification procedure equivalent to that required under Luxembourg law and the rules of the Financial Action Task Force ("**FATF**"). Any subscriptions may be temporarily suspended until the Administrator have properly identified the source of the monies.

The financial regulatory authorities of those countries which have ratified the recommendations of the FATF are generally deemed to impose on the professionals of the financial sector subject to their supervision a client identification obligation equivalent to that required under Luxembourg law.

## **9. VALUATION AND NET ASSET VALUE CALCULATION**

The Net Asset Value of each Sub-Fund and Share Class is determined by performing a valuation of the assets and liabilities of the Fund and allocating them to the Sub-Funds and Share Classes, in order to calculate the Net Asset Value per Share of each Share Class of each Sub-Fund. The method for the valuation of the assets and liabilities, the allocation to the Sub-Funds and Share Classes, and the calculation of the Net Asset Value is set out in the Articles of Association, and is also described in this Section 9 of the Prospectus.

### **9.1 Calculation of the Net Asset Value**

The Net Asset Value per Share shall be determined by the Administrator as of each Valuation Day (as specified for each Sub-Fund in the Supplement) and, in any event, at least twice every calendar month. It shall be calculated by dividing the Net Asset Value of the Share Class of a Sub-Fund by the total number of Shares of such Share Class in issue as of that Valuation Day. The Net Asset Value per Share shall be expressed in the Reference Currency of the Share Class and may be rounded down to four (4) decimal places. The Net Asset Value is calculated and published on the Business Day following the Valuation Day (the “**NAV Publication Date**”), on the basis of the prices available on the relevant Valuation Day.

The Net Asset Value of a Share Class is equal to the value of the assets allocated to such Share Class within a Sub-Fund less the value of the liabilities allocated to such Share Class, both being calculated as of each Valuation Day according to the valuation procedure described below.

The Net Asset Value of a Sub-Fund is equal to the value of the assets allocated to such Sub-Fund less the value of the liabilities allocated to such Sub-Fund, both calculated as of each Valuation Day in the Reference Currency of the Sub-Fund according to the valuation procedure described below.

The Net Asset Value of the Fund will at all times be equal to the sum of the Net Asset Values of all Sub-Funds expressed in the Reference Currency of the Fund. The Net Asset Value of the Fund must at all times be at least equal to the minimum share capital required by the 2010 Law which is currently the equivalent in the Reference Currency of the Fund of EUR 1,250,000, except during the first six (6) months after the approval of the Fund by the CSSF.

### **9.2 Valuation procedure**

#### **9.2.1 General**

The assets and liabilities of the Fund will be valued in accordance with the Articles of Association and the provisions outlined below.

The Net Asset Value of the Shares in all Sub-Funds is calculated in the currency of the respective Sub-Fund. The Sub-Fund's Share value is calculated by dividing the respective net Sub-Fund assets (Sub-Fund assets less existing liabilities) by the number of the Shares in the Sub-Fund in circulation on the Valuation Day. When calculating the share value, share fractions are rounded off to four (4) decimal places. In this process, the assets included in the Sub-Fund are valued according to the valuation rules laid out below.

The value of the assets of the Fund shall be determined as follows:

- A. Transferable securities and money market instruments which are quoted, listed or traded on an exchange or regulated market will be valued, unless otherwise provided below, at the last available market price or quotation prior to the time of valuation on the primary exchange on which such securities trade, provided that fixed income securities shall be valued on the basis of independent reputable pricing sources including composite valuation approaches and methodologies. Transferable securities and money market instruments for which the above market prices, quotations or sources are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, will be valued at their fair value estimated with care and in good faith as further outlined below.
- B. The value of any Transferable Security which is not quoted, listed or dealt in on a regulated market or which is so quoted, listed or dealt in but for which no such quotation or value is available or the available quotation or value is not representative shall be the fair value as estimated with care and good faith either by (i) the directors or (ii) the Valuation Committee or (iii) a competent person, firm or corporation selected and approved by the directors.
- C. The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest/profit accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after a decision by the directors making such discount as may be considered appropriate in such case to reflect the true value thereof.
- D. Derivative contracts traded on a regulated market shall be valued at the settlement price on the relevant market and in line with paragraph A) above. If the settlement price is not available, the fair value shall be estimated with care and in good faith either by (i) the directors or (ii) the Valuation Committee or (iii) a competent person, firm or corporation selected and approved by the directors. Derivative contracts which are traded 'over-the-counter' will be valued at each Valuation Date either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the directors and the depositary and who is independent of the counterparty; (ii) using an alternative valuation provided by a competent person selected and approved by the Directors (the "**Alternative Valuation**"). Where such Alternative Valuation method is used the Fund will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as the International Organisation of Securities Commissions or the Alternative Investment Management Association and will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise, these will be promptly investigated and explained.
- E. Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts as mentioned in paragraph D) above.
- F. Units in collective investment schemes shall be valued at the latest available net asset value per unit as published by the relevant collective investment scheme or, if listed or traded on a regulated market, in accordance with paragraph A) above.
- G. Any value (whether of a security, derivative or cash) denominated other than in Euros will be converted into Euros as of the close of business on the relevant Valuation Day

and WM Reuters or Bloomberg Terminal 'closing' quotes as of 16:00 GMT London will be used.

- H. Where the value of any investment is not ascertainable as described above, the value shall be the fair value estimated with care and in good faith either by (i) the directors; or (ii) the Valuation Committee; or (iii) by a competent person selected and approved for the purpose by the directors.
- I. The directors may adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.

In calculating the Net Asset Value of each Sub-Fund, the following principles will apply:

- A. In determining the value of investments of each Sub-Fund the Board of Directors may at their discretion instead value the investments of each Sub-Fund (i) at lowest market dealing bid prices where on any Valuation Day the value of all redemption requests received exceeds the value of all applications for Shares received for that Valuation Day or at highest market dealing offer prices where on any Valuation Day the value of all applications for Shares received for that Valuation Day exceeds the value of all redemption requests received for that Valuation Day, in each case in order to preserve the value of the Shares held by existing Shareholders; or (ii) at bid and offer prices, where a fund is dual priced and bid and offer value is used to determine the price at which Shares are issued and redeemed.
- B. Every Share agreed to be issued by the Board of Directors with respect to each Subscription Day shall be deemed to be in issue as of that Subscription Day and the assets of the Sub-Fund shall be deemed to include not only cash and property in the hands of the Depositary but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting therefrom (in the case of Shares agreed to be issued for cash) or providing for preliminary charges.
- C. Where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Board of Directors have reason to believe such purchase or sale will not be completed.
- D. Taxation recoverable shall only be recognised when the refund is received or when it is virtually certain that the refund shall be received.
- E. There shall be added to the assets of the relevant Sub-Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses.
- F. There shall be deducted from the assets of the Sub-Fund:
  - (1) the total amount of any actual or estimated liabilities properly payable out of the assets of the Sub-Fund including any and all outstanding borrowings of the Sub-Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected

expenses as the Board of Directors consider fair and reasonable as of the relevant Valuation Day;

- (2) such sum in respect of tax (if any) on income or capital gains realised on the investments of the Fund or Sub-Fund as in the estimate of the Directors will become payable;
- (3) the amount (if any) of any distribution declared but not distributed in respect thereof;
- (4) the remuneration of the Administrator, the Depositary, the Management Company, the Investment Manager (if any), any Distributor or Sub-Distributor and any other providers of services to the Sub-Fund accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
- (5) the total amount (whether actual or estimated by the Board of Directors) of any other liabilities properly payable out of the assets of the Sub-Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Day;
- (6) an amount as of the relevant Valuation Day representing the projected liability of the Sub-Fund in respect of costs and expenses to be incurred by the Sub-Fund in the event of a subsequent liquidation;
- (7) an amount as of the relevant Valuation Day representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the Sub-Fund or Class of Shares; and
- (8) any other liability which may properly be deducted.

The Board of Directors may at their discretion permit any other method of valuation to be used if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good practice.

In the absence of fraud, bad faith, gross negligence or manifest error, every decision taken by the Board of Directors or any committee of the Board of Directors or any duly authorised person on behalf of the Fund in calculating the Net Asset Value of a Class of Shares or the Net Asset Value per Share shall be final and binding on the Fund and on present, past or future Shareholders, subject to the Articles of Association.

The Management Company has delegated to the Administrator the day to day responsibility.

### **9.3 Publication of the Net Asset Value**

The publication of the Net Asset Value will take place on the next Business Day after a Valuation Day unless otherwise provided for in the Supplement. The Net Asset Value per Share of each Share Class within each Sub-Fund will be available, free of charge, from the Administrator during normal business hours.

#### **9.4 Temporary suspension of the Net Asset Value calculation**

The Board of Directors may temporarily suspend the calculation and publication of the Net Asset Value per Share of any Share Class in any Sub-Fund and/or where applicable, the issue, redemption and conversion of Shares of any Share Class in any Sub-Fund in the following cases:

- A) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Regulated Markets on which the Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- B) during the whole or part of any period when circumstances outside the control of the Board of Directors exist as a result of which any disposal or valuation by the Fund of investments of the Sub-Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Fund; or
- C) during the whole or part of any period when any breakdown occurs in the means of communication normally employed in determining the price or value of any of the Fund's investments of the relevant Sub-Fund; or
- D) during the whole or any part of any period when for any reason the price or value of any of the Fund's investments cannot be reasonably, promptly or accurately ascertained; or
- E) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of the Fund or the Sub-Fund being unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Board of Directors, be carried out at normal rates of exchange; or
- F) following a possible decision to merge, liquidate or dissolve the Fund or, if applicable, one or several Sub-Funds; or
- G) following the suspension of the calculation of the net asset value per share/unit, the issue, redemption and/or the conversion at the level of a master fund in which the Sub-Fund invests in its quality as feeder fund of such master fund; or
- H) if any other reason makes it impossible or impracticable to determine the value of a portion of the investments of the Fund or any Sub-Fund; or
- I) if, in exceptional circumstances, the Board of Directors, determine that suspension of the determination of Net Asset Value is in the interest of Shareholders (or Shareholders in that Sub-Fund as appropriate).

Any suspension of valuation of the Net Asset Value of the Fund or a Sub-Fund and the issue, exchange and redemption of Shares in any Share Class shall be notified to Shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-Fund, if

the assets within such other Fund are not affected to the same extent by the same circumstances.

**9.5 NAV Calculation Thresholds**

In accordance with CSSF Circular 02/77, the Fund will apply the following tolerance thresholds in determining the materiality of a NAV calculation error for each Sub-Fund as indicated in the relevant Supplement:

<b>Type of Sub-Fund</b>	<b>Tolerance Threshold</b>
Money market UCIs / cash funds	0.25% of NAV
Bond UCIs	0.50% of NAV
Shares and other financial assets' UCIs	1.00% of NAV
Mixed UCIs	0.50% of NAV

## **10. FEES AND EXPENSES**

Any fees or expenses payable by a Shareholder or out of the assets of the Fund are set out in this Section 10.

### **10.1 Subscription Fee**

Subscriptions for Shares may be subject to a Subscription Fee calculated as specified in the Supplement, where applicable.

### **10.2 Redemption Fee**

Redemptions of Shares may be subject to a Redemption Fee calculated as specified in the Supplement, where applicable. Any Redemption Fee will be paid to the Fund.

### **10.3 Conversion Fee**

Conversions of Shares may be subject to a Conversion Fee calculated as specified in the Supplement, where applicable. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any. Any Conversion Fee will be paid to the Fund.

### **10.4 Contingent Deferred Sales Charge**

Where specified in the Supplement, a Sub-Fund or Share Class may be subject to a Contingent Deferred Sales Charge (“**CDSC**”). In such case, no Subscription Fee, Redemption Fee or Conversion Fee will apply; instead, a CDSC may apply if and when the investor applies for redemption of the Shares within a certain period of time after subscription of such Shares, as specified in the Supplement. Where applicable, the CDSC is calculated by multiplying (a) the percentage indicated for a Sub-Fund or Share Class in the Supplement by (b) the Subscription Price or the lower of the Subscription Price or the Redemption Price as set out in the relevant Supplement for the Shares redeemed. If an investor has placed multiple subscription orders over time, for the purpose of calculating the CDSC the investors will be deemed to sell the Shares in chronological order starting with the Shares first acquired. The holding period for the purpose of calculating the CDSC applicable to Shares acquired by way of conversion will be deemed to start on the date of subscription to the Original Shares, and the CDSC for such Shares will be the higher of the CDSC applicable to the Original Shares and the CDSC applicable to the New Shares. There will be no CDSC on Shares acquired by way of reinvested dividends.

Where applicable, an identical Subscription Fee, Redemption Fee, or Conversion Fee or CDSC will apply, respectively, to all subscriptions, redemptions and conversions of Shares in each Share Class processed on the same Subscription Day, Redemption Day or Conversion Day.

Banks and other financial intermediaries appointed by or acting on behalf of the investors, where applicable, may charge administration and/or other fees or commissions to the investors pursuant to arrangements between those banks or other financial intermediaries and the investors. The Fund has no control over such arrangements.

## 10.5 Management Company Fee

The Management Company shall receive an annual fee for its services, the highest of an annual fee of EUR 50,000.00 or a basis point charge calculated from the table below. The fee will be calculated as the average of the month-end Net Asset Value of the previous quarter and invoiced quarterly in arrears:

AUM	BASIS POINTS
Up to EUR 250,000,000.00	Up to 3.5 bps
EUR 250,000,001 to EUR 500,000,000	Up to 3.25 bps
EUR 500,000,001 to EUR 750,000,000	Up to 3.0 bps
750,000,001 to 1,000,000,000	Up to 2.75 bps
1,000,000,001 and onwards	Up to 2.5 bps

The Management Company Fee will be accrued on every Valuation Day

Additional fees may be charged by the Management Company to the relevant Sub-Fund in relation to other ancillary services, as may be agreed from time to time. In addition, the Management Company shall be entitled to receive from the Fund reimbursement for its reasonable cash disbursements, included but not limited to reasonable out-of-pocket expenses, incurred in the performance of its duties.

The Management Company Fee shall be part of the Operating and Administrative Expenses detailed below.

The Management Company Fee will be paid out of the assets of the relevant Sub-Fund.

## 10.6 Performance Fee

The Investment Manager may also be entitled to receive a Performance Fee from the Fund, the details of which are set out in the relevant Supplement for each Sub-Fund.

## 10.7 Depositary's Fees

The Fund shall, in respect of each Sub-Fund, pay to the Depositary an annual fee, which shall be part of the Operating and Administrative Expenses detailed below. The Depositary fee will accrue on each Valuation Day and will be payable quarterly out of the assets of the Fund. The Depositary will also be entitled to transaction fees charged on the basis of the investments made by each Sub-Fund consistent with market practice in Luxembourg. Fees paid to the Depositary may vary depending on the nature of the investments of each Sub-Fund and the countries and/or markets in which the investments are made. The Depositary will also be

entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

#### **10.8 Administrator's Fees**

The Fund shall, in respect of each Sub-Fund, pay to the Administrator an annual fee, which shall be part of the Operating and Administrative Expenses detailed below. The annual fee will be subject to a minimum flat fee per Sub-Fund. The Administrator fee will accrue on each Valuation Day and will be payable monthly in arrears out of the assets of the Fund and allocated to each Sub-Fund and Share Class. The Administrator will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

#### **10.9 Investment Manager's Fees**

The Investment Manager(s) shall receive an annual fee for its services as set out in the relevant Supplement for each Sub-Fund.

#### **10.10 Directors' fees and expenses**

The members of the Board of Directors are entitled to receive a fee in consideration for their function. The Fund will also reimburse the members of the Board of Directors for appropriate insurance coverage and expenses and other costs incurred by the members of the Board of Directors in the performance of their duties, including reasonable out-of-pocket expenses, traveling costs incurred to attend meetings of the Board of Directors, and any costs of legal proceedings unless such costs are caused by intentional or grossly negligent conduct by the member of the Board of Directors in question. The Fund may also pay fees and expenses to members of any committee established by the Board of Directors, where applicable.

#### **10.11 Operating and Administrative Expenses**

The Fund bears all ordinary costs and expenses incurred in the operation and administration of the Fund or any Sub-Fund or Share Class ("**Operating and Administrative Expenses**") including, but not limited to costs and expenses incurred in connection with:

- 1) preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a Sub-Fund or Share Class that are required by applicable laws and regulations (such as the Articles of Association, this Prospectus, key investor information documents, financial reports and notices to investors) or any other documents and materials made available to investors (such as explanatory memoranda, statements, reports, factsheets and similar documents);
- 2) organising and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders;
- 3) professional advisory services (such legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company or the Investment Manager on behalf of the Fund;
- 4) investment services taken and/or data obtained by the Fund or the Management Company on behalf of the Fund (including fees and expenses incurred in obtaining investment research, systems and other services or data utilised for portfolio and risk management purposes);

- 5) fees payable to the Management Company, the Investment Manager, the Depositary and the Administrator;
- 6) the authorisation of the Fund, the Sub-Funds and Share Classes, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors;
- 7) initial and ongoing obligations relating to the registration and/or listing of the Fund, a Sub-Fund or Share Class and the distribution of Shares in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, distributors, correspondent banks, representatives, listing agents, paying agents, fund platforms, and other agents and/or service providers appointed in this context, as well as advisory, legal, and translation costs);
- 8) the determination and publication of tax factors for the EU/EEA Member States and/or any other countries where distribution licences and/or private placements exist, according to the actual expenditure incurred at market rates;
- 9) taxes, charges and duties payable to governments and local authorities (including the Luxembourg annual subscription tax (*taxe d'abonnement*) and any other taxes payable on assets, income or expenses) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund; and
- 10) the reorganisation or liquidation of the Fund, a Sub-Fund or Share Class.

#### **10.12 Allocation of Assets, Charges and Expenses**

All fees, duties, charges and expenses are charged to the relevant Sub-Fund in which they were incurred.

#### **10.13 Transaction costs**

Each Sub-Fund bears the costs and expenses arising from buying and selling portfolio assets and entering into other transactions in securities or other financial instruments, such as brokerage fees and commissions and all other fees, expenses, commissions, charges, premiums and interest paid to banks, brokers, execution agents or securities lending agents and/or incurred in participating in any securities lending, repurchase and buy-sell back programs, collateral management fees and associated costs and charges, exchange fees, taxes, levies and stamp duties chargeable in connection with transactions in securities or other financial, and any other transaction-related expenses approved by the Fund.

#### **10.14 Extraordinary costs and expenses**

In order to safeguard the interests of the Fund and its investors, the Fund or any Sub-Fund may bear any extraordinary costs and expenses including, without limitation, costs and expenses related to litigation and regulatory investigations (including penalties, fines, damages and indemnifications) and the full amount of any tax, levy, duty or similar charge imposed on the Fund or Sub-Fund that would not be considered as ordinary Operating and Administrative Expenses.

### **10.15 Formation costs and expenses**

The costs and expenses incurred in connection with the continuation of the Fund from Malta to Luxembourg have been paid for by Praude Asset Management Ltd. The formation costs and expenses of each new Sub-Fund will be borne by such Sub-Fund and may be amortised over a period of up to five (5) years. New Sub-Funds created after the incorporation and launch of the Fund will not participate in the non-amortised formation costs and expenses of the Fund.

## **11. GENERAL INFORMATION**

### **11.1 Reports and financial statements**

The financial statements of the Fund will be prepared in accordance with Luxembourg GAAP.

The financial year of the Fund will begin on 1 September of each year and end on 31 August of the following year. Each year, the Fund will issue an Annual Report as of the end of the previous financial year comprising, *inter alia*, the audited financial statements of the Fund and each Sub-Fund and a report of the Board of Directors on the activities of the Fund.

The Annual Report shall be made available to investors within four (4) months following the end of the reporting period and the Semi-Annual Report will be made available to investors within two (2) months following the end of the reporting period. Investors may obtain, upon request, a copy of the latest financial reports from the Management Company free of charge on <https://www.waystone.com>.

The Reference Currency of the Fund is the Euro. The Annual Report will comprise consolidated accounts of the Fund expressed in Euro as well as individual information on each Sub-Fund expressed in the Reference Currency of such Sub-Fund.

### **11.2 Meetings of shareholders**

The annual general meeting of shareholders will be held within four (4) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Other general meetings of shareholders may be held at such place and time as indicated in the convening notice in order to decide on any other matters relating to the Fund. General meetings of shareholders of any Sub-Fund or any Share Class within a Sub-Fund may be held at such time and place as indicated in the convening notice in order to decide on any matters which relate exclusively to such Sub-Fund or Share Class.

If all Shares are in registered form, Shareholders may be convened to general meetings by registered mail at least eight (8) calendar days prior to the meeting or if the addressees have individually accepted, in the Subscription Form, to receive the convening notices by another means of communication ensuring access to the information, such as electronic means, by such means of communication. Notices will include the agenda and will specify the time and place of the meeting, the conditions of admission, and the quorum and voting requirements.

The requirements as to attendance, quorum, and majorities at all general meetings will be those laid down in the Articles of Association and in the 1915 Law. All shareholders may attend general meetings in person or by appointing another person as his proxy in writing or by facsimile, electronic mail or any other similar means of communication accepted by the Fund. A single person may represent several or even all shareholders of the Fund, a Sub-Fund or Share Class. Each Share entitles the shareholder to one (1) vote at all general meetings of shareholders of the Fund, and at all meetings of the Sub-Fund or Share Class concerned to the extent that such Share is a Share of such Sub-Fund or Share Class.

Shareholders holding together at least ten percent (10%) of the share capital or the voting rights may submit questions in writing to the board of directors relating to transactions in connection with the management of the Fund as well as companies controlled by the Fund, with respect to the latter.

The Board of Directors may suspend the voting rights of any shareholder in breach of his obligations as described in this Prospectus, the Subscription Form or the Articles of Association.

### **11.3 Investors' rights**

Upon the issue of the Shares, the person whose name appears on the register of Shares will become a shareholder of the Fund in relation to the relevant Sub-Fund and Share Class. The Fund draws the investors' attention to the fact that, where an investor invests in the Fund through an intermediary acting in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights, such as the right to participate in general meetings of shareholders, directly against the Fund. Investors are advised to seek advice in relation to their rights.

The Articles of Association are governed by, and construed in accordance with, the laws currently in force in Luxembourg. The Subscription Form is expressed to be governed by, and construed in accordance with, the laws currently in force in Luxembourg, and contains a choice of international competence of the courts of Luxembourg.

There are no legal instruments in Luxembourg required for the recognition and enforcement of judgments rendered by a Luxembourg court. If a foreign, i.e. non-Luxembourg court, on the basis of mandatory domestic provisions, renders a judgment against the Fund, the rules of the Brussels I (Recast) (regarding judgments from EU Member States) or the rules of the Lugano Convention or of the private international law of Luxembourg (regarding judgments from non-EU Member States) concerning the recognition and enforcement of foreign judgments apply. Investors are advised to seek advice, on a case-by-case basis, on the available rules concerning the recognition and enforcement of judgments.

### **11.4 Changes to this Prospectus**

The Board of Directors, in close cooperation with the Management Company, may from time to time amend this Prospectus to reflect various changes it deems necessary and in the best interest of the Fund, such as implementing changes to laws and regulations, changes to a Sub-Fund's objective and policy or changes to fees and costs charged to a Sub-Fund or Share Class. Any amendment of this Prospectus will require approval by the CSSF. In accordance with applicable laws and regulations, investors in the Sub-Fund or Share Class will be informed about the changes and, where required, will be given prior notice of any proposed material changes in order for them to request the redemption of their Shares should they disagree.

### **11.5 Documents available**

Copies of the following documents may be obtained free of charge during the usual business hours on any full bank business day in Luxembourg at the registered office of the Fund:

- (a) The Articles of Association and any amendments thereto;
- (b) The latest Prospectus;

- (c) The latest KIDs;
- (d) The Management Company Agreement between the Fund and the Management Company;
- (e) The Depositary Bank and Principal Paying Agent Agreement between the Fund, the Management Company and the Depositary;
- (f) The Administration Agreement between the Fund, the Management Company and the Administrator;
- (g) The latest Annual Report or Semi-Annual Report and accounts;
- (h) The historical performance of each Sub-Fund; and
- (i) The Management Company's remuneration policy.

## **11.6 Complaints**

Any investor having a complaint to make about the operations of the Fund may file a complaint by writing to the Management Company. Details on the complaints handling procedure may be obtained from the Management Company upon request.

## **11.7 Merger and reorganisation**

### **11.7.1 Merger decided by the Board of Directors**

In the event that for any reason the value of the total net assets of any Sub-Fund has not reached or has decreased to an amount determined by the Board of Directors to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalisation, the Board of Directors may decide to proceed with a merger (as defined by the 2010 Law) of the assets of any Sub-Fund with those of (i) another existing Sub-Fund within the Fund or another sub-fund of another Luxembourg or foreign UCITS (the "**Absorbing Sub-Fund**"), and to re-designate the Shares of the Sub-Fund concerned as Shares of the Absorbing Sub-Fund.

In case the Sub-Fund involved in a merger is the absorbing sub-fund, the Board of Directors will decide on the effective date of the merger it has initiated.

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

### **11.7.2 Mergers decided by the Shareholders**

Notwithstanding the powers conferred to the Board of Directors by the preceding section, a merger (within the meaning of the 2010 Law) of the assets and of the liabilities attributable to the last remaining Sub-Fund of the Fund that will imply that upon the merger the Fund will cease to exist shall be decided upon by a general meeting of the Shareholders.

### **11.7.3 Absorption of another UCI by the Fund or a Sub-Fund**

The Fund may absorb another Luxembourg or foreign UCI (other than a UCITS) incorporated under a corporate form in compliance with the 1915 Law and any other applicable laws and regulations.

The Board of Directors may also decide to proceed, in accordance with applicable laws and regulations, with the absorption by the Fund or one or several Sub-Funds, including by way of merger or by acceptance of a contribution in kind, of a Luxembourg or foreign UCI (other than a UCITS) constituted under a non-corporate form, or one or several sub-funds of another Luxembourg or a foreign UCI (other than a UCITS) irrespective of its legal form.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of the Fund or any Sub-Fund, as applicable, may also decide on any of the absorptions described above as well as on the effective date thereof by resolution taken by the general meeting of shareholders of the Fund or Sub-Fund. The convening notice will explain the reasons for and the process of the proposed absorption.

### **11.7.4 Reorganisation of Share Classes**

The Board of Directors may decide to reorganise Share Classes, as further described below, in the event that, for any reason, the Board of Directors determines that:

- (i) the Net Asset Value of a Share Class has decreased to, or has not reached, the minimum level for that Share Class to be operated in an efficient manner;
- (ii) changes in the legal, economic or political environment would justify such reorganisation; or
- (iii) a product rationalisation would justify such reorganisation.

In such a case, the Board of Directors may decide to re-allocate the assets and liabilities of any Share Class to those of one or several other Share Classes, and to re-designate the Shares of the Share Class concerned as Shares of such other Share Class or Share Classes (following a split or consolidation of Shares, if necessary, and the payment to investors of the amount corresponding to any fractional entitlement).

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, investors may also decide on such reorganisation by resolution taken by the general meeting of shareholders of the Share Classes. The convening notice will explain the reasons for and the process of the proposed reorganisation.

Investors will be informed of the reorganisation by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed. The notice will explain the reasons for and the process of the reorganisation.

## **11.8 Liquidation**

### **11.8.1 Closure of Sub-Funds or Share Classes decided by the Board of Directors**

The Board of Directors may decide to compulsorily redeem all the Shares of any Sub-Fund or Share Class and thereby terminate and liquidate any Sub-Fund or Share Class in the event that, for any reason, the Board of Directors determines that:

- (i) the Net Asset Value of a Sub-Fund or Share Class has decreased to, or has not reached, the minimum level for that Sub-Fund or Share Class to be operated in an efficient manner;
- (ii) changes in the legal, economic or political environment would justify such liquidation; or
- (iii) a product rationalisation would justify such liquidation.

Investors will be informed of the decision to terminate a Sub-Fund or Share Class by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed. The notice will explain the reasons for and the process of the termination and liquidation. Unless it is otherwise decided in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Share Class or the Sub-Fund concerned may continue to request redemption or conversion of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

### **11.8.2 Closure of Sub-Funds or Share Classes decided by the Shareholders**

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the Shareholders of any Sub-Fund or Share Class, as applicable, may also decide on such termination by resolution taken by the general meeting of shareholders of the Sub-Fund or Share Class and have the Fund redeem compulsorily all the Shares of the Sub-Fund or Share Class at the Net Asset Value per Share for the applicable Valuation Day. The convening notice will explain the reasons for and the process of the proposed termination and liquidation. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting.

### **11.8.3 Consequences of the closure**

Sub-Funds or Share Classes with a defined term will be automatically terminated and liquidated upon the occurrence of their term, as set out in the Supplement where applicable, unless terminated earlier in accordance with the provisions of this Section 11.8.3.

Actual realisation prices of investments, realisation expenses and liquidation costs will be taken into account in calculating the Net Asset Value applicable to the compulsory redemption. Investors in the Sub-Fund or Share Class concerned will generally be authorised to continue requesting the redemption or conversion of their Shares prior to the effective date of the compulsory redemption, unless the Board of Directors determines that it would not be in the best interest of investors in that Sub-Fund or Share Class or could jeopardise the fair treatment of investors.

All Shares redeemed will generally be cancelled. Redemption proceeds which have not been claimed by investors upon the compulsory redemption will be deposited in escrow at the *Caisse de Consignation* in Luxembourg in accordance with applicable laws and regulations. Proceeds not claimed within the statutory period will be forfeited in accordance with applicable laws and regulations.

The termination and liquidation of a Sub-Fund or Share Class will have no influence on the existence of any other Sub-Fund or Share Class. The decision to terminate and liquidate the last Sub-Fund existing in the Fund will result in the dissolution and liquidation of the Fund as described in Section 11.8.4 below.

#### **11.8.4 Dissolution and liquidation of the Fund**

The Fund may be dissolved at any time by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements applicable for amendments to the Articles of Association.

Whenever the share capital falls below two-thirds of the minimum capital indicated in the Articles of Association, the question of the dissolution of the Fund shall be referred to a general meeting of Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of Shareholders whenever the share capital falls below one quarter of the minimum capital set by the Articles of Association; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one quarter of the Shares represented at the meeting.

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

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, duly approved by the CSSF and appointed by the general meeting of Shareholders that shall determine their powers and their compensation.

The net proceeds of liquidation of each Sub-Fund shall be distributed by the liquidators to the holders of Shares of each Class of the relevant Sub-Fund in proportion to their holding of such Share Class.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of Luxembourg law. Such law specifies the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provides for a deposit in escrow at the "*Caisse de Consignation*" at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

## 12. TAXATION

The following information is of a general nature only and is based on the Fund's understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this Prospectus. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Shares and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to investors. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective investors should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), personal income tax (*impôt sur le revenu*), as well as a temporary equalisation tax (*impôt d'équilibrage budgétaire temporaire*). Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate tax-payers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the temporary equalisation tax. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### 12.1 Taxation of the Fund

#### 12.1.1 Subscription Tax

The Fund is as a rule liable in Luxembourg to a subscription tax ("**taxe d'abonnement**") of 0.05% per annum of its net asset value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Fund at the end of the relevant calendar quarter.

A reduced subscription tax rate of 0.01% per annum is applicable to Luxembourg UCITS whose exclusive object is the collective investment in Money Market Instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to UCITS individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more Institutional Investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCIs, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to the part II of the 2010 Law qualifying as exchange traded funds, and (v) UCIs and individual compartments

thereof with multiple compartments whose main objective is the investment in microfinance institutions.

### **12.1.2 Withholding Tax**

Under current Luxembourg tax law, there is no withholding tax on any distribution, redemption or payment made by the Fund to its investors under the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the investors.

### **12.1.3 Income Tax**

Under current law and practice, the Fund is not liable to any Luxembourg income tax.

### **12.1.4 Value Added Tax**

In Luxembourg, regulated investment funds such as SICAVs have the status of taxable persons for value added tax (“**VAT**”) purposes. Accordingly, the Fund is considered as a taxable person for VAT purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Fund could potentially trigger VAT and require a VAT registration in Luxembourg. As a result of such VAT registration, the Fund will be in a position to fulfil their duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Fund to its investors to the extent such payments are linked to their subscription to Shares and do not constitute the consideration received for taxable services supplied.

## **12.2 Taxation of the investors**

### **12.2.1 Luxembourg Tax Residency**

An investor will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of the Shares or the execution, performance or enforcement of his/her rights thereunder.

### **12.2.2 Income Tax**

#### **12.2.2.1 Luxembourg resident investors**

A Luxembourg resident investor is not liable to any Luxembourg income tax on reimbursement of share capital previously contributed to the Fund.

#### *Luxembourg resident individuals*

Dividends and other payments derived from the Shares by a resident individual investor, who acts in the course of the management of either his/her private wealth or his/ her professional/business activity, are subject to income tax at the ordinary progressive rates.

Capital gains realized upon the disposal of the Shares by a resident individual investor, who acts in the course of the management of his/her 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 and are thus subject to income tax at ordinary rates if the Shares are disposed of within 6 months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual investor holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the 5 years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of. An investor is also deemed to alienate a substantial participation if he acquired free of charge, within the 5 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). Capital gains realized on a substantial participation more than 6 months after the acquisition thereof are taxed 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 realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of the Shares by a resident individual investor, who acts in the course of the management of his/her 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.

#### *Luxembourg resident companies*

A Luxembourg resident company (“**société de capitaux**”) must include any profits derived, as well as any gain realized on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes.

#### *Luxembourg residents benefitting from a special tax regime*

Investors who are Luxembourg resident companies benefitting from a special tax regime, such as (i) UCIs governed by the Law of 2010, (ii) specialized investment funds governed by the amended law of 13 February 2007 and (iii) family wealth management companies governed by the amended law of 11 May 2007, are income tax exempt entities in Luxembourg, and profits derived from the Shares are thus not subject to Luxembourg income tax.

#### **12.2.2.2 Luxembourg non-resident investors**

A non-resident, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, is not liable to any Luxembourg income tax on income received and capital gains realized upon the sale, disposal or redemption of the Shares.

A non-resident company which has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, must include any income received, as well as any gain realized on the sale, disposal or redemption of Shares, in its taxable income for Luxembourg tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

### 12.2.3 Net Worth Tax

A Luxembourg resident, as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net worth tax on such Shares, except if the investor is (i) a resident or non-resident individual taxpayer, (ii) an UCI governed by the Law of 2010, (iii) a securitization company governed by the amended law of 22 March 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a professional pension institution governed by the amended law dated 13 July 2005, (vi) a specialised investment fund governed by the amended law of 13 February 2007 or (vii) a family wealth management company governed by the law of 11 May 2007. However, (i) a securitization company governed by the amended law of 22 March 2004 on securitization, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles and (iii) a professional pension institution governed by the amended law dated 13 July 2005 remain subject to the minimum net worth tax in Luxembourg.

### 12.2.4 Other Taxes

Under Luxembourg tax law, where an individual investor is a resident of Luxembourg for 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 an investor in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the Shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

## 12.3 FATCA

FATCA, a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US (foreign financial institutions or FFIs) to pass information about "**Financial Accounts**" held by "**Specified US Persons**", directly or indirectly, to the US tax authorities, the Internal Revenue Service (IRS) on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into the IGA with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with such IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "**FATCA Law**") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the IGA, the Fund may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes ("**FATCA reportable accounts**"). Any such information on FATCA reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and the IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable

to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

The Fund is a Luxembourg reporting financial institution under FATCA and the IGA, as such the Fund shall register, obtain a global intermediary identification number and report to the relevant tax authority.

Any investor that fails to comply with the Fund's documentation requests may be charged with any taxes imposed on the Fund attributable to such investor's failure to provide the information and the Fund may, in their sole discretion, redeem the Shares of such investor.

Investors who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime.

Investors should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

#### **12.4 Exchange of Information**

Capitalized terms used in this Section 12.4 should have the meaning as set forth in the CRS Law, unless provided otherwise herein.

On 9 December 2014, the Council of the European Union adopted the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between Member States ("**DAC Directive**"). The adoption of the aforementioned directive implements the CRS and generalizes the automatic exchange of information within the European Union as of 1 January 2016.

On 5 June 2018, the latest amendment to the Directive on Administrative Cooperation including a new set of rules on Mandatory Disclosure of Cross-border Tax Arrangements by EU intermediaries ("**DAC 6**") was published in the EU official journal. DAC 6 provides for a mandatory disclosure of certain cross-border arrangements by intermediaries or relevant taxpayers to the tax authorities and mandates automatic exchange of this information among EU member states. As a result, intermediaries (not benefitting from an exemption) which assist or take part in their clients' cross border tax arrangements may be obliged to report these arrangements to their tax authorities. The arrangement should be reported within thirty (30) days beginning on the day after the arrangement is made available by the intermediary to the taxpayer or is ready for implementation or when the first step of such arrangement has been made (whichever occurs first).

In light of the broad scope of DAC 6, transactions carried out by the Fund may fall within the scope of DAC 6 and thus be reportable (subject however to the way DAC 6 will be implemented into national laws).

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. The CRS Law implements this Multilateral Agreement, jointly with the DAC Directive introducing the CRS in Luxembourg law.

Under the terms of the CRS Law, the Fund may be required to annually report to the LTA, the name, address, Member State(s) of residence, TIN(s), as well as the date and place of birth of i) each Reportable Person that is an Account Holder within the meaning of CRS Law, ii) and, in the case of a Passive NFE within the meaning of the CRS Law, of each Controlling Person(s) that is a Reportable Person. Such information may be disclosed by the LTA to foreign tax authorities.

Additionally, the Fund is responsible for the processing of personal data and each investor has a right to access the data communicated to the LTA and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with Luxembourg laws.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the information, including information regarding direct or indirect owners of each investor, along with the required supporting documentary evidence. Upon request of the Fund, each investor shall agree to provide the Fund such information,

Although the Fund will attempt to satisfy any obligation imposed on it to avoid any taxes or penalties imposed by the CRS Law, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a tax or penalty as result of the CRS Law, the value of the Interest held by the investors may suffer material losses.

Any investor that fails to comply with the Fund's documentation requests may be charged with any taxes and penalties imposed on the Fund attributable to such investor's failure to provide the information and the Fund may, in its sole discretion, redeem the Interest of such investor.

Investors should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

## **13. ADDITIONAL INFORMATION FOR INVESTORS IN SPECIFIC JURISDICTIONS**

### **13.1 SWITZERLAND**

#### **13.1.1 Representative**

The representative in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, P.O. Box 5070, 8021 Zürich.

#### **13.1.2 Paying Agent**

The Paying Agent in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, P.O. Box 5070, 8021 Zürich.

#### **13.1.3 Location where the relevant documents may be obtained**

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

#### **13.1.4 Publications**

Publications in respect of the Fund will be made in Switzerland on the electronic platform [www.fundinfo.com](http://www.fundinfo.com).

Each time units are issued or redeemed, the issue and the redemption prices or the net asset value (NAV) together with a reference stating “excluding commissions” must be published on the electronic platform [www.fundinfo.com](http://www.fundinfo.com).

Prices must be published at least twice per month.

#### **13.1.5 Payment of Retrocessions and Rebates**

The Fund and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

##### *Marketing*

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.

In the case of distribution activity in or from Switzerland, the Fund and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

- they are paid from fees received by the Investment Manager and therefore do not represent an additional charge on the fund assets;
- they are granted on the basis of objective criteria; and
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Fund are as follows:

- the volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period); and
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Investment Manager must disclose the amounts of such rebates free of charge.

#### **13.1.6 Place of performance and jurisdiction**

In relation to the Shares distributed in and from Switzerland, the place of execution and jurisdiction shall be the registered office of the representative as set out above in section 13.1.1

## SUPPLEMENT 1 – HERMES LINDER FUND SICAV – HERMES LINDER FUND (“HERMES”)

### 1. Reference currency

The Reference Currency of Hermes is Euro.

### 2. Investment objective

The Investment Objective of Hermes is to achieve long-term appreciation principally through value investing mainly in the major equity markets. There is no guarantee that Hermes will achieve its investment objectives.

Hermes may also retain amounts in cash or cash equivalents if it is considered appropriate to achieve the investment objective, including, without limitation, during portfolio rebalancing.

### 3. Investment policy and specific restrictions

#### 3.1 General

Hermes will achieve its investment objective by investing most of its assets in securities quoted on major exchanges. These may include investments in equities, fixed income (including government bonds, up to 10% in contingent convertible securities, and excluding distressed and defaulted securities), exchange traded funds, UCITS and other UCIs in accordance with article 41(1)(e) of the 2010 Law.

On the equity side, Hermes may invest up to 10% of Hermes's net assets in shares of special purpose acquisition companies (“**SPACs**”). Investments in SPACs shall qualify, at all times, as transferable securities within the meaning of article 1 (34) and article 41 of the 2010 Law and article 2 of the Grand Ducal regulation of 8 February 2008, relating to certain definitions of the amended law of 20 December 2002 on undertakings for collective investment and implementing Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions and as further clarified by the CESR'S Guidelines concerning eligible assets for investment by UCITS of March 2007, as amended.

Hermes may also invest in common stocks, preferred stocks, warrants, shares issued by companies active in the real estate sector or in closed-ended real estate investment trusts (“**REITs**”). Hermes may only hold securities issued by REITs that are eligible under article 41(1) of the 2010 Law and based on the investment restrictions detailed in Section 6.2 of this Prospectus.

The Investment Manager employs an active bottom-up style of management by researching, studying and selecting individual stocks based on the principles of value investing with a specific focus on (but not limited to) small and mid-cap European listed equities. Hermes is not referenced to any benchmark and does not have any target geographical or industrial sectors.

The Investment Manager may use financial derivative instruments for investment purposes and for the purposes of efficient portfolio management, to take indirectly exposure in equities and other transferable securities giving or capable of giving, directly or indirectly, access to capital or voting rights, traded on Eurozone and/or international markets such as North America, provided that such investment will be made in accordance with the investment

restrictions and limits set out in the general part of the Prospectus and this Supplement. Financial derivative instruments utilised by Hermes may include, but are not limited to, exchange listed futures, exchange listed options and FX Forwards amongst other financial derivative instruments. This action carries risks for the possibility that the coverage is not perfect and for the leverage involved.

Hermes may also invest in other liquid financial assets such as term deposits and money market instruments in order to achieve its investment goals, for treasury purposes or in case of unfavourable market conditions.

Hermes is not subject to any other investment restrictions other than the ones indicated in Section 6 of the General Part of the Prospectus.

### 3.2 Use of financial derivative instruments

Hermes will use financial derivatives instruments for investment or hedging purposes.

Hermes may engage into equity options, bond options, currency options, interest rate options, equity futures, bond futures, interest rate futures, and forward options, among others.

These derivative transactions will be done through brokers.

Hermes may ensure that its total commitment arising from financial derivative instruments does not exceed 100% of its net assets.

### 3.3 Securities financing transactions and total return swaps

Hermes will not engage into any securities lending and /or repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.

Furthermore, Hermes will not engage into buy-sell back transaction, margin lending transaction and total return swap.

### 3.4 Environmental, Social and Governance issues (ESG)

The Investment Manager and the Management Company do not actively take investment decisions based on sustainability risks and do not actively consider the adverse impacts of sustainability risks on the returns of the Shareholders for the Sub-Fund. Yet, the Investment Manager does not invest or invests limitedly in certain sectors or companies whose products, services or activities could be considered contrary to the current trends regarding the promotion of ESG criteria.

The strategy of the Sub-Fund to invest in small to mid-sized companies is one of the contributing factors as to why sustainability risks can currently not be actively considered as there is a lack of information in relation to such small and mid-sized companies provided by ESG data providers.

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

The Investment Manager intends to consider the principal adverse impacts of investment decisions on sustainability factors once there is more data available. Unfortunately, data available is still very limited, particularly for small and mid-sized companies. Nonetheless, the Investment Manager in an effort to identify ESG factors and any related sustainability risks, carries out an analysis on the ESG scoring of the portfolio companies of the Sub-Fund.

Moreover, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

#### **4. Investment Manager**

The Management Company has appointed Praude Asset Management Ltd as the investment manager who shall be responsible for the day-to-day portfolio management of Hermes Linder Fund SICAV – Hermes Linder Fund’s portfolio of assets.

Praude Asset Management Ltd is a UCITS management company with the discretionary portfolio management mandate extended licence, incorporated in Malta with the legal form of a limited liability company, duly authorised and registered with the Malta Financial Services Authority.

Praude Asset Management Ltd has been incorporated on 3 December 2009 as a limited liability company under Maltese law and is registered with the Malta Business Register under company registration number C48324. Its registered address is at Level 14, Portomaso Business Tower, Portomaso, St Julians STJ4011, Malta. Its fully paid-up share capital as at 31 December 2023 amounted to two hundred thousand Euros (EUR 200,000). The names and legal documents of all funds managed are available on the [website.com.mt](http://website.com.mt).

#### **5. Risk measurement**

Hermes applies the commitment approach method to calculate its global exposure.

#### **6. Classes of Shares**

Hermes offers the following Classes of Shares:

- Class AR Shares (Capitalisation): Shares denominated in EUR which will accumulate the income of Hermes, do not offer distribution rights and are available to retail investors;
- Class AI Shares (Capitalisation): Shares denominated in EUR which will accumulate the income of Hermes, do not offer distribution rights and are available to institutional investors;
- Class BR Shares (Capitalisation): Shares denominated in EUR which will accumulate the income of Hermes, do not offer distribution rights and are available to retail investors;
- Class BI Shares (Capitalisation): Shares denominated in EUR which will accumulate the income of Hermes, do not offer distribution rights and are available to institutional investors; and
- Class C Shares (Capitalisation): Shares denominated in EUR which will accumulate the income of Hermes and which do not offer distribution rights.

The following are the ISIN Numbers for each class of shares:

<b>Class of Shares</b>	<b>ISIN Number</b>
Class AR Shares	LU2169797615
Class AI Shares	LU2169797706
Class BR Shares	LU2169797961
Class BI Shares	LU2169798001
Class C Shares	LU2169798183

The Shares of Hermes are currently not listed on any stock exchange.

## **7. Investor profile**

The Sub-Fund is available to all investors who want to participate in the opportunities offered by the international equity markets.

Classes AI and BI are intended solely for institutional investors, namely companies and organisations whose object entails the task of managing funds of an important amount, namely professionals of the financial sector such as banks, insurance and re-insurance companies, social security institution and pension funds, big financial and industrial groups and vehicles established to manage funds and important amounts. For the avoidance of doubt, investors that invest via a nominee, whereby the nominee will subscribe to the shares of the Fund on its own name but on behalf of the end investor, the end investor will need to be an institutional investor itself. This will not apply to underlying investors that have provided a discretionary portfolio management mandate to a regulated investment manager or a financial institution that will subscribe or give instructions to subscribe the shares of the Fund on its own name or on the name of another nominee but for the benefit of the end investor when the end-investor cannot have a recourse right (droit de revendication) vis-à-vis the Fund (which right should only belong to the financial institution vis-à-vis the Fund). In this latter case, the institutional investor should be the nominee that subscribes the shares of the Fund.

Classes AR and BR are intended solely for retail investors. Any investor who does not fall within the definition of an institutional investor as outlined above would subscribe for Classes AR and BR.

Class C is intended mainly to institutional investors but may also be eventually offered to retail investors.

The Sub-Fund is suitable for investors wishing to attain defined investment objectives, who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result thereon. The Sub-Fund does not provide a capital guarantee. It can accommodate the investment objective of capital growth, income and/or portfolio diversification.

Please note that such information is provided for reference only and investors should consider their own circumstances, including without limitation, their own risk tolerance level, financial

circumstance, investment objective etc., before making any investment decisions. If in doubt, investors should seek professional advice.

## 8. Specific risks

Investors should carefully review the risk factors set out in Section 7 of the general section of this Prospectus before investing in Hermes.

In addition, Investors should carefully review the following risk factors that are specific to Hermes:

**CoCo bonds risk:** Issuers of contingent convertible securities (CoCo bonds or CoCos) can cancel or suspend scheduled income payments at will. CoCos carry extension risk, and they can be highly volatile. A CoCo bond can be junior not only to other debt obligations but to equity holders as well. It can also lose some or all of its value instantaneously in case of a write-down or if a trigger event occurs; for example, the trigger could be activated either through a loss of capital (numerator) or an increase in risk weighted assets (denominator). Because CoCos are in effect perpetual loans, the principal amount may be paid off on the call date, anytime afterward, or never. CoCos can also have liquidity risk.

There is a risk that volatility or price collapses could spread across issuers and that the CoCos could become illiquid. This risk could be worse depending on the level of underlying instrument arbitrage. In case of conversion into equity, the portfolio manager could be forced to sell any new equity shares if Hermes' investment policy does not permit equities; this could involve liquidity risk. While CoCos tend to offer attractive yields, any assessment of their risk must include not only their credit ratings (which may be below investment grade) but also the other risks associated with CoCos, such as the risk of conversion, coupon cancellation, and liquidity risk.

**Convertible securities risk:** Because convertible securities are structured as bonds that typically can, or must, be repaid with a predefined determined quantity of equity shares, rather than cash, they carry both equity risk and the credit and default risks typical of bonds. Because of their hybrid nature, convertible securities typically are less exposed to the performance and risk of the issuer's stock as well as of the issuer's bonds, meaning it is likely they will underperform one or the other at any given time.

With convertible securities that have the option of repaying principal either in cash or equity securities, repayment will typically be in the form of whichever is worth less at the time of repayment, which could mean that the fund misses out on the benefits of appreciation in the issuer's equities. At the same time, if a convertible security is repaid in the issuer's equities, it is possible that these equities could fall in value before Hermes is able to liquidate them.

**ETF risk:** An ETF may trade below its full value, especially during intra-day trading. In addition, index tracking ETFs may not exactly reflect the underlying index (or benchmark). To lower transaction costs, indexing ETFs will typically hold a smaller set of securities than the underlying index or benchmark. This leads to tracking error, which is typically limited, but over time can lead to an increasing divergence between the ETF and the index or benchmark.

**Small and mid-cap equity risk:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies.

Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long term or

permanent business setbacks. Initial public offerings (IPOs) can be highly volatile and can be hard to evaluate because of a lack of trading history and relative lack of public information.

**Sustainability risk:** The Sub-Fund invests in varied asset classes of primarily securities listed on major exchanges and adopts a value investing approach with a specific focus on (but not limited to) small and mid-cap European listed equities. Such investments may be exposed to, amongst other things, physical climate risks, technological risks, regulatory risks due to changes in ESG related legislation, reputational and liability risks due to non-compliance with internationally recognised norms, principles or new regulations.

**Special Purpose Acquisition Company (SPAC) Risk:** Prior to the acquisition of a target, the SPAC is effectively a cash holding vehicle for a period of time (with defined redemption rights) pre acquisition. The risk profile of the SPAC may change once the SPAC has acquired its target.

Generally, post-acquisition there is a higher volatility in price as the SPAC trades as a listed equity and is subject to Equities risk. The potential target of the SPAC acquisition may not be appropriate for the Sub-Fund or may be voted down by the SPAC shareholders which foregoes the investment opportunity presented post-acquisition. Companies after the SPAC acquisition may be less liquid, more volatile and tend to carry greater financial risk than stocks of larger companies.

**Real Estate Investment Trust (REIT) Risk:** The Sub-Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) through its investment in REITs. Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions.

Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities. The prices of REITs are affected by changes in the value of the underlying property owned by the REITs. Investment in REITs may therefore subject a Fund to risks similar to those from direct ownership of real property. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Further, REITs are dependent upon management skills in managing the underlying properties and generally may not be diversified. In addition, certain "special purpose" REITs in which the Sub-Fund may invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs or warehouse REITs, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REIT or lessees of a property that a REIT owns may be unable to meet their obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that

industry and this may result in their failure to make timely rental payments or to default under the leases. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist. Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs. These factors may have an adverse impact on the value of the Sub-Fund investing in REITs.

For a detailed analysis of the risks, please refer to Section 7 of the Prospectus.

## **9. Valuation**

Every Business Day will be a Valuation Day.

## **10. Subscriptions**

Every Business Day is considered to be a Subscription Day. The Cut-Off Time for subscription applications is 16:00 CET time one Business Day prior to the Subscription Day.

The Subscription Settlement Period shall be:

- the Cut-Off Time for retail Share Classes; and
- three (3) Business Days after the Subscription Day for Share Classes reserved for institutional investors.

Cleared funds equal to the full amount of the Subscription Price must be received by the Fund from the subscriber by the end of the Subscription Settlement Period. As a result, subscriptions are allowed only in terms of the amount being subscribed for and not in terms of the number of shares.

## **11. Redemptions**

Every Business Day is considered to be a Redemption Day. The Cut-Off Time for redemption applications is 16:00 CET time one Business Day prior to the Redemption Day.

## **12. Distribution policy**

All shares are Capitalisation shares and will accumulate all the income of Hermes. Notwithstanding this, the Directors reserve the right to pay dividends at any time if they consider that a payment of a dividend is appropriate.

## **13. Fees and Expenses**

### **Management Company Fee**

The Fund will pay to the Management Company a Management Company Fee as set out in Section 10.5 Management Fee of the general section.

## **Investment Management Fees**

The Fund will pay to the Investment Manager an Investment Management Fee as follows:

- Class AR Shares and Class AI Shares: 1% per annum of the NAV after accruing for any performance fees which may be due by the Fund in respect of Hermes;
- Class BR Shares and Class BI Shares: 2% per annum of the NAV; and
- Class C Shares: Nil.

The Investment Management Fee will be accrued on every Valuation Day. The Investment Manager will be reimbursed for all properly incurred and approved out-of-pocket expenses.

The Investment Management Fee will be paid out of the assets of Hermes.

## **Performance Fees**

The Investment Manager shall, in addition to the Investment Management Fee payable, be entitled to receive a fee based on the performance (the “**Performance Fee**”) out of the assets of Hermes based on the high watermark and hurdle rate principle.

The performance period (the “**Performance Period**”) shall run from the 1st September of one calendar year to the 31st August of the following calendar year coinciding with the Financial Year of the Fund and will be calculated separately for each Share Class.

The length of the performance reference period of the Sub-Fund will be equal to the whole life of the Sub-Fund which means that the Reference Adjusted High Watermark will be perpetual for the whole life of the Sub-Fund without any reset.

The Performance Fee shall be calculated on the basis of the NAV per Share. The Performance Fee shall be equal to 15% in the case of Class AR Shares and Class AI Shares (Classes AR and AI retain the same High Watermark and Performance Fee % of the previous Class A Shares before the Fund been re-domiciled into Luxembourg) and 25% in the case of Class C Shares of the amount by which the Net Asset Value per Share (before the deduction of the Performance Fee) has exceeded the:

- (i) Reference Adjusted High Watermark, plus
- (ii) Hurdle Rate of Return,

during the Performance Period, multiplied by the outstanding number of Shares in that particular class as at the relevant Valuation Day. No Performance Fee is payable in the case of Class BR Shares and Class BI Shares.

For the purposes of this section, the Class A Investor Shares refers to the classes of shares of the Fund prior to being continued in Luxembourg. Upon being continued in Luxembourg, the Class A Investor Shares have been split into Class AI Shares and Class AR Shares.

The ‘Reference Adjusted High Watermark’ is:

- For Class AI and AR Shares - the greatest of: (i) the NAV per Class A Investor Share as at 31 August 2023 or (ii) the NAV per Class A Investor Share or Class AI Shares or

Class AR Shares as at the end of the last Performance Period at which a Performance Fee was paid; adjusted at each Valuation Day to take into account the effect of new subscriptions and redemptions.

- For Class C Shares - the greatest of: (i) the initial offer price for the Class C Shares once this is launched and (ii) the NAV per Class C Shares as at the end of the last Performance Period at which a Performance Fee was paid; adjusted at each Valuation Day to take into account the effect of new subscriptions and redemptions by applying the following:

The adjustment of the High Watermark at each Valuation Day to take into account the effect of new subscriptions and redemptions should be done as follows:

$$= \left( \frac{(PHWMHR * POUTS) - (PHWMHR * RSHS) + (PNAV * SSHS)}{COUTS} \right)$$

Where:

PHWMHR = The previous day reference adjusted High Watermark plus Hurdle Rate

POUTS = The previous day outstanding class shares

RSHS = Number of shares redeemed on the current valuation day

PNAV = The previous day NAV Price per share

SSHS = Number of shares subscribed on the current Valuation Day

COUTS = The current day outstanding class shares

The Hurdle Rate of Return means 1% plus 3 months Euribor taken as at the relevant Valuation Day, calculated on an annualised basis as follows:

$$(1\% + A) * B/365$$

Where:

A = 3-Month EURIBOR taken as at the relevant Valuation Day

B = The number of calendar days elapse since the last day of the Performance Period at which a performance fee was paid

The Hurdle Rate of Return cannot be lower than 0%.

The performance fee calculation is subject to a benchmark hurdle. This benchmark hurdle together with the Reference Adjusted High Water Mark as set out above must be exceeded before a performance fee is accrued. The use of EURIBOR as benchmark hurdle is considered as the use of a benchmark within the meaning of article 3 1. (7) of the Benchmark Regulation.

An accrual in respect of the Performance Fee will be made on each Valuation Day if the High Watermark conditions (i) and (ii) referred to above are met. If condition (i) or (ii) is not met, no accrual will be made. At the end of the financial year, an amalgamation of the positive and the negative returns is performed. In case that the High Watermark condition (i) or (ii) referred to above is not met but there are positive returns or negative returns then they will be transferred to the next financial year. Where there is a positive cumulative net excess return (positive return) at the end of the year and the Performance Fee becomes payable, the High Watermark will be set to the Net Asset Value per Share on the last Business Day of the financial year. However, where the Share Class has underperformed over the full financial year, no additional Performance Fee will be paid and the High Watermark will remain unchanged from the prior financial year.

The Performance Fee will be calculated on the basis of the Net Asset Value per Share after deducting all expenses, fees (but not the Performance Fee) and adjusting it for subscriptions, redemptions and distributions during the relevant financial year so that these will not affect the additional variable fee payable ("**Gross Asset Value**").

In the event that a redemption is made prior to the end of the Financial year, any accrued but unpaid Performance Fee relating to those Shares shall be crystallised (as at the Redemption Day) and paid to the Investment Manager within four months from the end of the relevant financial year.

The Performance Fee shall be payable yearly in arrears and normally within four months from the end of the financial year to which it relates.

Hermes does not operate an equalisation account.

If the Investment Manager is replaced before the end of any performance period, the Performance Fee in respect of such financial year will be calculated and paid as if the date of termination was the end of the relevant financial year.

**Depository Fees**

The Depository is entitled to receive out of the assets of Hermes a fee calculated in accordance with customary banking practice in Luxembourg as a percentage per annum of the average quarterly Net Asset Value thereof during the relevant quarter and payable quarterly in arrears.

They are currently paid at the following rates:

First EUR500 million	1 basis point per annum
Above EUR500 million	0.70 basis points per annum

The above rates are subject to a minimum monthly fee of EUR 300. The depository shall also charge cash flow monitoring fees, reconciliation fees and ad-hoc fees for services rendered and increase any amounts by any VAT payable thereon.

### **Administrator Fee**

The Administrator will be entitled to receive out of the assets of Hermes an annual fee as percentage of the average Net Asset Value of Hermes in accordance with the below:

First EUR 100 million	2.25 basis points per annum
Next EUR 150 million	1.75 basis points per annum
Next EUR 250 million	1.25 basis points per annum
Above EUR 500 million	1 basis point per annum

The above rates are subject to a minimum annual fee of EUR 24,000. The Administrator shall also charge fees for additional services provided which include but are not limited to registrar and transfer agency, investment and risk management compliance, KID preparation, KYC, FATCA and CRS reporting.

The Administrator will accrue on each Valuation Day and will be payable quarterly in arrears. The Administrator will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

Other fees or charges which may accrue shall be allocated to Hermes and may be paid from time to time.

### **Subscription, Redemption and Conversion Fees**

Subscription Fee: no subscription fee will be levied to any of the classes of shares.

Redemption Fee: no redemption fee will be levied to any of the classes of shares.

Conversion Fee: no conversion fee will be levied to any of the classes of shares.

### **Italian Paying Agent Fees**

Societe Generale Securities Services (hereinafter referred to as “**SGSS**”) has been appointed as Paying Agent in Italy for Hermes and, for this purpose, the following charges shall apply:

Investors through authorised distributors	
Each subscription / redemption placed in EUR	0.15% of the amount, subject to a minimum of EUR 15.00 and a maximum of EUR 25.00
Each subscription / redemption placed in other currencies	
Fund switches	Exempt from charges

### **Other Fees and Expenses**

All normal operating expenses including (but not limited to) custody fees, audit fees, legal fees, tax, costs of publication and distribution of the annual reports, and the out-of-pocket expenses incurred by the service providers shall also be charged to Hermes.

#### **14. Summary of past performance**

<b>Class A</b>		<b>Class B</b>	
<u>Year</u>	<u>Returns</u>	<u>Year</u>	<u>Returns</u>
2010	18.26%	2010	N/A
2011	-13.26%	2011	-15.55%
2012	6.17%	2012	5.23%
2013	13.77%	2013	14.59%
2014	4.85%	2014	5.13%
2015	25.98%	2015	29.70%
2016	10.87%	2016	11.82%
2017	32.25%	2017	37.56%
2018	-19.84%	2018	-21.16%
2019	19.41%	2019	18.22%

The past performance being reflected above, reflects the performance of the sub-fund prior to being continued in Luxembourg on 27 November 2020.

<i>Year</i>	<i>Class AI Returns</i>	<i>Class AR Returns</i>	<i>Class BI Returns</i>	<i>Class BR Returns</i>
2020	-1.34%	-1.34%	-2.32%	-2.33%
2021	34.00%	34.00%	36.54%	36.49%
2022	-4.08%	-4.13%	-5.33%	-5.36%

2023	17.28%	17.39%	17.83%	17.78%
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Classes A and B have been split into Classes AI, AR, BI and BR on 27 November 2020. The performance figures shown above, reflect Classes A and B until 26 November 2020 and then from 27 November 2020 the new Classes AI, AR, BI and BR.

As at the date of this Prospectus, the Class C Shares has not yet been launched, therefore no performance data for this Class of Shares is available.

## 15. Summary of Shares, Fees and Holding Amounts

The table below sets out the relevant fees, minimum subscription and holding amounts:

Name	Class AR	Class AI	Class BR	Class BI	Class C
<i>Distribution</i>	Capitalisation				
<i>Share Class Reference Currency</i>	EUR				
<i>Minimum Holding</i>	EUR 15,000				
<i>Minimum Subscription Amount</i>	EUR 15,000				
<i>Subsequent Subscription Amount</i>	Nil				
<i>Management Company Fee</i>	Variable – refer to table and relevant notes in 13 above				
<i>Investment Management Fee</i>	1% p.a. based on NAV		2% p.a. based on NAV		Nil
<i>Performance Fee</i>	15% based on NAV		Nil		25% based on NAV
<i>Administrator Fee</i>	Variable – refer to table and relevant notes in 13 above				
<i>Depositary Fee</i>	Variable – refer to table and relevant notes in 13 above				
<i>Subscription Fee</i>	Nil				
<i>Redemption Fee</i>	Nil				

<i>Conversion Fee</i>	Nil
<i>Benchmark Hurdle</i>	Nil

## 16. Performance fee Example

PF Period	Redeemed Shares	Subscribed Shares	Outstanding shares	GAV Per Unit	RAHWM Per Unit	Hurdle rate	RAHWM + Annualised Hurdle Rate	PF Payable per share	Performance fee adjustment	Performance Fee Balance	NAV Per Unit (after PF)	Performance Fee Crystallised	Crystallisation on redemption	RAHWM Per Unit at Start of New PF Period
PF Period # 1 Start	0.00	0.00	10,000.00	€ 1,000.00	€ 1,000.00	0.00137%	€ 1,000.01	0.00	€ 0.00	€ 0.00	€ 1,000.00	€ 0.00	€ 0.00	N/A
PF Period # 1 End	3,000.00	0.00	7,000.00	€ 1,100.00	€ 1,000.00	1.00000%	€ 1,010.00	Yes The NAV exceeds the RAHWM therefore a PF of 15% * RAHWM * (GAV/RAHWM-1) = 13.5/share is payable	€ 94,500.00	€ 94,500.00	€ 1,086.50	€ 94,500.00	€ 0.00	€ 1,086.50
PF Period # 2 Start	0.00	15,000.00	22,000.00	€ 1,200.00	€ 1,086.50	0.00274%	€ 1,086.53	Yes The NAV exceeds the RAHWM therefore a PF of 15% * RAHWM * (GAV/RAHWM-1) = 17.02/share is payable	€ 374,451.77	€ 374,451.77	€ 1,182.98	€ 0.00	€ 0.00	N/A
PF Period # 2 End	4,000.00	25,000.00	43,000.00	€ 1,100.00	€ 1,142.59	0.70000%	€ 1,150.59	No The NAV does not exceed the RAHWM therefore no PF is payable	-€ 374,451.77	€ 0.00	€ 1,108.71	€ 0.00	€ 68,082.14	€ 1,150.59

PF Period # 3 Start	5,000.00	0.00	38,000.00	€ 1,150.00	€ 1,150.59	0.00137%	€ 1,150.61	No The NAV does not exceed the RAHWM therefore no PF is payable	€ 0.00	€ 0.00	€ 1,150.00	€ 0.00	€ 0.00	N/A
PF Period # 3 End	0.00	0.00	38,000.00	€ 1,225.00	€ 1,150.59	1.00000%	€ 1,162.10	Yes The NAV exceeds the RAHWM therefore a PF of $15\% * RAHWM * (GAV/RAHWM - 1) =$ $9.435/\text{share}$ is payable	€ 358,548.41	€ 358,548.41	€ 1,215.56	€ 358,548.41	€ 0.00	€ 1,162.10

Where:

GAV = Gross Asset Value Before Performance fee

NAV = Net Asset Value

RAHWM = Reference Adjusted High Watermark

PF = Performance Fee

15% = Performance Fee Rate of Class AI and AR