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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2023-03-15  
Commission de Surveillance du Secteur Financier

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# ISEC First Fund

a Mutual Investment Fund (fonds commun de placement)  
organised under the laws of the Grand Duchy of Luxembourg

Prospectus

March 2023

Management Company:  
ISEC Services AB  
Vattugatan 17, 11152, Stockholm, Sweden

## ISEC First Fund

This Prospectus and the relevant KID should be read in their entirety before making any investments in the Units. Subscriptions can only be placed after the relevant KID has been made available and on the basis of the Prospectus accompanied by the most recent annual and semi-annual reports of the Fund, if any. Such reports are deemed to be an integral part of the Prospectus.

**ISEC First Fund** is offering Units of several separate Sub-Funds on the basis of the information contained in the relevant KID and the Prospectus. No person is authorised to give any information or to make any representations concerning the Fund other than as contained in the relevant KID and in the Prospectus, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the relevant KID or the Prospectus shall be solely at the risk of the purchaser.

The Units to be issued hereunder shall be of several different classes which relate to several separate Sub-Funds of the Fund. Units of the different Sub-Funds may be issued and redeemed or converted at prices computed on the basis of the NAV per Unit of the relevant Sub-Fund, as defined in the Management Regulations.

In accordance with the Management Regulations, the Board of Directors may issue Units of different Class(es) of Units in each Sub-Fund.

The distribution of this Prospectus and the offering of the Units may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and any person wishing to apply for Units to inform themselves of and to observe all applicable laws and regulations of relevant jurisdictions.

The Fund is governed by the laws of the Grand-Duchy of Luxembourg and is subject to Part I of the 2010 Law, which has implemented Directive 2009/65/EC into the Luxembourg law. The registration does however not require any Luxembourg authority to approve or disapprove either the adequacy or the accuracy of the Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorised and unlawful.

A separate pool of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund as more specifically described under section 8. "Investment Objectives and Policies" and in the Appendix to the Prospectus. Investors may choose which one or more Sub-Fund(s) may be most appropriate for their specific risk and return expectations as well as for their diversification needs. The liabilities of each Sub-Fund shall be segregated on a Sub-Fund by Sub-Fund basis with third party creditors having recourse only to the assets of the Sub-Fund concerned.

Within each relevant Sub-Fund, investors may choose to invest into a specific Class of Unit depending on their qualification, the amount subscribed and the Unit Currency (if applicable) of the relevant Class of Unit, among other personal investment criteria.

The Units have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States persons, except in a transaction which does not violate the securities laws of the United States of America.

The term "United States Person" or "US Person" shall mean a citizen or resident of the United States of America, a partnership organised or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for purpose of computing United States income tax payable by it. If a Unitholder subsequently becomes a "United States Person" and such fact comes to the attention of the Management Company, Units owned by that person may be compulsory repurchased by the Management Company, acting on behalf of the Fund.

The Management Regulations give powers to the Board of Directors to impose such restrictions as they may think necessary for the purpose of ensuring that no Units in the Fund are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Fund incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered (such persons being referred to as the "Prohibited Persons"). In particular, the Board of Directors has decided that United States Person or U.S. Persons would be one class of Prohibited Persons. Applicants may be required to declare that they are not Prohibited Persons and are not applying for Units on behalf of any Prohibited Person nor reselling Units for the benefit of Prohibited Persons. The Management Company may compulsorily redeem all Units held by any such persons.

Notwithstanding the above mentioned, the Units may be offered for sale or sold to United States Persons or U.S. Persons with the prior consent of the Management Company in a way which does not violate the securities laws in

the United States of America.

The value of the Units may fall as well as rise, and the Unitholders may on a transfer or redemption of Units not get back the amount initially invested. Income from the Units may fluctuate in money terms and changes in rates of exchange may cause the value of the Units to go up or down. Before investing in the Fund you should consider the risks involved in such investment. Please see section 9. "General Risk Considerations" of the Prospectus.

Prospective subscribers of Units should read with care the Prospectus in its entirety and inform themselves as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile as well as to the consequences (whether legal, tax, financial or else) resulting from the subscription for or redemption of the Units.

If you are in any doubt about the contents of the Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Board of Directors may, at any time, create additional Class(es) of Units, whose features may differ from the existing Class(es) of Units and additional Sub-Funds whose investment objectives may differ from those of the Sub-Funds then existing. Details with regard to the Sub-Funds and Class(es) of Units issued within a Sub-Fund are described in the Appendices applicable to each Sub-Fund. Upon creation of new Sub-Funds or Class(es) of Units, the Prospectus will be updated or supplemented accordingly.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are correctly and fairly presented with respect to all questions of importance and that no important fact, the omission of which would make misleading any of the statements herein, be omitted. The Board of Directors accepts responsibility accordingly.

The principal object of the Fund is to invest in shares or units of other Luxembourg or foreign undertakings for collective investment of the open-ended type.

The Prospectus and the KID may be translated into different languages for distribution purposes in certain jurisdictions. Unless contrary to local laws in the jurisdiction concerned, in the event of any inconsistency in any translation, the English version shall always prevail. In addition another language version may contain specific information intended for investors subscribing Units in a certain country. Such country specific information is not part of this Prospectus.

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## Glossary of Terms

|                                     |   |
|-------------------------------------|---|
| <b>2010 Law</b>                     | The Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended.   |
| <b>Administration Fee</b>           | The Administration Fee as detailed in paragraph 19.1 “Charges and Expenses Relating to the Fund”.   |
| <b>AEI</b>                          | The automatic and exchange information as more specified in Section 20.3. “Automatic Exchange of Information”.  |
| <b>Appendix(ces)</b>                | An Appendix to this Prospectus, each Appendix forming an integral part of this Prospectus and containing the relevant information pertaining to the Sub-Fund to which it relates.   |
| <b>Board of Directors</b>           | The Directors of the Management Company.  |
| <b>Business Day</b>                 | If not otherwise defined in the relevant Appendix, any full day on which banks are open for business in Sweden and in Luxembourg City except the 31 December.   |
| <b>Calculation Day</b>              | The day (as defined in the appendices to this Prospectus) when the NAV will be calculated for the Valuation Day.  |
| <b>CDS</b>                          | Credit Default Swaps as more specified in section 9.17.3 “Factors to be taken into consideration with regards to swaps”.  |
| <b>Central Administration Agent</b> | RBC Investor Services Bank S.A.   |
| <b>Class(es) of Units</b>           | Each Class of Units within a Sub-Fund.  |
| <b>Consolidation Currency</b>       | The consolidation currency of the Fund being the EUR.   |
| <b>Conversion Fee</b>               | A conversion fee as may be applicable by a Sub-Fund in case of conversion of Units as more fully described in the relevant Appendix from time to time.  |
| <b>Counterparty</b>                 | Has the meaning ascribed thereto in Section 9.10 “Counterparty Risk”.   |
| <b>Cross-investing Sub-Fund</b>     | A Sub-Fund that may invest in one or more other Sub-Funds in accordance with paragraph (B) of Section 8.3 “Investment Rule and Restrictions”.   |
| <b>CRS</b>                          | OECD’s Common Reporting Standard as referred in Section 20.3. “Automatic Exchange of Information”.  |
| <b>CSSF</b>                         | The <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of financial sector.  |
| <b>CSSF Circular 08/356</b>         | The CSSF Circular 08/356 on rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments, as amended or substituted from time to time and namely by CSSF Circular 11/512 as amended by CSSF Circular 18/698.   |
| <b>DAC</b>                          | Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation (as amended) and as referred in Section 20.3. “Automatic Exchange of Information”.  |
| <b>Debt Securities</b>              | Any security issued by public authorities, supranational institutions, companies and/or credit institutions, representing borrowed funds that must be repaid. Examples of Debt Securities include bonds, certificates of deposit, commercial paper, and debentures. Such Debt Securities can appear in the form of fixed rate, floating rate, interest-bearing securities, zero coupon, inflation-linked, perpetual and/or dual currency bonds. |
| <b>Depository</b>                   | RBC Investor Services Bank S.A.   |

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| <b>Directive 2009/65/EC</b>     | Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“UCITS”), as amended.  |
| <b>Distribution Agents</b>      | Has the meaning ascribed thereto in section 7. “Distribution of Units”.   |
| <b>ESMA Guidelines 2014/937</b> | The ESMA Guidelines 2014/937 on ETFs and other UCITS issues.  |
| <b>ETF</b>                      | Exchange Traded Fund, an Undertaking for Collective Investment traded on a recognised Stock Exchange provided it is compliant with all the conditions required by Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, to be considered as an eligible instrument for a UCITS governed by this law.  |
| <b>EUR</b>                      | All references to "EUR" in the Prospectus are to the legal currency of the countries participating in the Economic and Monetary Union.  |
| <b>FIs</b>                      | Financial Institutions as referred in Section 20.3. “Automatic Exchange of Information”.  |
| <b>Fund</b>                     | ISEC First Fund.  |
| <b>Governmental Entities</b>    | Any developing countries governments or their agencies as referred under Section 9.8 “Sovereign Risk”.  |
| <b>Initial Offer Period</b>     | The initial offer period as specified for each Class(es) of Units in the relevant Appendix and as referred in Section 1.4 “Offer Price”.  |
| <b>Institutional Investors</b>  | <p>Institutional investors within the meaning of article 174 of the 2010 Law such as credit institutions and other professionals of the financial sector (“PSF”) acting on their own behalf, on behalf of institutional investors or of non institutional clients on the basis of a discretionary management mandate, insurance and re-insurance companies, social security institutions, pension funds, major industrial or financial groups, UCIs, territorial government organizations, official teaching bodies, family offices as long as they qualify as PSF, non –profit organizations, housing companies, organizations with well-defined purpose (such as professional federations, foundations, community art centers, sports associations), philosophical organizations (such as communities, religious orders, bishoprics, dioceses), health or social organizations (such as mutual insurance companies, insurance companies, pension companies, hospitals, social housing companies) and/or association of territorial organizations, organizations (such as self-governing harbours, chambers of commerce, guild chambers, farmers’ associations), managers of public services (such as rail transport companies).</p> <p>The Management Company will refuse the issue of Class Units dedicated to Institutional Investors where there is insufficient evidence that the organisation or the company to which these Units are issued is an institutional investor. In considering the qualification of a subscriber as an institutional investor, the Board of Directors shall give due consideration to the guidelines or recommendations (if any) of the CSSF.</p> |
| <b>IRS</b>                      | The U.S. Internal Revenue Service as referred under Section 20.4 “FATCA Foreign Account Tax Compliance Act”.  |
| <b>KID</b>                      | The Key Information Document(s). In addition to this Prospectus a Key Information Document of each Class of Units within a Sub-Fund is made available in the registered office of the Management Company and on the website ( <a href="http://www.isec.com/funds">www.isec.com/funds</a> ). The Key Information Documents provide information for example on the synthetic risk indicator, charges and includes a website link to the information on the historical performance. Before subscribing any Units investors should read the relevant Key Information Document.  |

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| <b>Luxembourg IGA</b>                            | The Luxembourg Model 1 IGA as referred under Section 20.4 "FATCA Foreign Account Tax Compliance Act".  |
| <b>Management Company</b>                        | ISEC Services AB as more fully described in section 2 "Management Company" which replaced Danske Investment Management Company as management company of the Fund on 13 December 2019.  |
| <b>Management Regulations</b>                    | The Management Regulations of the Fund currently in force.   |
| <b>Model 1 IGA</b>                               | Model 1 intergovernmental agreement as referred under Section 20.4 "FATCA Foreign Account Tax Compliance Act".   |
| <b>NAV</b>                                       | The Net Asset Value as calculated for the relevant Valuation Day as described in section 17. Determination of the Net Asset Value.   |
| <b>OECD</b>                                      | The Organisation for the Economic Cooperation and Development.   |
| <b>Personal Data</b>                             | Has the meaning ascribed thereto in Section 23. "Data Protection and telephone recording".   |
| <b>Principal Paying Agent</b>                    | RBC Investor Services Bank S.A.  |
| <b>Prohibited Persons</b>                        | Has the meaning described in the introduction to this Prospectus and as referred to in Article 6.5 of the Management Regulations.  |
| <b>Prospectus</b>                                | This prospectus, as it may be supplemented or amended from time to time.   |
| <b>Redemption Fee</b>                            | Any redemption fee as may be applicable by the Management Company in case of redemption of Units as more fully specified in Section 14 "Redemption of Units" and in the relevant Appendix.   |
| <b>Reference Currency</b>                        | The currency of the relevant Sub-Fund as defined in the relevant Appendix.   |
| <b>Registrar Agent</b>                           | RBC Investor Services Bank S.A.  |
| <b>Regulated Market</b>                          | Regulated market (i) as defined by article 4 (21) of Directive 2014/65/EU of the European Parliament of 15 May 2014 on markets in financial instruments, (ii) any other market which the board of directors of the Management Company considers that it is regulated, operates regularly and is recognised and open to the public in Member States of the Organisation for the Economic Cooperation and Development ("OECD") and any other country of Europe, North, Central & South America, Asia, Africa and Oceania. These other Regulated Markets are subject to approval from the Board of Directors. |
| <b>Repo</b>                                      | Repurchase as more fully set out in Section 8, paragraph (C), sub-paragraph 2.4 "Repurchase and reverse repurchase transactions".  |
| <b>RESA</b>                                      | " <i>Recueil Electronique des Sociétés et Associations</i> ", an electronic platform replacing the <i>Mémorial C, Recueil des Sociétés et Associations</i> from 1 June 2016 as referred to in Section 1.1 "Structure".   |
| <b>Securities Financing Transactions or SFTs</b> | A repurchase transaction, a securities or commodities lending and securities or commodities borrowing, a buy-sell back transaction or sell-buy back transaction and margin lending transaction, each as defined in the SFT Regulation.   |
| <b>SEK</b>                                       | Swedish Krona, the legal currency of Sweden.   |
| <b>Service Providers</b>                         | Means the Investment Manager, the Depositary, the Principal Paying Agent, the Central Administration Agent, the Registrar Agent and any other entity which provides services to the Fund from time to time.  |



|                         |  |
|-------------------------|--|
| <b>SFD Regulation</b>   | Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector.  |
| <b>SFT Regulation</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>Sovereign Debt</b>   | Has the meaning ascribed thereto in Section 9.8 “Sovereign Risk”.  |
| <b>Sub-Fund</b>         | Each sub-fund within the Fund.<br><br>By derogation to the provisions of Article 2093 of the Luxembourg Civil Code, the assets of one given Sub-Fund are only liable for the debts, obligations and liabilities which are attributable to this Sub-Fund. In the relations between the Fund’s Unitholders, each Sub-Fund is treated as a separate entity. |
| <b>Subscription Fee</b> | The subscription fee as may be applicable when subscribing for any Class of Units as referred in Section 1.4 “Offer Price” and as specified in the relevant Appendix.  |
| <b>UCI</b>              | An undertaking for collective investment.  |
| <b>UCITS</b>            | An undertaking for collective investment of the open-ended type, which is recognised as an Undertaking for Collective Investments in Transferable Securities within the meaning of the EU Directive 2009/65/EC of 13 July 2009, as amended.  |
| <b>Unit</b>             | Each unit within any Class and Sub-Fund.   |
| <b>Unit Currency</b>    | If applicable, the currency of denomination of the relevant Class of Units.  |
| <b>Unitholder</b>       | Any holder of Units.   |
| <b>Valuation Day</b>    | Any Business Day for which the NAV per Unit of any Sub-Fund and Class is determined or calculated.   |

## Management and Administration

|   |  |
|---|--|
| <b>Management Company</b>                           | ISEC Services AB<br>Vattugatan 17<br>11152 Stockholm<br>Sweden   |
| <b>Board of Directors of the Management Company</b> | Chairman of the Board:<br><br>Lars Melander<br>Värvägen 9A 132 36 Saltsjö-Boo, Sweden<br><br>Members:<br>Mikkel Mördrup, CEO ISEC Group AB<br>Vattugatan 17, 111 52 Stockholm, Sweden<br><br>Therece Selin, COO ISEC Group AB<br>Vattugatan 17, 111 52 Stockholm, Sweden<br><br>Marie Friman, c/o Apriori Law<br>Nybrogatan 7,<br>114 34 Stockholm, Sweden |
| <b>Managers of the Management Company</b>           | Helena Unander-Scharin, CEO ISEC Services AB<br>Vattugatan 17, 111 52 Stockholm, Sweden<br><br>Linnea Strimling, Head of ManCo Services ISEC Services AB<br>Vattugatan 17, 111 52 Stockholm, Sweden  |
| <b>Depository and Central Administration</b>        | RBC Investor Services Bank S.A.<br>14, Porte de France<br>L-4360 Esch-sur-Alzette<br>Grand Duchy of Luxembourg   |
| <b>Registrar Agent</b>                              | RBC Investor Services Bank S.A.<br>14, Porte de France<br>L-4360 Esch-sur-Alzette<br>Grand Duchy of Luxembourg   |
| <b>Principal Paying Agent in Luxembourg</b>         | RBC Investor Services Bank S.A.<br>14, Porte de France<br>L-4360 Esch-sur-Alzette<br>Grand Duchy of Luxembourg   |
| <b>Investment Manager</b>                           | see Appendices for information on the Investment Manager of a given Sub-Fund   |
| <b>Auditor of the Fund</b>                          | Deloitte Audit<br>20, Boulevard de Kockelscheuer<br>L - 1821 Luxembourg<br>Grand Duchy of Luxembourg   |
| <b>Auditor of the Fund Management Company</b>       | Öhrlings PriceWaterhouseCooper AB<br>Torsgatan 21<br>113 97 Stockholm<br>Sweden  |

## Prospectus

### 1 Principal Features

#### 1.1 Structure

The Fund is an open-ended mutual investment fund ("*fonds commun de placement*") with several separate Sub-Funds ("umbrella fund") set up under the laws of the Grand Duchy of Luxembourg.

Initially, the Fund was set up under Part II of the 1988 Law and its Management Regulations were executed on 31<sup>st</sup> July 2002, published on 24<sup>th</sup> August 2002 in the *Mémorial, Recueil des Sociétés et Associations* of the Grand Duchy of Luxembourg. On February 13, 2004 Management Regulations were amended so as to comply with and to submit the Fund to Part I of the 2002 Law.

The last amendment to the Management Regulations was made on 13 December 2019. The mention of the deposit of the last Consolidated Management Regulations dated 13 December 2019, are in process of being registered with the *Registre de Commerce et des Sociétés de Luxembourg* and being published in the *Recueil Electronique des Sociétés et Associations*.

On 13 December 2019, ISEC Services succeeded Danske Invest Management Company as Management Company for the Fund and the name of the Fund was changed from Danske Fund of Funds to ISEC First Fund.

#### 1.2 Sub-Funds and Class(es) of Units

##### 1.2.1 Sub-Funds

At present, the following Sub-Fund is offered to potential investors:

- ISEC First Fund Investeum Global Value Fund (hereinafter "**Investeum Global Value Fund**");

##### 1.2.2 Class(es) of Units

The Board of Directors is entitled to issue in each Sub-Fund separate Class(es) of Units depending *inter alia* on the qualification of the investors and on the subscription amount.

The Fund comprises currently two (2) Classes of Units:

- Class C – Accumulation Units (dedicated to Institutional Investors generally)
- Class D – Accumulation Units (dedicated to Retail Investors generally)

The Reference Currency of each Sub-Fund is defined in the relevant Appendix.

#### 1.3 Minimum Investment and Holding Requirement

The minimum initial and subsequent investment as well as the minimum holding requirement, if relevant, are defined for each Sub-Fund in the Appendices. A redemption or conversion request which would reduce the value at such time of any holding below such amount may be treated as a request to redeem or to convert the whole of such unitholding. These minima may be waived or reduced at the discretion of the Management Company and/or its delegates.

#### 1.4 Offer Price

After the initial offer period (as specified for each Class(es) of Units in the relevant Appendix, the "Initial Offer Period"), the offer price per Unit, within each Class(es) of Units of each Sub-Fund will be equal to the sum of (i) the NAV per Unit applicable to such Class plus (ii) the subscription fee mentioned for each Class(es) of Units in the relevant Appendix (the "Subscription Fee"). The Offer Price is available for inspection at the registered office of the Management Company.

### 1.5 Sales Charge

The Management Company may levy, for its benefit and/or for the benefit of any Distribution Agent, a Subscription Fee, a Redemption Fee and/or a Conversion Fee which will not exceed a maximum percentage stated for each Sub-Fund and Class in the Appendices of the NAV per Unit or initial offer price, as the case may be, of the relevant Units being issued, redeemed or converted; see "Issue and Sale of Units", "Conversion of Units" and "Redemption of Units" below. Investors should also refer to section "General Risk Considerations and risk management" regarding the possible duplication of fees to be incurred by them.

### 1.6 Dealing

Units may normally be subscribed or redeemed on each Valuation Day as determined for each Sub-Fund in the Appendices at prices based on the NAV per Unit applicable to the relevant Class of Units.

The application for subscription, redemption or conversion must be received by the Registrar Agent before the subscription/redemption deadline determined for each Sub-Fund in the relevant Appendix. Applications received after the subscription/redemption deadline shall be deemed to have been received on the next following Business Day.

### 1.7 Listing

The Units of the different Sub-Funds and Class(es) of Units are not and shall not be listed on the Luxembourg Stock Exchange.

## 2 Management Company

The Management Company for the Fund is ISEC Services AB, a private limited company established under Swedish law and registered in the Bolagverket's Company Register under number 556542-2853. It was incorporated in 1997 for an unlimited period of time and has its registered and principal office at Vattugatan 17, 111 52 Stockholm Sweden. The sole shareholder in the Management Company is ISEC Group AB, Stockholm, Sweden.

The Management Company acts for the Fund as management company and is licensed by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") to manage Swedish UCITS (Sw. värdepappersfonder) pursuant to Chapter 1, Section 4 of the Swedish UCITS Act (Sw. lagen [2004:46] om värdepappersfonder (the "UCITS Act") and is regulated by the Finansinspektionen in Sweden.

The corporate purpose of the Management Company is to offer the financial market management company services as well as administrative services such as transfer agent, fund management and similar services. The Management Company's share capital amounts to SEK 1,500,000 and has been totally paid up.

The Management Company shall manage the Fund in accordance with the Management Regulations and the provisions of the Swedish UCITS Act (SFS 2004:46) in its own name, but for the exclusive interest of the unitholders (individually a "Unitholder" and collectively the "Unitholders") of the Fund.

It shall act in its own name, but shall indicate that it is acting on behalf of the Fund. It shall exercise all the rights attached to the securities comprised in the portfolio of each Sub-Fund.

The Board of Directors shall determine the investment policy of the different Sub-Funds of the Fund, which is more fully described for each Sub-Fund in the relevant Appendix to the Prospectus, within the objectives set forth in Article 3 and the restrictions set forth in Article 17 of the Management Regulations.

The Board of Directors shall have the broadest powers to administer and manage the Fund within the restrictions set forth in Article 17 of the Management Regulations, including but not limited to the purchase, sale, subscription, exchange and receipt of securities and other assets permitted by law and the exercise of all rights attached directly or indirectly to the assets of each Sub-Fund.

In compliance with the provisions of Chapter 2 Sections 1.4 and 3 of the UCITS Act, the effective conduct of the business of the Management Company has been entrusted to two persons of sufficiently good repute and sufficiently experienced in relation to the UCITS and UCIs managed by the Management Company. These persons are referred to as the "Managers of the Management Company" under the section "Management and Administration" above on page 10.

In accordance with applicable laws and regulations and with the prior consent of the Board of Directors, the Management Company is empowered to delegate, under its responsibility, all or part of its duties and powers to any person or entity, which it may consider appropriate. It being understood that the Prospectus, shall the case being, be amended accordingly.

For the time being the duties of portfolio management, central administrative agent, paying agent, registrar and

transfer agent duties have been delegated as further detailed here-below under Sections 3 to 6 of the Prospectus.

As of the date of the Prospectus, the Management Company has also been appointed to act as management company for other investment funds which will be mentioned in the financial reports of the Fund.

## **2.1 Remuneration policy**

The scope of the remuneration policy of the Management Company is to ensure that remuneration policies and practices are consistent with sound and effective risk management and do not (i) encourage risk taking which would be inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Management Company manages or (ii) impair compliance with its duty to act in the best interest of the UCITS. The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the UCITS it manages and the investors of such UCITS, and includes measures to avoid conflicts of interest.

The remuneration policy of the Management Company is annually reviewed by a board member responsible for remunerations in co-operation with the compliance department.

Any recommendations regarding remunerations and/or updates of the policy will then be decided by the board of directors of the Management Company.

The remuneration policy of the Management Company applies to the Board of Directors, the Management Company's management as well as its employees.

The current remuneration policy was approved by the Board of Directors in February 2021.

The remuneration policy is available at <https://www.isec.com/legal-structure-and-information>, and includes information on the remuneration principles of the Management Company. A paper copy of the remuneration policy is available free of charge upon written request to the Management Company.

The management of the Management Company is responsible for awarding the relevant remuneration and benefits to the Management Company's employees. The Board of Directors is responsible for awarding the relevant remuneration and benefits of the Management Company's management.

## **2.2 Remuneration principles**

The Management Company offers a compensation structure with a mix of compensation elements. Some elements are mandatory as part of the total compensation package while some flexibility is offered on other elements.

### **2.3 Fixed remuneration**

All employees in the Management Company receive a fixed salary, consisting of a base salary according to position and function.

### **2.4 Benefits**

Employee benefits are offered to all employees with different levels targeted against employee segments. All employees have mandatory pension contribution and paid holidays on market competitive terms.

### **2.5 Variable remuneration**

The Management Company may use performance based variable remuneration for incentivizing and rewarding high performance – a short term (one single fiscal year) incentive program. The variable remuneration is granted on a discretionary basis.

The assessment of performance is set in a multi-year framework appropriate to the recommended holding period with respect to that UCITS managed by the Management Company in order to ensure that the assessment process is based on longer term performance of the UCITS and the investment risks relating to that UCITS, and that the actual payment of performance-based components of remuneration is spread over the same period. 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.

Employees in control functions do not receive variable remuneration.

As of 1 January 2017 (performance period 2017 and onwards) the Management Company will not offer variable remuneration to its designated material risk takers (please refer to the remuneration policy of the Management Company for further information).

Short term incentives are cash based as they fall under the thresholds as described in the remuneration policy

and are not deferred nor subject to back testing or claw-back.

### 3 Investment Manager and Investment Adviser

The Management Company shall have the broadest powers to act in any circumstances on behalf of the Fund as described above.

The Board of Directors is responsible for the investment management, the investment objectives and policies and for the administration of the Fund.

The Management Company may under its overall control and responsibility appoint investment managers or investment advisers for the different Sub-Funds.

The investment adviser, if appointed for a Sub-Fund, shall provide the Management Company with advice, reports and recommendations in connection with the investment management of the assets of the relevant Sub-Fund and shall advise the Management Company as to the selection of the securities and other assets constituting the portfolio of the relevant Sub-Fund.

The investment manager, if appointed for a Sub-Fund, has moreover the discretion, on a day-to-day basis and subject to the overall control and responsibility of the Management Company of the Fund, to make investment decisions in respect of the relevant Sub-Fund's assets and in particular to purchase and sell securities and otherwise to manage the relevant Sub-Fund's portfolio.

Appointments of investment adviser(s) and/ or investment manager(s) as well as further details thereto are contained in the Appendix of the respective Sub-Fund(s).

The investment adviser and/or manager may, subject to the approval of the Management Company and of the CSSF, sub-delegate whole or part of its functions, powers, discretion, privileges, duties and obligations. The investment adviser and/or manager shall remain responsible for the proper performance by such party of those powers, discretion, privileges, duties and obligations.

Information regarding the Sub-Funds and/or portions of Sub-Funds allocated to any investment manager and/or adviser is published in the Fund's annual and semi-annual reports and is moreover available on the web site of ISEC Group AB ([www.isec.com/funds](http://www.isec.com/funds)).

### 4 Depositary and Central Administration

The Management Company has appointed RBC Investor Services Bank S.A. having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as depositary bank and principal paying agent (the "**Depositary**" or "**RBC**") of the Fund with responsibility for the

- (a) safekeeping of the assets,
- (b) oversight duties,
- (c) cash flow monitoring, and
- (d) principal paying agent functions,

in accordance with the 2010 Law, and the Depositary Bank and Principal Paying Agent Agreement dated 14 July 2016 and entered into between the Management Company, on behalf of the Fund and the Depositary (the "**Depositary Bank and Principal Paying Agent Agreement**").

RBC Investor Services Bank S.A. is registered with the Luxembourg Register for Trade and Companies (RCS) under number B-47192 and was incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2020 amounted to EUR 1,282,320,000.-.

The Depositary has been authorized by the Management Company to delegate its safekeeping duties (i) to delegates in relation to Other Assets and (ii) to sub-custodians in relation to Financial Instruments and to open accounts with such sub-custodians. For the purpose of this paragraph, the term "Other Assets" and "Financial Instruments" shall have the same meaning as ascribed thereto in the Depositary Bank and Principal Paying Agent Agreement.

An up-to-date description of any safekeeping functions delegated by the Depositary and an up-to-date list of the delegates and sub-custodians may be obtained, upon request, from the Depositary or via the following website

link: <https://apps.rbcits.com/RFP/gmi/updates/Appointed%20subcustodians.pdf>

The Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and the Unitholders in the execution of its duties under the 2010 Law and the Depositary Bank and Principal Paying Agent Agreement.

Under its oversight duties, the Depositary will:

- ensure that the sale, issue, repurchase, redemption and cancellation of Units effected on behalf of the Fund are carried out in accordance with the 2010 Law and with the Fund's Management Regulations,
- ensure that the value of Units is calculated in accordance with the 2010 Law and the Fund's Management Regulations,
- carry out the instructions of the Management Company acting on behalf of the Fund, unless they conflict with the 2010 Law or the Fund's Management Regulations,
- ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits,
- ensure that the income of the Fund is applied in accordance with the 2010 Law or the Fund's Management Regulations.

The Depositary will also ensure that cash flows are properly monitored in accordance with the 2010 Law and the Depositary Bank and Principal Paying Agent Agreement.

#### **Depositary'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 RBC'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 services sector, as amended.

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.

RBC has implemented and maintains a management of conflicts of interests' policy, aiming namely at:

- identifying and analysing potential situations of conflicts of interests;
- recording, managing and monitoring the conflicts of interests situations in:
  - implementing a functional and hierarchical segregation making sure that operations are carried out at arm's length from the Depositary business;
  - implementing preventive measures to decline any activity giving rise to the conflict of interest such as:
    - RBC (and any third party to whom the custodian functions have been delegated) do not accept any investment management mandates;
    - RBC does not accept any delegation of the compliance and risk management functions;
    - RBC has a strong escalation process in place to ensure that regulatory breaches are notified to compliance which reports material breaches to senior management and the board of directors of RBC;

- A dedicated permanent internal audit department provides independent, objective risk assessment and evaluation of the adequacy and effectiveness of internal controls and governance processes.

RBC confirms that based on the above no potential situation of conflicts of interest could be identified.

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.rbcits.com/en/who-we-are/governance/information-on-conflicts-of-interest-policy.page>

The Management Company has further appointed RBC Investor Services Bank S.A as its central administration agent which will be responsible (i) for all administrative duties required by the 2010 Law and in particular for the bookkeeping, the calculation of the NAV per Unit of any Sub-Fund and/or Class.

The rights and duties of the Central Administration Agent are governed by an agreement between the Management Company and RBC Investor Services Bank S.A. entered into for an unlimited period of time as from the date of its signature. It may be terminated by either party upon six (6) months' prior written notice.

The Management Company pays fees to RBC Investor Services Bank S.A. for its rendering of services as Depositary, Principal Paying Agent and Central Administrative Agent, in accordance with normal banking practice in Luxembourg.

## **5 Principal Paying Agent**

The Management Company has appointed RBC Investor Services Bank S.A. as the Fund's principal paying agent (the "Principal Paying Agent"). In its capacity as principal paying agent of the Fund, RBC Investor Services Bank S.A. is in charge of the reception of, for the account of and to deposit into the accounts of the Fund, the amounts transferred to the benefit of the Fund in respect of any subscriptions for Units of the Fund, the payment of dividends and other distributions on the Units of the Fund, including without limitation the payment, on behalf and out of the accounts of the Fund, of the Redemption Price of the Units in respect of any redemption requests.

The rights and duties of the Principal Paying Agent are governed by the Depositary Bank and Principal Paying Agent Agreement between the Management Company and RBC Investor Services Bank S.A.

## **6 Registrar Agent**

The Management Company has appointed RBC Investor Services Bank S.A. as the Fund's registrar agent (the "Registrar Agent") which will be responsible for handling the processing of subscriptions for Units, dealing with requests for redemptions and transfer of the Units, for the safekeeping of the register of Unitholders of the Fund and the delivery of written confirmation of unitholding in compliance with the provisions of and as more fully described in the agreement mentioned hereinafter.

The rights and duties of RBC Investor Services Bank S.A. as Registrar Agent are governed by an agreement entered into for an unlimited period of time as from the date of its signature. It may be terminated at any time by either party upon ninety (90) days' prior written notice.

The Management Company pays fees to the Registrar Agent for its rendering of services, in accordance with normal banking practice in Luxembourg. These fees are paid quarterly out of the net assets of the Fund.

## **7 Distribution of the Units**

The marketing and the promotion of the Units is handled by the Management Company.

The Management Company, on behalf of the Fund, may conclude contractual arrangements with dealers as its agents for the distribution of Units (the "Distribution Agents"). The remuneration of the Distribution Agents may be paid out of any distribution fee to the extent foreseen for a Sub-Fund in the Appendix or it may be paid out of the management fee payable to the Management Company or an investment manager.

The Management Company may enter into agreements with certain Distribution Agents acting as nominees for investors subscribing for Units through their facilities. In such cases the Distribution Agent acting as a nominee shall be entered in the register of Units. The Distribution Agent acting as nominee maintains its own records and provides the investor with information as to its holding of Units in the relevant Sub-Fund(s). Except where local law or custom prohibits the practice, investors may invest directly in the Sub-Fund without using a nominee. Unless otherwise provided by local law, any investor holding Units in a nominee account with a Distribution Agent has the right to claim, at any time, direct title to Units subscribed through the nominee.



The Management Company and the Distribution Agents will at all times comply with any obligations imposed by any applicable laws, rules and regulations with respect to money laundering, as they may be amended or revised from time to time. The Management Company will furthermore adopt procedures designed to ensure, to the extent applicable, that it and its agents or the Distribution Agents shall comply with the foregoing undertaking.

## **8 Investment Objectives and Policies**

### **8.1 General**

The investment objective of the Fund is to manage the assets of the different Sub-Funds for the benefit of the Unitholders for the purpose of earning a rate of return reflective of the investment objectives of the Fund, and of seeking growth of capital in the short and/or medium to long term in accordance with, for each Sub-Fund, the investment objective mentioned in the relevant Appendix, as defined for each Sub-Fund by the Board of Directors.

**No assurance can however be given that the investment objective as described above will be achieved.**

### **8.2 Pooling and Co-Management**

For the purposes of efficient portfolio management, the Management Company may invest and manage all or any part of the portfolio assets established for two or more Sub-Funds of the Fund and/or with one or more sub-funds of any other Luxembourg investment fund having the same Depositary as the Fund (for the purposes hereof "Participating Sub-Funds") on a pooled basis (pooling) in accordance with their respective investment policies. Such asset pools may not be considered as separate legal entities and any notional accounting shares of such pool shall not be considered as Units of the Fund.

Any such asset pool shall be formed by transferring to it cash or other assets (subject to such assets being appropriate in respect to the investment policy of the pool concerned) from each of the Participating Sub-Funds. Thereafter, the Management Company or an investment manager of a Sub-Fund may from time to time make further transfers to each asset pool. Assets may also be transferred back to a Participating Sub-Fund up to the amount of the participation of the Sub-Fund concerned. The portion of a Participating Sub-Fund in an asset pool shall be measured by reference to its percentage of ownership corresponding to notional accounting shares in the asset pool, which is calculated at each Valuation Day. This percentage of ownership shall be applicable to each and every line of investment held in the asset pool. This line-by-line detail of the Sub-Funds portion of the pool is reflected in the accounts of the Sub-Fund.

Such notional accounting shares shall be denominated in Euro or in such currency as the Management Company or an investment manager of a Sub-Fund shall consider appropriate and shall be allocated to each Participating Sub-Fund in an aggregate value equal to the cash, securities and other assets contributed.

When additional cash or assets are contributed to or withdrawn from an asset pool, the percentage of ownership of all of the Participating Sub-Funds will be increased or reduced, as the case may be, to reflect the percentage of ownership change. Where a contribution is made in cash, it may be treated for the purpose of this calculation as reduced by an amount which the Management Company or an investment manager of a Sub-Fund consider appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in investing the cash concerned; in the case of cash withdrawal, a corresponding deduction may be made to reflect costs which may be incurred in realising securities or other assets of the asset pool. The Depositary shall at all times keep the Fund's assets segregated on its books and records from the assets of other co-managed entities and shall therefore be able at all times to identify the assets of the Fund and of each Sub-Fund.

Dividends, interest and other distributions of an income nature earned in respect of the assets in an asset pool will be applied to such asset pool and cause the respective net assets to increase. Upon the dissolution of the Fund, the assets in an asset pool will be allocated to the Participating Sub-Funds in proportion to their respective participation in the asset pool.

### **8.3 Investment Rules and Restrictions**

#### **(A) The investment objective and policy shall comply with the following rules and restrictions:**

Each Sub-Fund shall be regarded as a separate UCITS for the purpose of this paragraph:

- (a) The Fund may acquire the units of UCITS and/or other UCIs referred to hereafter, provided that no more than 20% of its assets are invested in a single UCITS or other UCIs. Such units encompass units of UCITS authorised according to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1, paragraph (2) points a) and b) of Directive 2009/65/EC, should they be situated in a Member State of the European Union provided that:
  - such other UCIs are authorised under laws, which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union law, and that

cooperation between authorities is sufficiently ensured;

- the level of protection for unit-holders in the other UCIs is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
- no more than 10% of the UCITS' or the other UCIs' assets, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;

For the purpose of the application of this investment limit, each Sub-Fund is to be considered as a separate issuer.

- (b) Investments in other UCIs of the open ended type will not exceed, in aggregate, 30 % of the net assets of the Fund and may represent an increased risk as there may be for such UCIs investors' protection measures which are not equivalent to the measures investors are familiar with.
- (c) The Fund may however, for each Sub-Fund not:
- (i) invest more than 10% of the net assets of any Sub-Fund in transferable securities and money market instruments which are not listed on a stock exchange or dealt in on another regulated market, that operates regularly and is recognised and open to the public;
  - (ii) acquire, in each Sub-Fund and in all the Sub-Funds together, more than 10% of the transferable securities or money market instruments of the same kind issued by the same issuing body;
  - (iii) invest more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same issuing body.
- (d) As per Article 43 (2) of 2010 Law, the total value of the transferable securities and money market instruments held by a Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the net assets of the Sub-Fund. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Moreover, the Fund may not combine for each Sub-Fund's:

- investments in transferable securities or money market instruments issued by a single body;
- deposits made with a single body; and/or
- exposure arising from OTC Derivative transactions undertaken with a single body, where this would lead to investment of more than 20% of its assets in a single body.

The limit of 10% laid down above is increased to a maximum of 35% if the transferable securities and money market instruments are issued or guaranteed by an Member State of the European Union, its local authorities, by a non-member State of the European Union or by public international bodies of which one or more Member States of the European Union are members.

The limit of 10% laid down in the first sentence of paragraph 1 of article 43 of 2010 Law is increased to 25% for covered bond as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and for certain bonds when they are issued before 8 July 2022 by a credit institution having its registered office in a Member State of the European Union and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these debt securities issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the such debt securities, are capable of covering claims attaching to the debt securities and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

When a Sub-Fund invests more than 5% of its net assets in such debt securities which are issued by one issuer, the total value of these investments may not exceed 80% of the value of the relevant Sub-Fund's net assets.

The transferable securities and money market instruments referred to in paragraphs (3) and (4) of article 43 of 2010 Law shall not be included in the calculation of the limit of 40% in paragraph (2) of the same article.

The limits set out in sub-paragraphs (1), (2), (3) and (4) of article 43 of 2010 Law may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with the seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended, or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits here.

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

**Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of a Sub-Fund, in accordance with the principle of risk spreading and if provided for in the relevant Appendix for a given Sub-Fund, in transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, by its local authorities or agencies, by another member State of the OECD, G20 Member State, by Brazil, Singapore, Russia, Indonesia, South Africa or by public international bodies of which one or more Member States of the European Union are members, provided that the Sub-Fund holds securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of the relevant Sub-Fund.**

As per Article 44 of 2010 Law, without prejudice to the limits laid down in article 48 of 2010 Law, the limits provided in Article 43 are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

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

The Fund may not acquire units carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

The Fund shall not acquire more than:

- 10 % of the non-voting shares of the same issuer;
- 10 % of the Debt Securities of the same issuer;
- 25 % of the units of the same UCITS and/or other UCI;
- 20% of deposits made with the same body;
- 10 % of the money market instruments of the same issuer.

The limits laid down in the second, third and fifth indents may be disregarded at the time of acquisition if at that time the gross amount of Debt Securities or money market instruments or the net amount of the securities in issue cannot be calculated.

Such limits do not apply in relation to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by a non-member State of the European Union;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States of the European Union are members;
- (iv) shares held by UCITS in the capital of a company incorporated in a non-member State of the European Union which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-member State of the European Union complies with the limits laid down in Articles 43 and 46 and Article 48, paragraphs (1) and (2) of 2010 Law. Where the limits set in Articles 43 and 46 of 2010 Law are

exceeded, Article 49 of 2010 Law shall apply mutatis mutandis;

- (v) shares held by one or several investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on its or their behalf.
- (e) The Fund may not invest in UCIs the purpose of which is to invest in other UCIs;
- (f) The Fund shall not invest in UCIs the main purpose of which is the investment in futures contracts on commodities and/or financial instruments and/or options and/or in venture capital and/or in real estate except if those UCIs are submitted to rules which are comparable to those provided for by Luxembourg law and regulations for such UCIs in the Grand Duchy of Luxembourg;
- (g) The Fund may, in each Sub-Fund, hold up to 20% of its net assets in ancillary liquid assets (i.e. 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. Under exceptionally unfavourable market conditions and on a temporary basis, and unless otherwise provided for a Sub-Fund in the relevant Appendix, this limit may be increased for a period of time strictly necessary, if justified in the interest of the investors;
- (h) The Fund may borrow up to 10% of the net assets of each Sub-Fund provided that the borrowing is on a temporary basis; Moreover the Management Company may borrow on behalf of the Fund up to 10 % of its net assets for the acquisition of fixed property indispensable to the direct pursuit of its activities. The aggregate of these borrowings may in no case exceed 15 % of the assets of the Fund.
- (i) The Fund may not make short sales on transferable securities, money market instruments or other financial instruments or make other transactions relating to securities of which the Fund is not the owner;
- (j) The Fund may not acquire real estate except if such investment is necessary for the direct exercise of its business;
- (k) The Fund may not use its assets to underwrite any transferable securities;
- (l) The Fund may not issue warrants or other instruments granting the right to acquire Units of the Fund;
- (m) The Fund may not grant loans or act as a guarantor on behalf of third parties.
- (n) When the Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

The overall maximum level of the Investment Management Fee (taking into account net amount of possible rebates from the other UCITS and/or UCIs in which the Sub-Fund invests) that may be charged by the Sub-Fund itself and by investment in other UCITS and/or UCIs in which the Sub-Fund invests, shall be calculated based on the weight allocated to each of these underlying investments, and it shall not exceed 4.00% p.a. for Class D. Possible performance fees charged from the Sub-Fund itself and/or to the other UCITS and/or UCIs in which the Sub-Fund invests in are not taken into account in the maximum level of the Investment Management Fee.

#### **(B) Cross Investments between Sub-Funds**

A Sub-Fund (the "Cross-investing Sub-Fund") may invest in one or more other Sub-Funds as specified in the relevant Appendix. Any acquisition of Units of another Sub-Fund (the "Target Sub-Fund") by the Cross-investing Sub-Fund is subject to the following conditions:

- (1) the Target Sub-Fund may not invest in the Cross-investing Sub-Fund;
- (2) the Target Sub-Fund may not invest more than 10% of its net assets in UCITS (including other Sub-Funds) or other UCIs referred to in Section 8.3, paragraph (A), sub-paragraph (a)";
- (3) the voting rights attached to the Units of the Target Sub-Fund are suspended during the investment by the Cross-investing Sub-Fund;
- (4) the value of the Units of the Target Sub-Fund held by the Cross-investing Sub-Fund are not taken into account for the purpose of assessing the compliance with the EUR 1,250,000 minimum capital

requirement; and

**(C) Rules and restrictions with regard to financial instruments and special techniques and instruments**

**1. Derivative instruments**

1.1. The Fund can use financial derivative instruments for investment, hedging and efficient portfolio management.

The Management Company must employ:

- 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 portfolio and
- a process for accurate and independent assessment of the value of OTC financial derivative instruments.

1.2. As specified in Section 10 “ Risk Management” and in the Appendices from time to time, the global exposure of a Sub-Fund relating to the financial derivative instruments is calculated using the commitment approach or the value-at-risk (“VaR”) approach (representing the maximum loss not exceeded with a given probability defined as the confidence level, over a period of time) to monitor the global exposure relating to derivative instruments.

1.3. As of the date of this Prospectus, no Sub-Fund uses total return swaps (including contract for differences).

**2. Special Techniques and Instruments**

**2.1 General**

In addition to the use of financial derivative instruments as mentioned above, any Sub-Fund may, subject to the limitations set out in the respective investment objectives in each Sub-Fund, use other financial techniques and instruments (such as securities lending, Repo transactions) relating to transferable securities and to money market instruments for efficient portfolio management.

Efficient portfolio management transactions may not include speculative transactions. These transactions must be economically appropriate (this implies that they are realized in a cost-effective way) and be entered into for one or more of the following specific aims: (i) the reduction of risk; (ii) the reduction of cost; or (iii) the generation of additional capital or income for the Fund with an acceptably low level of risk, taking into account its risk profile and the risk diversification rules laid down in Section 8.3 “Investment Rules and Restrictions”.

These operations shall in no case result in a change of the investment objectives or result in additional risk higher than the Sub-Funds’ risk profiles as set out in this Prospectus. See “Section 9 – General risk considerations” for more information on the risks. The risk exposures to a counterparty arising from the use of OTC derivatives transactions and efficient portfolio management techniques will be combined when calculating the counterparty risk limits.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs/fees, shall be returned to the relevant Sub-Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with securities lending transactions, Repo agreements and other efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of portfolio management techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect, the identity of the entities to which such costs and fees are paid, as well as any relationship they have with the Depositary or the Investment Manager, will be made available in the annual report of the Fund.

With regards to OTC derivatives, Repo transactions and securities lending, the Fund may enter into transactions with counterparties which are evaluated to be creditworthy (with, in general, a minimum credit rating of investment grade). The counterparties shall be EU financial institutions or other financial institutions or entities subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Union law and specialising in this type of transaction. Such transactions shall be at arm’s length.

Financial instruments subject to SFTs and other transactions owned by the Fund will be held in custody by the Depositary or any of its sub-custodians to which the Depositary has delegated safe-keeping of the Fund’s assets. For other assets, such as OTC derivatives, the Depositary shall verify the Fund’s ownership and maintain a record of such assets.

**2.2 Use of Securities Financing Transactions**

Among the type of Securities Financing Transactions defined in the SFT Regulation, the Fund is authorised

to use securities lending and Repo transactions. **However, as of the date of this Prospectus, no Sub-Fund uses securities lending transactions or Repo transactions. Before a Sub-Fund would make use of securities lending transactions or Repo transactions, the Prospectus will be updated accordingly.**

### 2.3 Securities Lending Transactions

In a securities lending transaction, a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested by the lender.

The Management Company, on behalf of the Fund may only lend securities through a standardised system organised by a recognised clearing institution or through a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Union law and specialising in this type of transaction as mentioned in the CSSF circular 08/356 as amended or substituted from time to time and in the ESMA Guidelines 2014/937.

The Management Company, on behalf of the Fund may decide to appoint an agent (securities lending agent) in relation to securities lending transactions. Further information will be included as and when securities lending will be used by a Sub-Fund.

For further details on the risks linked to such transactions, please refer to the Section 9 “General Risk Considerations”.

### 2.4 Repurchase and reverse repurchase transactions

Each Sub-Fund may, provided it is mentioned in the relevant Appendix and subject to the limitations set out in the respective investment objectives in each Sub-Fund and subject to the provisions set forth in CSSF Circular 08/356, as amended or substituted from time to time, and in the ESMA guidelines 2014/937, enter into repurchase (“Repo”) 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 acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Fund can act either as purchaser or seller in Repo transactions. Its involvement in such transactions is however subject to the following rules in addition to the rules stated in Section 8.3, paragraph (C), subparagraph 2.1:

- (i) During the duration of a Repo contract of purchase, the Management Company, acting on behalf of 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.
- (ii) Where the Fund is exposed to repurchases, it must take care to ensure that the level of its exposure to Repo transactions is such that it is able, at all times, to meet its repurchase obligations. When entering into a reverse Repo agreement the Management Company, acting on behalf of the Fund shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse Repo agreement on either an accrued basis or a mark-to-market basis.
- (iii) Securities that are subject to Repo transactions are limited to those listed in CSSF’s Circular 08/356.
  - (a) short-term bank certificates or money market instruments such as defined within Directive 2007/16/EC;
  - (b) bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - (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) bonds issued by non-governmental issuers offering an adequate liquidity;
  - (e) shares quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included within a main index.

For further details on the risks linked to such transactions, please refer to the Section 9. “General Risk Considerations”.

### 2.5 Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques

#### 2.5.1 General

Assets received from counterparties in OTC Derivative transactions, Repo agreements and securities lending activities constitutes collateral, the value of which, during the duration of the contract, must be at

least equal to 90% of the global valuation of the securities concerned by such transactions or techniques.

Such a collateral shall not be required if the securities lending is made through Clearstream or Euroclear or through any other organisations assuring to the lender a reimbursement of the value of the securities lent by way of a guarantee or otherwise.

The appointed securities lending agent on behalf of the relevant Sub-Fund will ensure that its counterparty delivers collateral either in the form of cash, or in the form of securities compliant with the applicable Luxembourg regulations.

### **2.5.2 Acceptable collateral**

Collateral received by the Management Company, acting on behalf of the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and CSSF-Circulars issued from time to time. In particular, collateral should comply with the following conditions:

#### Asset types, issuer and issuer credit quality

The Sub-Fund must in principle receive a collateral in the form of

- a. liquid assets, including cash, short term bank certificates, and money market instruments such as defined within Directive 2007/16/EC. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets;
- b. bonds issued or guaranteed by a Member State of the OECD or by their local authorities or by supranational institutions and undertakings with EU, regional or worldwide scope (at least equivalent to "investment grade");
- 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 (at least equivalent to "investment grade") offering an adequate liquidity; or
- f. shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

#### Maturity

Collateral received other than cash shall have a maturity as set out in the haircut table below.

#### Liquidity and issuer credit quality

Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.

#### Valuation

Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

#### Collateral correlation

Collateral received under any form other than cash shall be issued by an entity that is independent from the counterparty and its group and is expected not to display a high correlation with the performance of the counterparty. Collateral agreements with counterparties shall therefore not allow collateral issued by the counterparty. Counterparty credit exposure is monitored against credit limits and collateral is valued on a daily basis.

#### Collateral diversification (asset concentration)

Any collateral received other than cash should have a maximum exposure to a given issuer of 20% of each Sub-Fund's NAV. By derogation to this maximum exposure to a given issuer of 20% of each Sub-Fund's NAV, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, one or more of its local authorities, an OECD country, or a public international body to which one or more Member States of the European Union belong. The Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of its net asset value. In case it is intended that a Sub-Fund will be fully collateralised in securities issued or guaranteed by a Member State of the European Union, this fact shall be disclosed in the relevant Appendix, along with an indication of the Member State of the European Union, local authorities, or public international bodies issuing or guaranteeing securities.

### **2.5.3 Safekeeping**

Where there is a title transfer, the collateral received by the Management Company, acting on behalf of the Fund will be held in custody by the Depository or any of its sub-custodians to which the Depository has

delegated safe-keeping of the Fund's assets. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

#### 2.5.4 Reinvestment of collateral

Non-cash collateral received will not be sold, re-invested or pledged.

As the case may be, cash collateral received by each Sub-Fund may be reinvested in a manner consistent with the investment objectives of such Sub-Fund, and in compliance with the requirements of the CSSF Circular 14/592, as described below:

- placed on deposit with entities prescribed in Article 50(f) of Directive 2009/65/EC;
  - used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Management Company, acting on behalf of the Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in high-quality government bonds;
- invested in short-term money market funds as defined in the CESR Guidelines 10/049 on a Common Definition of European Money Market Funds.

Reinvested cash collateral should be diversified in accordance with the diversification requirements applicable to non cash-collateral. To the extent required by the applicable Luxembourg regulations, reinvestments of such cash collateral must be taken into account for the calculation of the Sub-Fund's global exposure.

#### 2.5.5 Risks

Risks linked to the management of collateral will be adequately captured by the Management Company's risk management process, which includes a collateral management policy. The risks related to efficient portfolio management techniques and collateral management are described under Section 9 "General Risk Considerations".

For Sub-Funds which receive collateral for at least 30% of their assets, the associated liquidity risk is assessed through regular stress tests under normal and exceptional liquidity conditions to enable the Management Company, acting on behalf of the Fund to assess the liquidity risk attached to the collateral.

#### 2.5.6 Collateral valuation and haircuts

The collateral manager will monitor and calculate the market value of both the transaction and the collateral (mark-to-market) at least daily or otherwise in accordance with standard market practice, and, as appropriate, diligently request additional collateral (variation margin) from the counterparty under the relevant agreement.

For each class of assets which may be received as collateral, a haircut policy may be applied as determined by the Management Company based on the quality of the collateral. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes into account the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Management Company that any collateral received by the relevant Sub-Fund shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

The Management Company will apply haircuts to the collateral received by the Company according to the below table:

| Collateral Instrument Type  | Haircut       |
|---|---------------|
| Cash  | 0%            |
| Government securities <sup>1</sup> with residual maturity of less than 1 year | At least 0.5% |
| Government securities <sup>1</sup> with residual maturity of more than 1 year | At least 2%   |
| Non-Government Bonds with residual maturity of less than 1 year               | At least 1%   |



|  |             |
|--|-------------|
| Non-Government Bonds with residual maturity of between 1 and 10 years  | At least 3% |
| Non-Government Bonds with residual maturity of between 10 and 20 years (in case of collateral received under a securities lending transaction, between 10 and 30 years)  | At least 4% |
| Equity & Equivalents: <ul style="list-style-type: none"> <li>• Equities listed or traded on the Main Index<sup>2</sup></li> <li>• American Depository Receipts, Global Depository Receipts, or convertible securities which are unconditionally convertible into equities listed or traded on the Main Index<sup>2</sup></li> <li>• Exchange traded funds which are 100% physically backed and which track the Main Index<sup>2</sup></li> </ul> | At least 5% |

<sup>1</sup> securities issued or guaranteed by a Member State of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature.

<sup>2</sup> Main Index means the main index of an Acceptable Jurisdiction. Acceptable jurisdictions are: Canada, USA, Australia, Hong Kong, Japan, Singapore, Austria, Belgium, France, Germany, Italy, The Netherlands, Spain, Sweden, Switzerland, and the UK.

In case of unusual market volatility, the Management Company reserves the right to temporarily increase the haircut it applies to collateral for such period of time and in such measure as justified by the circumstances. As a consequence, the relevant Sub-Fund will receive more collateral to secure its Counterparty exposure. Should that situation persist, this haircut policy will be updated accordingly.

## 9 General Risk Considerations

The investments of any Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objectives will be achieved.

The value of an investment by a Sub-Fund in a UCI may be affected by fluctuations in the currency of the country where such UCI invests, or by the application of foreign exchange rules, or of various tax laws of the relevant countries, including withholding taxes, government changes or variations of the monetary and economic policy of the relevant countries.

However, the risks inherent to investments in other UCI are limited to the loss of the initial investment contributed by the Fund.

Furthermore, it is noteworthy that the evolution of the NAV per Unit will mainly depend on the evolution of the NAV of the targeted UCIs. The value of the targeted UCIs may fall as well as rise and investors may not recoup the original amount invested in the Fund. In particular, the value of the targeted UCIs may be affected by uncertainties such as international, political and economic developments or changes in government policies. A Sub-Fund that invests UCIs which invests in bonds and other fixed income securities may fall in value if interest rates change (Interest rate risk). Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. A Sub-Fund, that invests in UCIs which invests in bonds and other fixed income securities, is also subject to the risk that issuers may not make payments on such securities (Credit risk). Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. A Sub-Fund investing in UCIs which invests in equity securities are subject to equity risk i.e. the risk that the value of the investments the UCI holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions.

Investing in equity markets may offer a higher rate of return than those in short term and longer term debt markets. However, the risks associated with investments in equity markets may also be higher, because the investment performance of equity markets depends upon factors which are difficult to predict. Sub-Fund investing in certain geographical area or with particular style or theme may be subject to greater than average fluctuations due to a higher degree of concentration. Changes in the outlook for the geographical area or business sector in question may have a substantial impact on the value of the Sub-Fund's investments. The performance of investments in a specific geographical area or sector may differ from the general performance of the equity or interest markets.

Investors' attention is drawn on the following:

- the calculation of the NAV per Unit of each Sub-Fund or Class may only be determined after the value of the investments has been determined, which may take some time after the Valuation Day;
- the number of Units subscribed may therefore not be determined until the NAV per Unit is calculated.

### **9.1 Specific Nature of a Fund of Funds**

Prospective investors should be aware of the specific features of a fund of funds and the consequences of investing in UCITS and/or UCI's. Although the Management Company, acting on behalf of the Fund will seek to monitor investments and trading activities of the UCITS and/or UCI's to which assets will be allocated, investment decisions are made at the level of such UCITS and/or UCI's and it is possible that the managers of such UCITS and/or UCI's will take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Consequently there is a possibility that one UCITS and/or UCI may purchase an asset at about the same time as another UCITS and/or UCI may sell it.

There can be no assurance that the selection of the managers of the UCITS and/or UCI's will result in an effective diversification of investment styles and that positions taken by the underlying UCITS and/or UCI's will always be consistent.

The selection of UCITS and/or UCI's will be made in a manner to secure the opportunity to have the shares or units in such UCITS and/or UCI's redeemed within a reasonable time frame. There is, however, no assurance that the liquidity of the UCITS and/or UCI's will always be sufficient to meet redemption requests as and when made.

### **9.2 Market risk**

The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Sub-Fund. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

### **9.3 Special Investment Techniques**

The use of currency hedging techniques and instruments, compared to traditional forms of investment, involves greater risks.

### **9.4 Emerging and Frontier Markets Risk**

Many of the emerging and frontier markets are relatively small, have low trading volumes, suffer periods of illiquidity and are characterised by significant price volatility. Through the investment selection process in place, the active investment management style and by diversifying investments, the Investment Manager strives to mitigate the negative impact of specific risks related to investments in emerging and frontier markets.

A number of attractive emerging and frontier markets restrict, to varying degrees, foreign investment in securities. Further, some attractive equity securities may not be available to a Sub-Fund because foreign shareholders hold the maximum amount permissible under current local law. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging and frontier markets and may be subject to currency exchange control restrictions. Such restrictions may increase the risks of investing in some emerging and frontier markets. A Sub-Fund's assets will only be invested in markets where the Board of Directors considers these restrictions acceptable provided that these restrictions comply with the provisions of the Articles and of the Prospectus.

Settlement systems in emerging and frontier markets may be less well organised than in developed markets. Thus there may be a risk that settlement may be delayed and that cash or securities of a target fund may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment is made prior to receipt of the security which is being purchased or that delivery of a security being sold must be made before payment is received. In such cases, default by a broker or bank (the "Counterparty") through whom the relevant transaction is effected might result in a loss being suffered by a target fund.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to a target fund. Furthermore, compensation schemes (if any) for creditors in these markets may be inadequate to meet the Fund's claims arising out of any such settlement risks.

Some countries in which a target fund's assets will be invested may be undergoing significant political and economic development and lack the social, political and economic stability of more developed countries. Such instability may result from authoritarian governments, social unrest, ethnic, religious and other conflicts, and hostile relations with neighbouring countries. Political or social developments in these countries may adversely affect the value of a target fund's investments in these countries. In addition, some emerging and frontier market countries may not be subject to the accounting, auditing and reporting standards, practices and disclosure requirements comparable to those applicable in more developed countries, and the legal infrastructure may not provide the same degree of shareholder protection to investors.

There may be changes in the tax laws or interpretations of such laws of various jurisdictions in which the Fund operates or invests in. As a result a Sub-Fund can become subject to additional or unseen taxation. In addition, changes in taxation treaties between the countries in which a Sub-Fund operates or invests in could potentially

lead to the same detrimental consequences. These changes may adversely affect the ability to efficiently realise income or capital gains.

The costs such as trading and settlement costs in emerging and frontier markets may be higher compared to those in fully developed markets.

### **9.5 Interest rate risk**

A Sub-Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

The interest rate risk associated with a Sub-Fund can be indicated by duration. The longer the remaining time to maturity of the Sub-Fund's fixed income investments is, the greater the interest rate risk (modified duration) of the Sub-Fund.

### **9.6 Defaulted debt securities risk**

Debt security on which the issuer has stopped payments on interest and/or principal may become illiquid. The risk of loss due to default associated with lower quality debt securities may also be significantly greater because they are generally unsecured and are often subordinated to other creditors of the issuer. Moreover, additional costs may occur when trying to recover principal or interest payments on a defaulted security.

### **9.7 Credit risk**

A Sub-Fund, which invests in bonds and other fixed income securities, is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Sub-Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

### **9.8 Sovereign risk**

Certain developing countries are especially large debtors to commercial banks and foreign governments. Investments in debt obligations (the "Sovereign Debt") issued or guaranteed by developing countries governments or their agencies (the "Governmental Entities") involve a high degree of risk. The Governmental Entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Governmental Entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Governmental Entity's policy towards the International Monetary Fund and the political constraints to which a Governmental Entity may be subject.

Governmental Entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Governmental Entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Governmental Entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, 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.

### **9.9 Foreign exchange risk**

Because a Sub-Fund's assets and liabilities may be denominated in currencies different to the Reference Currency, the Sub-Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Reference Currency and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's Units, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the Reference Currency, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

A Sub-Fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Sub-Fund from benefiting from the performance of a Sub-Fund's securities if the currency in which the securities held by the Sub-Fund are denominated rises against the Reference Currency.

Currency derivatives may also be used for investment purposes where a Sub-Fund may have short or long positions in different currencies. In such case a Sub-Fund may be exposed to currencies in which it would not be exposed otherwise and success of such strategy depends on the Investment Manager's ability to predict correctly the movements of the relevant currency.

#### **9.10 Counterparty risk**

A Sub-Fund and/or target funds may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, a Sub-Fund and/or target funds may enter into Repo agreements, forward contracts, options and swap arrangements including contracts for differences or other derivative techniques, each of which expose the Sub-Fund and/or target funds to the risk that the Counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a Counterparty, the Sub-Fund and/or target funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative Contracts such as swap contracts entered into by the relevant Sub-Fund or by the target funds may involve credit risk that could result in a loss of the Sub-Fund's or target fund's entire investment as the Sub-Fund and/or target funds may be fully exposed to the credit worthiness of a single approved Counterparty where such an exposure will be collateralised.

#### **9.11 Risk relating to active management**

The Sub-Fund's future performance will depend on the success of the Investment Manager's investment activities and the success of the target fund's investment activities. Active risk is a risk that results from active investment management. Active portfolio management means adopting an active approach to the positive or negative performance of investments in order to gain a return that outperforms the benchmark or relevant market. An active approach often means that the Sub-Fund's investment focus differs from that of the benchmark or relevant market. The Investment Manager overweights instruments it believes will bring a better return and, conversely, underweights investments with weaker expected returns. Because of active risk, the performance of a Sub-Fund may differ from that of the benchmark index or the relevant market.

For those Sub-Funds which objective is to generate absolute returns, the Sub-Fund's performance depends on the Investment Manager's ability to predict correctly the movements of the relevant assets/instrument. The investors should be aware that absolute returns are not guaranteed.

#### **9.12 Securities lending and Repo transactions**

Use of the techniques and instruments set out in "C. Rules and restrictions with regard to financial instruments and special technique & instruments" involve certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

In relation to Repo transactions, investors must notably be aware that (a) in the event of the failure of the Counterparty with which cash of a Sub-Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) Repo transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of this Prospectus.

In relation to securities lending transactions, investors must notably be aware that (a) if the borrower of securities lent by a Sub-Fund fails to return these there, is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) in case of reinvestment of cash collateral such reinvestment may yield a sum less than the amount of collateral to be returned (this risk is mitigated by reinvesting in accordance with the ESMA Guidelines 2014/937 as detailed under sub-paragraph 2.5 "Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques" of paragraph (C) "Rules and restrictions with regard to financial derivative instruments

and efficient portfolio management techniques and special technique & instruments”); that (c) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales or payment obligations arising from redemptions requests; and that (d) in the event of a default of a borrower of the securities a Counterparty risk may arise (this risk is mitigated by reinvesting in accordance with the ESMA Guidelines 2014/937 as detailed under sub-paragraph 2.5 “Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques” of paragraph (C) “Rules and restrictions with regard to financial derivative instruments and special techniques and instruments”).

### **9.13 Liquidity risk**

A Sub-Fund and/or target funds may be exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption. This can affect the ability of the Sub-Fund and/or target funds to sell the investment or position in question, and can also have an impact on the value of the Sub-Fund.

Although the target funds will invest mainly in liquid securities where they are entitled to sell their securities within a reasonable timeframe, there may be exceptional circumstances in which the liquidity of such securities cannot be guaranteed. Absence of liquidity may have a determined impact on the Sub-Fund and the value of its investments in the target funds.

The liquidity risk attached to investments in corporate debt security is usually higher than investment in government or supranational debt security. Furthermore, investment in small and medium sized companies may be less liquid than investment in companies with larger capitalisation.

### **9.14 Volatility**

Volatility risk is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor. Investments in Sub-Funds are subject to fluctuations in value, the strength of which varies from Sub-Fund to Sub-Fund. The greater the annual volatility of the Sub-Fund, the greater the risk associated with the Sub-Fund’s value fluctuation.

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

### **9.15 Operational risks**

Operational risks in relation to a Sub-Fund’s investments refer to risks caused by factors external to the investment such as by poorly functioning technology, defective action taken by staff or defects in organisation or internal processes. These risks may be realised as disruptions in the IT systems of transaction clearing and custodial systems, which may have a negative impact on trading in a security in which a Sub-Fund invests.

### **9.16 Force majeure risk**

Force majeure risks are factors that have consequences which are independent of contracts, unexpected and insurmountable, and put the continuity of operations at risk. Contractual parties are not liable for these risks. Force majeure risks include serious natural disasters, riots, industrial action and war. The realisation of a force majeure risk may have substantial impact on the prices of securities a Sub-Fund and/or target funds invests in or in the Sub-Fund’s and/or target funds’ ability to trade in securities. Consequently, the realisation of force majeure risk may affect the timetable of implementing subscription and redemption orders of a Sub-Fund.

### **9.17 Financial derivative instruments**

In general the risks regarding the use of derivatives depend on the Investment Manager’s ability to predict correctly movements in the direction of the relevant underlying assets. While the prudent use of financial derivative instruments can be beneficial, they also involve additional risks that in certain cases can be greater than the risks presented by more traditional investments. These risks may arise as a result of any or all of the following:

- leverage factors associated with the transactions in the assets;
- potential illiquidity of the markets for derivative instruments;
- creditworthiness of the counterparties to such derivative instruments;
- other risks as the valuation risk arising out of different permitted valuation methods and the inability of the derivatives to correlate perfectly with the underlying securities, rates or indices.

Transactions with OTC Derivatives may involve higher risk than investing in derivatives dealt in on a Regulated Market. In case a Counterpart defaults it may mean a loss for the Sub-Fund. Under certain conditions, the terms in the Sub-Fund’s OTC agreements gives the Counterparty the right to terminate the derivative position. This may create a loss for the Sub-Fund because with OTC Derivatives there is a risk that a Counterpart will not be able to

fulfil its obligations (see also section 9.10 “Counterparty risk”).

A Sub-Fund may take short positions via financial derivative instruments which involve trading on margin and accordingly can involve greater risk than investments based on a long position.

#### 9.17.1 Factors to be taken into consideration with regard to short positions

Taking short positions on certain securities may be restricted due to actions taken by regulators. Such restriction varies across different jurisdictions and may change in the short to medium term. These restrictions may influence the Investment Manager’s possibility to implement different investment strategies as well as the possibility to control the risk of the open positions. Accordingly, the Investment Manager’s ability to fulfil the investment objective of the Sub-Fund may be in some situations constrained.

#### 9.17.2 Factors to be taken into consideration with regard to futures

Future is an arrangement to buy or sell underlying assets at a pre-determined price in the future. In some cases the Sub-Funds position can be settled in cash. Relatively small down payments may lead to large losses as well as gains. Relatively small market movements may lead to proportionately larger movements in the value of the Sub-Fund’s investments. Margin calls are relevant feature of futures. In case the Sub-Fund fails to meet the margin call, its position may be closed or liquidated.

#### 9.17.3 Factors to be taken into consideration with regard to swaps

A swap is a financial contract to exchange benefits of two underlying financial contracts during a fixed period over the duration of the swap. Swaps can be used to decrease or increase exposure to different types of investments or market factors (for example equities, interest rates and currencies). If the creditworthiness of the Counterparty declines it can be expected that the value of the swap will also decline which may lead to losses to the Sub-Fund. The Sub-Fund must also be prepared to make payments when due in case the swap agreement calls for payments.

In a total return swap the Sub-Fund receiving the total return can be regarded as having a similar type of risk profile as would be the case when actually owning the underlying reference security. These transactions may be less liquid than interest rate swaps and this may adversely affect the Investment Manager’s (a) ability to close out a position, or (b) the price at which such a close out is transacted.

Credit Default Swaps (“CDS”) may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on CDS) can be significantly more volatile.

#### 9.17.4 Factors to be taken into consideration with regard to options

An option is a contract which gives the buyer the right, but not the obligation, to buy (call) or sell (put) an underlying asset or instrument at a specified strike price on or before a specified date. The seller incurs a corresponding obligation to fulfil the transaction if the owner elects to exercise the option prior to expiration. Buying options involves less risk than selling options as the maximum loss is limited to the premium (and transaction charges).

When selling options, the risk involved is greater as the Sub-Fund may be liable for margin to maintain its position and a loss may be greater than any premium received. In case the option is exercised against the Sub-Fund, the Sub-Fund has the obligation to purchase or sell the underlying assets. If in such case the Sub-Fund already owns the relevant assets (covered call option), the risk is lower than in cases where the Sub-Fund does not own the underlying assets (uncovered call option) where the risk can be unlimited. The general leverage levels mentioned in this Prospectus limits selling options. Certain markets operate on a margin basis where margin calls are relevant. In case the Sub-Fund fails to meet the margin call, its position may be closed or liquidated.

#### 9.17.5 Factors to be taken into consideration with regard to contracts for differences

Contract for differences is an agreement between two parties to exchange the difference between the opening price and the closing price of the contract, at the close of the contract, multiplied by the number of units of the underlying asset specified in the contract. When investing in contract of differences same type of risks as investing in futures and options may occur.

#### 9.17.6. Factors to be taken into consideration with regard to contingent liability transactions

Margined contingent liability transactions require the Sub-Fund to make series of payments against the purchase price. If the market moves against the Sub-Fund, the Sub-Fund may be called to pay additional margin at short notice in order to maintain the position. If the Sub-Fund fails to pay additional margin, its position may be liquidated creating a loss for the Sub-Fund and the Sub-Fund will be liable for any resulting

deficit.

### **9.18 Risks Relating to Investments in other UCI**

All the above mentioned risks may affect to the value of an investment represented by a UCI in which a Sub-Fund invests. In addition the value of an investment represented by a UCI in which the Sub-Fund invests, may be affected by fluctuations in the currency of the country where such UCI invests, or by foreign exchange rules, the application of the various tax laws of the relevant countries, including withholding taxes, government changes or variations of the monetary and economic policy of the relevant countries.

It is to be noted that the NAV per Unit will fluctuate mainly in the light of the net asset value of the targeted UCIs. The value of the targeted funds may fall as well as rise and investors may not recoup the original amount invested in the Fund.

However, the risks inherent to investments in another UCITS and/or other UCI are limited to the loss of the initial investment contributed by the Fund.

In particular, investors are warned that:

- the NAV per Unit of the Sub-Funds may be determined only after the value of their investments itself is determined, which may take a certain time after the relevant Valuation Day but before the next Valuation Day;
- that the number of Units subscribed may therefore not be determined until the NAV per Unit is determined.

Although the Investment Manager will seek to monitor investments and trading activities of the target funds to which assets will be allocated, investment decisions are made at the level of such target funds and it is possible that the managers of such funds will take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Consequently there is a possibility that one target fund may purchase an asset at about the same time as another target fund may sell it.

There can be no assurance that the selection of the managers of the target funds will result in an effective diversification of investment styles and that positions taken by the underlying target funds will always be consistent.

The selection of target funds will be made in a manner to secure the opportunity to have the shares or units in such target funds redeemed within a reasonable time frame. There is, however, no assurance that the liquidity of the target funds will always be sufficient to meet redemption requests as and when made.

### **9.19 Fees**

There may be a duplication of fees and commissions (such as subscription charges and redemption fees, central administration fees or fees of the Investment Manager) each time the Sub-Fund invests in other UCIs.

To the extent these UCIs invest in turn in other funds, Unitholders may incur additional fees to those mentioned above.

However, when a Sub-Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, that the Management Company or any other company may not charge subscription or redemption fees on account of the Funds' investment in the units of such other UCITS and/or UCIs.

If a Sub-Fund invests a substantial proportion of its assets in other UCITS and/or UCIs it shall disclose in the Prospectus the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or UCIs in which it intends to invest. In its annual report it shall indicate the maximum percentage of management fees charged both to the Sub-Fund itself and to the UCITS and/or other UCI in which it invests.

### **9.20 Collateral management risks**

In order to mitigate the counterparty risk arising from, among others, investments in OTC financial derivative instruments, securities lending transactions and Repo agreement transactions, collateral is generally transferred or pledged in favour of the relevant Sub-Fund. However, transactions may not be fully collateralised and fees and returns due to the Sub-Fund may not be collateralised at all. The Sub-Fund may need to sell non-cash collateral received at prevailing market prices in case a counterparty defaults. In such case, the Sub-Fund could suffer a loss due, among other things, 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 or failures in systems, technology and infrastructure might restrict the Fund's ability to meet redemption requests or result in losses in respect of the concerned Sub-Fund. Agreements regulating the Sub-Funds' contractual rights to collateral might not be enforceable under all relevant

national laws. To mitigate this risk, only industry standard agreements are used. Concerning custody risk, please see Section 9.21 “Custody risks”.

As set out in Section 8.3, paragraph (C), sub-paragraph 2.5 – “Management of collateral for OTC financial derivatives transactions and efficient portfolio management techniques”, a Sub-Fund receiving cash collateral may reinvest such cash. In such case, the Sub-Fund may also incur a loss due to a decline in the value of the investments made which 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, in such case, 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.

### **9.21 Custody risks**

In case of bankruptcy of the Depositary, the Depositary might not be able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Fund. The assets of the Fund will be identified in the Depositary's books as belonging to the Fund. Securities held by the Depositary will be segregated from other assets of the Depositary which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. Assets of the fund might be lost due to external events. The Depositary will be liable for such loss unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary and under the conditions set out in applicable laws and regulations.

The Depositary does not keep all the assets of the Fund itself but uses a network of sub-custodians which might not be part of the same group of companies as the Depositary. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Depositary. Assets may also be entrusted to the operator of a securities settlement system (“SSS”) which is not considered as a delegation by the Depositary. A central securities depository (“CSD”) being a legal person that operates a SSS and provides in addition other core services should not be considered as a delegate of the Depositary irrespective of the fact that the custody of the Fund’s assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

### **9.22 ESG Investment Risk and Sustainability Risk**

#### **Environmental, Social and Governance (“ESG”) Investment Risk**

ESG investments are selected or excluded on both financial and non-financial criteria. A Sub-Fund may underperform the broader equity market or other funds that do not utilize ESG criteria when selecting investments. A Sub-Fund may sell a stock for reasons related to ESG, rather than solely on financial considerations. ESG investing is to a degree subjective and there is no assurance that all investments made by a Sub-Fund will reflect the beliefs or values of any particular investor. Investments in securities deemed to be 'sustainable' may or may not carry additional or lesser risks.

#### **Sustainability Risk**

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Consequent impacts to the occurrence of sustainability risks can be many and varied according to a specific risk, region or asset class. Generally, when sustainability risk occurs for an asset, there will be a negative impact and potentially a total loss of its value and therefore an impact on the net asset value of the concerned Sub-Fund.

## **10 Risk management**

The Management Company employs a risk management process which monitors and measures the risk of the positions and their contribution to the overall risk profile of the portfolio. Risk management function monitors the Fund's compliance with the investment restrictions as well as global exposure and Counterparty risk. Risk management function also provides reports to the Board of Directors and advises the Board of Directors on the risk profile of each Sub-Fund.

Each Sub-Fund may use financial derivative instruments as stated in section 8.3 (C) “Rules and restrictions with



regard to financial instruments and special techniques and instruments” of the Prospectus, including but not limited to, options, futures and swaps. Financial derivatives instruments are used for mainly hedging purposes and for efficient portfolio management. When a Sub-Fund is using derivatives also for instrument purposes, it has been specified in the relevant Appendix (relating to specific information on the different Sub-Funds). The global exposure is calculated on a daily basis by using the commitment approach, the value-at-risk ("VaR") approach or other advanced risk measurement methodologies as may be appropriate in compliance with any relevant circular or regulation issued by the CSSF or any European authority authorised to issue related regulation or technical standards. The approach used when calculating the global exposure of each Sub-Fund is specified in the relevant Appendix to the Prospectus (relating to specific information on the different Sub-Funds).

When using commitment approach, global exposure of each Sub-Fund relating to the financial derivatives may not exceed its net assets. On the basis of the commitment approach, the positions on derivative financial instruments will be converted into equivalent positions on the underlying assets. The total global exposure, including cash securities and potential leverage through derivatives cannot exceed 200% of the net asset value.

VaR measures the potential loss to the Fund due to market risk i.e. the potential loss as a given confidence level (probability) over a specific time period under normal market conditions. VaR method is used in those Sub-Funds where financial derivative instruments are used more extensively as specified in the relevant Appendix (relating to specific information on the different Sub-Funds).

On the basis of the absolute VaR (the VaR of the Sub-Fund capped as a percentage of the Net Asset Value) approach on a daily basis, the absolute VaR over a monthly time horizon on all positions in the Sub-Fund's portfolio cannot exceed 20% of the Net Asset Value with 99% confidence interval, unless otherwise stated in the relevant Appendices to the Prospectus (relating to specific information on different Sub-Funds).

On the basis of the relative VaR (the VaR of the Sub-Fund divided by the VaR of a benchmark or reference portfolio) approach, the VaR of the Sub-Fund shall not exceed twice the VaR on a benchmark or reference portfolio i.e. a similar portfolio with no derivatives. If the relative VaR approach is used in a Sub-Fund, such information on the benchmark or the reference portfolio as used, is stated in the relevant Appendix to the Prospectus (relating to specific information on different Sub-Funds).

The global exposure of a Feeder will be calculated by combining its own direct exposure to financial derivative instruments with either:

- (a) The Master actual exposure to financial derivative instruments in proportion to the Feeder investment into the Master; or
- (b) The Master potential maximum global exposure to financial derivative instruments provided for in the Master management regulations or articles of incorporation in proportion to the Feeder investment into the Master.

## **11 The Units**

Units in any Sub-Fund will be issued on a registered basis only.

The inscription of a Unitholder's name in the register of Units evidences his or her right of ownership of such registered Units. Holders of registered Units shall receive a written confirmation of his or her unitholding. No Unit certificates will be issued.

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

The forms relating to the transfer of Units are available at the Registered Office of the Management Company or at the registered office of the Registrar Agent. Units are freely transferable except to Prohibited Persons. Unitholders are required to notify the Management Company immediately in the event they become Prohibited Persons or hold Units on behalf of Prohibited Persons or in breach of the law or the requirements of any other country or governmental authority.

All Units must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights.

Fractional registered Units are issued with up to four (4) decimals (ten thousandth of a Unit), and such fractional Units shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the relevant Sub-Fund and Class of Units on a pro rata basis.

## **12 Issue and Sale of Units**

Units are made available through the Management Company. The Management Company and the Registrar Agent will at all times comply with any obligations imposed by any Luxembourg laws, rules and regulations with

respect to money laundering and, in particular, with all the relevant CSSF Circulars as they may be amended or revised from time to time. In addition, the Management Company will at all times comply with any obligations imposed by any applicable Swedish laws.

Within each Sub-Fund several Classes of Units may be issued by the Management Company acting on behalf of the Fund depending, among others, on the qualification and characteristics of the subscribers, the subscription amount, and, on the Unit Currency of the relevant Class.

The minimum initial and subsequent investment as well as the minimum holding per investor is determined in the Appendix of the relevant Sub-Fund. The subscription price for the Units shall be equal to the NAV per Unit of the relevant Sub-Fund and Class calculated on the applicable Valuation Day together with any applicable Subscription Fee, which may not exceed a maximum percentage (as defined for each Sub-Fund in the respective Appendix) of the NAV per Unit or initial offer price, as the case may be.

Unitholders subscription requests will be dealt with on any Business Day, using the next calculated NAV determined following the day of receipt of the subscription request, provided that the applications are received by the Registrar Agent before the subscription deadline determined for each Sub-Fund in the respective Appendix and provided that the payment for Units is made within the deadline mentioned here below. Applications received after the subscription deadline will be processed on the next Valuation Day following the day of receipt of the subscription request, using the NAV determined on that Valuation Day.

By derogation of the above, subscriptions for Units accepted during the initial offering period for a Sub-Fund and/or Class will be dealt with at the initial subscription price per Unit, as mentioned in the Appendix relating to the relevant Sub-Fund and Class.

Investors will be required to complete the application form for Units attached hereto or other documentation satisfactory to the Management Company in particular for the purpose of verifying that the subscriber is not a "U.S Person". Application forms containing such representations are available from the Management Company or the Fund's duly appointed agents.

Payments for Units shall be made available to the Registrar Agent no later than on the subscription payment deadline as mentioned in the Appendix relating to the relevant Sub-Fund and Class by electronic bank transfer net of all bank charges (except where local banking practices do not allow electronic bank transfers). Payment should be made in the Reference or Unit Currency of the relevant Sub-Fund and Class or in such other currency(ies) available to the Unitholders as mentioned under section 15.1 below, in which case any currency conversion costs shall be borne by the relevant Sub-Fund and/or Class, to the bank account indicated by the Registrar Agent. Currency conversion rate of the relevant Valuation Day will be used. Information on the available currency(ies) of subscription may also be obtained at the registered office of the Management Company and of the Distribution Agents or their agents.

Other methods of payment are subject to the prior approval of the Management Company.

Written confirmations of unitholding will be sent to Unitholders within five (5) Business Days after the relevant Valuation Day.

The Management Company may agree to issue Units as a consideration for a contribution in kind of securities, in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the Auditor ("*réviseur d'entreprises agréé*") which shall be available for inspection by any Unitholder at the Registered Office of the Management Company and provided that such securities comply with the investment objectives and policies of the Fund described herein. Any costs incurred in connection with a contribution in kind of securities shall be borne by the relevant Unitholders.

The Management Company reserves the right to reject, at its sole discretion, any subscription request whether in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable thereafter, provided such subscription monies have cleared, or to suspend at any time and without prior notice the issue of Units.

No Units will be issued during any period when the calculation of the NAV per Unit is suspended by the Management Company, pursuant to the powers reserved to it by Article 18.3 of the Management Regulations.

In the case of suspension of dealings in the Units any subscription request will be dealt with on the first Valuation Day following the end of such suspension period.

### **13 Conversion of Units**

Unless otherwise provided for in the relevant Sub-Fund(s), each Unitholder may convert all or part of the Units he holds in a Sub-Fund:

- into Units of another Sub-Fund within the same Class of Units,
- Into another Class of Units within the same Sub-Fund provided the Unitholder complies with the conditions of the newly selected Class of Units.

Where conversions are possible, Unitholders must specify the relevant Sub-Fund(s) and Class(es) of Units as well as the number of Units or monetary amount they wish to convert and the newly selected Sub-Fund(s) or Class(es) of Units to which their Units are to be converted.

The value at which Units of any Class in any Sub-Fund shall be converted will be determined by reference to the respective NAV of the relevant Units, calculated on the same Valuation Day decreased, if applicable, by a conversion fee (the "Conversion Fee") as determined for each relevant Sub-Fund in the respective Appendix. The Conversion Fee will be paid to the Management Company, the Distribution Agents, or any agent thereof.

A conversion of Units of one Sub-Fund for Units of another Sub-Fund or of a Class of Units of a Sub-Fund to another Class of Units within the same Sub-Fund will be treated as redemption of Units and simultaneous purchase of Units. A converting Unitholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the Unitholder's citizenship, residence or domicile.

All terms and notices regarding the redemption of Units shall equally apply to the conversion of Units.

In converting Units of a Sub-Fund for Units of another Sub-Fund or Class of Units of a Sub-Fund to another Class of Units within the same Sub-Fund, a Unitholder must meet any applicable minimum investment requirement imposed in the relevant Class of the acquired Sub-Fund.

If, as a result of any request for conversion the aggregate NAV of the Units held by the converting Unitholder in a Class of Units within a Sub-Fund falls below the minimum holding requirement indicated herein the Management Company, acting on behalf of the Fund may treat such request as a request to convert the entire unitholding of such Unitholder in such Class at the Management Company's discretion.

If on any given date dealing with conversion requests representing more than 10% of the Units in issuance in any Sub-Fund may not be effected without affecting the relevant Sub-Fund's assets, the Management Company may defer conversions exceeding such percentage for such period as is considered necessary to sell part of the relevant Sub-Fund's assets in order to be able to meet the substantial conversion requests.

## 14 Redemption of Units

Each Unitholder of the Fund may at any time request the Management Company to redeem on any Business Day all or any of the Units held by such Unitholder.

Unitholders desiring to have all or any of their Units redeemed have to apply in writing to the Management Company directly at the registered office of the Registrar Agent.

Redemption requests should contain the following information (if applicable): the identity and address of the Unitholder requesting the redemption, the number of Units or currency amount to be redeemed, the relevant Sub-Fund and Class, the name in which such Units are registered and details as to whom payment should be made. All necessary documents to complete the redemption request have to be enclosed with such application. If a request for redemption in currency amount would exceed the relevant Net Asset Value of the Units held by the Unitholder, the Management Company may treat such request as a request to redeem the entire unitholding of such Unitholder in such Sub-Fund.

Unitholders whose redemption requests are accepted on a Business Day will have their Units redeemed on the next Valuation Day, using the NAV of the relevant Sub-Fund and Class determined on that Valuation Day, provided that the applications are received by the Registrar Agent before the redemption deadline as determined for each Sub-Fund in the respective Appendix. Applications received after that deadline will be processed on the next Valuation Day following the day of receipt of the redemption request, using the NAV determined on that Valuation Day.

Units will be redeemed at a price equal to the NAV per Unit of the relevant Sub-Fund and Class on the applicable Valuation Day less any applicable redemption fee (the "Redemption Fee") for the benefit of the Management Company and/or for the benefit of any Distribution Agents as described in the Appendices of the respective Sub-Fund(s) which may not exceed a maximum percentage (as determined for each Sub-Fund in the respective Appendix) of the NAV per Unit as described below (the "Redemption Price"). The Redemption Price may be higher or lower than the price paid at the time the subscription was made.

The Redemption Price shall be paid not later than five (5) Business Days after the applicable Valuation Day, as mentioned in the Appendix relating to the relevant Sub-Fund, or from the date on which the redemption request details have been received by the Management Company, whichever is the later date.

Payment of the Redemption Price will be made by wire to the Unitholder at the address indicated by him or her at such Unitholder's expense and at the Unitholder's risk.

The Redemption Price will be paid in the Reference or Unit Currency of the relevant Sub-Fund or Class or the

currency in which the Unitholder has subscribed, in which case any currency conversion costs shall be borne by the relevant Sub-Fund and/or Class. Currency conversion rate of the relevant Valuation Day will be used.

Units of any Class of any Sub-Fund will not be redeemed if the calculation of the NAV per Unit is suspended by the Management Company in accordance with Article 18.3 of the Management Regulations.

Furthermore, if on any Valuation Day, redemption requests pursuant to Article 7.2 of the Management Regulations relate to more than 10% of the NAV in a Sub-Fund, the Board of Directors may decide that part or all of such requests for redemption in excess of the 10% limit will be deferred for such period as the Board of Directors considers to be in the best interests of the Fund, but normally not exceeding two Valuation Days. On the next Valuation Day following such period, these redemptions requests will be met in priority to later requests.

The Management Regulations contain at Article 6.5 provisions, which entitle the Management Company, acting on behalf of the Fund to compulsorily redeem Units held by Prohibited Persons.

If requested by a Unitholder or by the Management Company and accepted by the Unitholder and in accordance with the provisions of the sales documents of the Fund, redemptions may be made in kind at the discretion of the Management Company. Expenses in connection with the redemption in kind (mainly costs relating to the drawing up of an auditor's report) will be borne by the Unitholder that has chosen this method of redemption or by a third party as the Management Company may determine at its sole discretion.

## **15 Distribution Policy**

The Management Company, on behalf of the Fund pursues the following distribution policy:

- The Management Company may, on behalf of the relevant Sub-Funds and/or Classes of Units, declare annually, or, if the Management Company so decides, semi-annually the amounts which will be distributed to the Unitholders of the Sub-Fund and/or Class of Units in question.
- Such payments shall be made within one (1) month of their declaration to all Unitholders as of the record date and the Units shall be traded and issued ex-dividend from the day following such record date.
- Monies not claimed within five (5) years of the publication of the declaration in relation to their payment shall be forfeited and shall revert to the relevant Sub-Fund and/or Class.

With regard to the Sub-Funds and/or Class(es) of Units which accumulate their income, there will be no cash dividends and all net income and net realized capital gains and net unrealized appreciation shall be accumulated. The Management Company may, however, declare a stock dividend out of accumulated profits.

Please refer to the Sub-Fund's relevant Appendix under "Distribution Policy" in order to determine whether a given Sub-Fund and/or Class(es) of Units distributes or accumulates its income.

In any event, no distribution may be made if, as a result, the NAV of the Fund would fall below EUR 1,250,000.-

No interest shall be paid on a distribution declared by the Fund and kept by it at the disposal of its beneficiary.

## **16 Prevention of market timing and late trading practices**

The Fund does not allow investments which are associated with late trading or market timing practices, as such practices may adversely affect the interests of the Unitholders.

### **16.1 Market Timing**

In general, market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts shares and/or units of the same UCI 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 of the UCI.

Accordingly, the Management Company may, whenever it deems appropriate, cause the Registrar Agent to reject an application for subscription and/or switching of Units from investors whom the Management Company considers market timer and may, if necessary, take appropriate measures in order to protect the interests of the other investors.

The Fund does not knowingly allow investments which are associated with market timing practices, as such practices may adversely affect the interests of all Unitholders.

## 16.2 Late Trading

In general, late trading is to be understood as the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the NAV applicable to such same day.

Therefore, subscriptions, conversions or redemptions are dealt with at an unknown NAV.

## 17 Determination of the Net Asset Value

### 17.1 Calculation and Publication

The NAV per Unit of each Sub-Fund and Class shall be expressed in the relevant Reference Currency or Unit Currency as determined in the relevant Appendix.

The Management Company may decide to accept subscriptions of Units in a currency different from the Reference Currency of the relevant Sub-Fund or the Unit Currency, if the latter should differ from the Reference Currency, in which case, the Net Asset Value per Unit shall also be available in such currency(ies). For the time being, the available currency of subscription different from the Reference currency or the Unit Currency, as the case may be, is the Swedish Kroner. Information on the available currency(ies) of subscription may also be obtained at the registered office of the Management Company and of the Distribution Agents or their agents.

The NAV is calculated by the Management Company or by someone appointed by it in Luxembourg to make such calculations in the frequencies as determined for each Sub-Fund in the relevant Appendix. If such day is not a Business Day, the NAV will be calculated on the next Business Day. Such day is being referred to as the "Valuation Day".

The NAV per Unit of each Sub-Fund and Class shall be determined for any Valuation Day by dividing the net assets of the relevant Sub-Fund attributable to the relevant Class of Units, (being the value of the portion of assets less the portion of liabilities attributable to such Class, on any such Valuation Day), by the total number of Units in such Class then outstanding, in accordance with the valuation rules set forth below. The NAV per Unit may be rounded up or down to the nearest unit of the relevant currency of each Class as the Management Company shall determine.

The value of each Sub-Fund's assets shall be determined as follows:

- a) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- b) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.
- c) The value of assets dealt in on any other Regulated Market is based on the last available price.
- d) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- e) The liquidating value options contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and organised markets on which the particular futures, forward or options contracts are traded by the Management Company, acting on behalf of the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps shall be valued at their market value established by reference to the applicable interest rates' curve.
- f) Units or shares of open-ended UCIs will be valued at their last determined and available NAV for the Valuation Day, or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis.
- g) The Credit Default Swap positions and the contracts for differences will be valued in accordance with

valuation principles decided by the Board of Directors on the basis of their Marked to Market price by using standard market practices.

- h) All other securities and other assets will be valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors.

All assets which are valued in a currency other than the currency in which Units of the relevant Sub-Fund are denominated will be converted into the relevant currency at the latest median foreign exchange rate.

The Management Company in its discretion may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund.

In addition, as in practice, the securities of funds investing in non-European markets are usually valued on the basis of the last available price at the time when the Net Asset Value per Unit is valued, the time difference between the close of the markets in which a Sub-Fund invests and the point of valuation can be significant. Developments that could affect the value of these securities, which occur between the close of the markets and the point of valuation, will not, therefore, normally be reflected in the Net Asset Value per Unit of the relevant Sub-Fund.

The Board of Directors, in its discretion, may authorise the use of other method of valuation if it considers that such valuation better reflects the fair value of any assets of the Fund.

The NAV per Unit and the issue and redemption prices per Unit may be obtained during business hours at the Registered Office of the Management Company.

## **17.2 Temporary Suspension of the Calculation**

The Management Company, acting on behalf of the Fund may temporarily suspend the determination of the NAV per Unit of any Sub-Fund and the issue, conversion and redemption of the Units:

- (a) during any period when any of the principal stock exchanges or other markets on which any substantial portion of the investments of such Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation on the investments of the Fund attributable to a Sub-Fund quoted thereon; or
- (b) during the existence of any state of affairs which in the opinion of the Management Company constitutes an emergency as a result of which disposals or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable; or
- (c) during any breakdown in the means of communication normally used in determining the price or value of any of the investments of the Fund attributable to such Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to the Sub-Fund; or
- (d) when for any other reason the prices of any investments owned by the Fund attributable to such Sub-Fund cannot promptly or accurately be ascertained; or
- (e) during any period when the Fund is unable to repatriate funds for the purpose of making payments in respect of the redemption of the Units of the relevant Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due in respect of redemption of Units of the Sub-Fund cannot in the opinion of the Management Company be effected at normal rates of exchange.

Any such suspension shall be published, if appropriate, by the Management Company and shall be notified by the Management Company, acting on behalf of the Sub-Fund to Unitholders having made an application for subscription, redemption or conversion of Units for which the calculation of the NAV has been suspended. The Management Company may however decide to publish such suspension and the termination thereof when appropriate.

Any request for subscription, conversion or redemption shall be irrevocable except in the event of a suspension of the calculation of the NAV per Unit of any Sub-Fund, in which case Unitholders may give notice that they wish to withdraw their application. If no such notice is received by the Management Company, such application will be dealt with on the first Valuation Day, as determined for each relevant Sub-Fund following the end of the period of suspension.

The suspension of the issue, conversion and redemption of Units of one Sub-Fund shall have no effect on the issue, conversion and redemptions of Units in the other Sub-Funds.

## **18 Duration and Liquidation of the Fund or any Sub-Fund or Class of Units**

### **18.1 Duration**

The Fund has been established for an unlimited period.

### **18.2 Dissolution of the Fund**

The Fund or any Sub-Fund or Class of Units may be dissolved and liquidated at any time by mutual agreement between the Management Company and the Depositary, subject to prior notice. The Management Company is, in particular, authorised, subject to the approval of the Depositary, to decide the dissolution of the Fund or any Sub-Fund or Class of Units where the value of the net assets of the Fund or of any Sub-Fund or Class of Units has decreased to an amount determined by the Management Company to be the minimum level for the Fund or Sub-Fund or Class of Units to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation.

In case of dissolution of any Sub-Fund or Class of Units, unless the Board of Directors decides otherwise in the interests of, or to keep equal treatment among the Unitholders, the Management Company shall not be precluded from redeeming or converting all or part of the Units of the Unitholders, at their request, at the applicable NAV per Unit (taking into account actual realisation prices of investments as well as realisation expenses in connection with such dissolution), as from the date on which the resolution to dissolve the relevant Sub-Fund or Class of Units has been taken and until its effectiveness.

Issuance and conversion, if any, of Units will cease at the time of the decision or event leading to the dissolution of the Fund. Redemption of Units stays possible, provided that an equal treatment of Unitholders may be ensured.

In the event of dissolution, the Management Company will realise the assets of the Fund, Sub-Fund or Class of Units in the best interests of the Unitholders thereof, and upon instructions given by the Management Company, the Depositary will distribute the net proceeds from such liquidation, after deducting all expenses relating thereto, among the Unitholders of the Fund, Sub-Fund or Class of Units in proportion to the number of Units of the relevant Sub-Fund or Class held by each Unitholder. The Management Company may distribute the assets of the Fund or of the relevant Sub-Fund or Class of Units wholly or partly in kind to any Unitholder who agrees in compliance with the conditions set forth by the Management Company (including, without limitation, delivery of an independent valuation report) and the principle of equal treatment of Unitholders.

### **18.3 Liquidation of Sub-Funds**

As provided by Luxembourg law, at the close of liquidation of the Fund, the proceeds thereof corresponding to Units not surrendered will be kept in safe custody at the *Caisse de Consignation* in Luxembourg until the statute of limitations relating thereto has elapsed.

At the close of liquidation of any Sub-Fund or Class of Units, the proceeds thereof corresponding to Units not surrendered shall be kept in safe custody at the *Caisse de Consignation*.

In the event of dissolution of the Fund, the decision or event leading to the dissolution shall be published in the manner required by the 2010 Law in the RESA and in two (2) newspapers with adequate distribution, one of which must at least be a Luxembourg newspaper.

The decision to dissolve a Sub-Fund or Class of Units shall be published as provided in Article 11 of the Management Regulations for the Unitholders of such Sub-Fund or Class of Units.

The liquidation or the partition of the Fund or any Sub-Fund or Class of Units may not be requested by a Unitholder, nor by his heirs or beneficiaries.

### **18.4 Merger of the Fund decided by the Board of Directors**

The Board of Directors may decide to proceed with a merger of the Fund (within the meaning of the 2010 Law), either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the "New UCITS"); or
- a sub-fund thereof,

and, as appropriate, to redesignate the Units of the Fund concerned as Units of this New UCITS, or of the relevant sub-fund thereof as applicable.

In case the Fund involved in a merger is the receiving UCITS, the Board of Directors will decide on the merger and effective date thereof.

In case the Fund involved in a merger is the absorbed UCITS, the Board of Directors has to approve, and decide on the effective date of, such merger.

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

### **18.5 Mergers of Sub-Fund decided by the Board of Directors**

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

- another existing Sub-Fund within the Fund or another sub-fund within a New UCITS (the "New Sub-Fund"); or
- a New UCITS,

and, as appropriate, to redesignate the Units of the Sub-Fund concerned as Units of the New UCITS, or of the New Sub-Fund as applicable.

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

## **19 Charges and Expenses**

### **19.1 Fees and Expenses Relating to the Fund**

The Management Company shall pay, out of the investment management fee as mentioned in the relevant Appendix for each Sub-Fund (the "Investment Management Fee"), the fee of the Investment Manager of the relevant Sub-Fund.

The Management Company acting on behalf of the Fund shall pay out of the Fund's assets all other expenses which shall include but not be limited to formation expenses and investment advisory fees (including eventual performance fees), fees and expenses payable to the Auditors and accountants, the Central Administration Agent, the Depositary and its correspondents, the Registrar Agent, the Principal Paying Agent, any paying agent, any Distribution Agent, any permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration of the Directors, if any, their insurance coverage, and reasonable travelling costs and out of pocket expenses in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, advertising, translating and distributing prospectus, KID, management regulations, explanatory memoranda, periodical reports or registration statements, and the costs of any reports to Unitholders, expenses incurred on all compliance and risk monitoring support, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, and telephone. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount for yearly or other periods.

The Management Company is entitled to receive out of the assets of the relevant Sub-Fund a Management Company fee of 0.0625% per annum with an annual minimum fee of EUR 43 636.

Investors should be aware of the fact that an investment in a Sub-Fund may be subject to fees and expenses on the Sub-Fund level as well as on the level of the target funds in which such Sub-Fund invests.

The Fund will pay to the Depositary, the Central Administration Agent and the Registrar and Transfer Agent annual fees which will vary up to a maximum of 0,5 % of the net asset value at the Fund level subject to a minimum fee per Sub-Fund of EUR 19,600 and a minimum fee of EUR 21,000 at the Fund level.

These fees are payable on a monthly basis and do not include any transaction related fees and costs of sub-custodians or similar agents. The Depositary, the Central Administration Agent as well as the Registrar Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

The amount paid by the Fund to the Depositary, the Central Administration Agent and the Registrar Agent will be mentioned in the annual report of the Fund.

### **19.2 Expenses with Regard to the Formation of the Fund**

The costs and expenses incurred in connection with the formation of the Fund and the initial issue of Units by the Fund, including those incurred in the preparation and publication of the Prospectus and Management Regulations, all legal and printing costs, certain launch expenses (including advertising costs) and preliminary expenses were written off over a period not exceeding five years from the formation of the Fund and in such amounts each year as determined by the Board of Directors on an equitable basis.



### 19.3 Fee Details

Details with regard to the fees to be borne by each Sub-Fund are contained in the relevant Appendix.

The allocation of costs and expenses to be borne by the Fund among its various Sub-Funds will be made in accordance with Article 18.4.3 of the Management Regulations.

## 20 Taxation

The following section is a short summary of certain important Luxembourg taxation principles that may be or become relevant with respect to the Units. The section does not purport to be a complete summary of tax law and practice currently applicable in any of the jurisdictions mentioned in the Prospectus.

The Luxembourg tax aspects described below are general in nature and are based on the current tax laws, regulations and administrative practice in force in Luxembourg at the date of issuance of this Prospectus. No assurance can be given that current laws, regulations and administrative practice may not change in the future, which may have an impact on the Luxembourg tax comments in this Prospectus and with respect to the Fund and/or the Units.

*The information set forth in the following sections is based on current legal and administrative practices and may be subject to modification, and sometimes with retroactive effect. Any such modification may invalidate the content of the information contained under the following sections, which information will not be updated to reflect such modification.*

*Prospective investors and Unitholders are advised to consult their own professional tax advisers in respect of their investment in the Fund and should inform themselves of, and where appropriate take advice on, the laws and regulations (such as those relating to taxation, foreign exchange controls and being Prohibited Persons) applicable to the subscription, purchase, holding, and redemption of Units in the country of their citizenship, residence or domicile, and of the current tax status of the Fund in Luxembourg.*

### 20.1 The Fund

The Fund is governed by Luxembourg tax laws. Pursuant to the provision of the 2010 Law, the Fund is not subject to Luxembourg tax, apart from what is stated below.

Under current law and practice, the Fund is liable, at the date of this Prospectus, to an annual subscription tax of 0,05% (except those Sub-Funds or Class(es) of Units, which may benefit from the lower rate of 0,01% as more fully described in article 174 of the 2010 Law). No such tax is due on the portion of assets of the Fund invested in other Luxembourg UCITS or UCIs (if any) provided that such assets have already been subject to the subscription tax. This subscription tax is payable quarterly and calculated on the basis of the Fund's net assets at the end of the relevant quarter.

Income (e.g. dividends, interest, capital gains etc.) from assets invested in by the Fund and received by the Fund may be liable to income, withholding or capital gains taxes in the country of origin of such assets without them being necessarily recoverable. The income is therefore collected by the Fund after any deduction of any such taxes. This is neither chargeable nor recoverable.

Finally, the Fund may also be subject to indirect taxes on its operations and on services charged to it under applicable legislation.

### 20.2 The Unitholders

At the date of this Prospectus, Unitholders that are not tax resident in Luxembourg (nor have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which the Units - as owned by such Unitholder - can be allocated for Luxembourg tax purposes) are neither subject to any taxation in Luxembourg on capital gains, on income realised by the Fund, nor to any transfer tax in Luxembourg. Unitholders that are not tax resident in Luxembourg (nor have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which the Units - as owned by such Unitholder - can be allocated for Luxembourg tax purposes) are also not subject to taxation in Luxembourg on the holding, sale, purchase or repurchase of Units in or by the Fund (except with respect to Luxembourg gift tax, in the event that a gift is made pursuant to a notarial deed signed before a Luxembourg notary or registered in Luxembourg) nor on distributions from the Fund.

Unitholders that are tax resident in Luxembourg or have a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which the Units - as owned by such Unitholder - can be allocated for Luxembourg tax purposes are liable to tax in Luxembourg in respect of the holding, sale, purchase or repurchase of Units in or by the Fund.

### 20.3 Automatic Exchange of Information

The OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information on a global basis. On 9 December 2014, the European Council of Economic and Financial Affairs ("ECOFIN") adopted Directive 2014/107/EU amending the Directive on Administrative Cooperation in the Field of Taxation 2011/16/EU ("DAC").

The revised DAC requires Luxembourg Financial Institutions ("FIs"), broadly defined, including investment funds and custodian institutions, to report information concerning direct account holders (including investors in an investment fund) and controlling persons of passive non-financial entities, who are resident in another E.U. Member State, and information concerning their account at stake and the payments they received to the FI's tax authority. The additional information is related to interest, dividends, and other income from assets held by a custodial institution, sales and redemption proceeds from financial assets, as well as financial information such as aggregated annual accounts data. FIs are required to identify tax residency of account holders and investors and to annually report financial account information as from 1 January 2016.

### 20.4 FATCA Foreign Account Tax Compliance Act

#### 20.4.1 General introduction to FATCA

The Fund may be subject to regulations imposed by foreign regulators, including the Hiring Incentives to Restore Employment Act which was enacted into U.S. law in March 2010. On January 2013 the U.S. Treasury Department and the Internal Revenue Service (the "IRS") released the final regulations for the Foreign Account Tax Compliance Act ("FATCA"). The objective of FATCA is to combat U.S. tax evasion by certain U.S. Persons and obtain from US financial institutions (the "Foreign Financial Institutions" or "FFIs") information relating to such U.S. Persons that have direct or indirect accounts with or investments in those FFIs.

In case FFIs choose not to comply with FATCA, FATCA will impose a withholding tax of 30% on certain U.S. source income and gross sales proceeds. This regime will be implemented in phases from 1 July 2014 to 2017. To be relieved from this 30% withholding tax, FFIs will need to enter into an agreement with the IRS except if they are incorporated in a country that entered into a Model 1 intergovernmental agreement (the "Model 1 IGA") with the United States. In this latter case, FFIs will be obliged to comply with the provisions of FATCA under the terms of the relevant Model 1 IGA and of their home country IGA legislation implementing FATCA.

Luxembourg entered into a Model 1 IGA with the United States (the "Luxembourg IGA"), which means Luxembourg FFIs must comply with the provisions of FATCA under the terms of the Luxembourg IGA and of the Luxembourg legislation implementing FATCA. This Luxembourg IGA was approved by Luxembourg's parliament, and the Luxembourg law on FATCA dated 24 July 2015 was published in the RESA on 29 July 2015.

Luxembourg FFIs will be required to report indirectly through the Luxembourg authority to the IRS certain holdings by and payments made to (i) Specified U.S. Persons (the "Specified U.S. Persons" as such term is defined in the Luxembourg IGA), (ii) certain nonfinancial foreign entities (the "NFFEs") with a significant ownership by Specified U.S. Persons, and (iii) FFIs that do not comply with the terms of the FATCA.

#### 20.4.2 Applicability to the Fund

Being established in Luxembourg and subject to the supervision of the CSSF in accordance with the 2010 Law, the Fund qualifies as an FFI for FATCA purposes.

This includes the obligation for the Management Company, on behalf of the Fund to regularly assess the FATCA status of its Unitholders. To this extent, the Fund will request to obtain and verify information on all of its Unitholders. Upon request of the Fund, each Unitholder agrees and commits to provide certain information, including, in case of a NFFE, the direct or indirect owners above a certain threshold of ownership of such NFFE, along with the required supporting documentation. Similarly, each Unitholder agrees and commits to actively inform the Management Company, on behalf of the Fund within 30 days of any change to the information and supporting documentation provided (like for instance a new mailing address or a new residency address) that would affect the Unitholder's FATCA status.

Should the Management Company, on behalf of the Fund fail to obtain the mandatory information or supporting documentation from its Unitholders, the Fund is allowed, in its sole discretion unless otherwise forced under FATCA, to take any action to comply with its obligations under FATCA. Such action may include the disclosure to the Luxembourg authorities of the name, address and taxpayer identification number (if available) of the relevant registered Unitholder as well as information like account balances, income and capital gains of such registered Unitholder.

Additionally, the Management Company, on behalf of the Fund may also, in its sole discretion, compulsorily redeem any Unitholder it deems may jeopardize its FATCA status.

Under FATCA, U.S. Specified Persons, non-participating FFIs and any Unitholders that fail to abide by the Fund's FATCA obligations will be reported to the Luxembourg authorities which will in turn pass on the information to the US Department of Treasury.

Any Unitholder that fails to provide the Management Company, on behalf of the Fund with the information and supporting documentation requested by the Fund to comply with its obligations under FATCA, may be charged with any taxes imposed on the Fund attributable to such Unitholder's failure to provide the information and supporting documentation requested.

All prospective Unitholders are recommended to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Fund.

#### 20.4.3 Eligibility criteria of investors in the Fund

The Fund elected to qualify as collective investment vehicle with regards to the Luxembourg IGA. This implies certain obligations and restrictions on prospective and existing Unitholders as detailed hereafter.

To prevent the Fund from incurring any liability or taxation or suffering any other disadvantage or constraint arising from FATCA, Units may, in the Management Company's sole discretion only be offered to, sold to, transferred to or held by eligible unitholders. Eligible unitholders are (i) exempt beneficial owners as defined under FATCA or under the applicable Model 1 IGA (ii) Active NFFEs (as defined in the Luxembourg IGA), (iii) U.S. Persons that are not Specified U.S. Persons, (iv) FFI that do not qualify as non-participating FFI (the "NPFFI").

For the avoidance of doubt, certain potential investors will not be accepted by the Management Company as Unitholders. In particular, individuals and Passive NFFEs (as defined in the Luxembourg IGA) will not be accepted as Unitholders. Such investors are invited to subscribe through a FFI that does not qualify as NPFFI.

In case the Management Company identifies that a Unitholder does not qualify as an eligible unitholder, the Management Company will take any action that it deems necessary in order for the Fund to comply with its obligations under FATCA. Such action also includes the compulsory redemption of the Units held by the relevant Unitholder.

*Prospective investors should at all times consult their advisors on how these rules may apply to their investment in the Fund and to payments they may receive in connection with the Units. Investors should also consult their advisors regarding the information that may be required to be provided and disclosed to the Principal Paying Agent and distributors, and in certain circumstances to the IRS. Investors are also recommended to check with their distributors and custodians as to their intention to comply with FATCA.*

## 21 Conflict of interest

In the conduct of its business the policy of the Management Company is to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of, among other, the Management Company, acting on behalf of the Fund or its investors and between the interests of one or more investors and the interests of one or more other investors. The Management Company strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. The Management Company has established policy to identify and ensure a fair and consistent treatment of conflicts of interest. Details of the Conflict of Interest Policy will be made available to the investors free of charge at the registered office of the Management Company upon request.

The Management Company tries to avoid conflict of interest and, when they cannot be avoided, the Management Company will endeavour to ensure that any conflict which does arise will be resolved fairly.

The Management Company, the Depositary, the Central Administration Agent, the Registrar Agent, the Investment Manager and any Sub-Investment Managers as well as the Distribution Agents may act as a management company, a depositary, a central administration agent, a registrar agent, an investment manager or a distribution agent in relation to other funds or clients. These parties may have potential conflict of interest with the Fund or the Sub-Funds. In such case these parties shall fulfil their obligations in accordance with agreements to which it is a party or by which it is bound in relation to the Fund or the Sub-Fund.

When undertaking investments on behalf of the relevant Sub-Fund(s), where conflict of interest may arise, the Management Company and/or the Investment Manager will endeavour to ensure that such conflict will be resolved fairly.

The employees and the Directors of the Management Company may invest in the Units of the Fund. They shall be bound by conflict of interest policies as well as personal transaction procedures.

Notwithstanding its due care and best effort, there is a risk that the organisational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Fund or its investors will be prevented. In such case these non-neutralised conflicts of interest as well as the decisions taken will be reported to investors in an appropriate manner.

### Exercise of voting rights

The Management Company is authorised to exercise voting rights related to securities held by the Fund. The Management Company intends to delegate to the Investment Managers appointed for each Sub-Fund, the exercise of the voting rights of all the Sub-Funds under its management.

The Management Company has established policy for exercising voting rights for determining when and how any voting rights held in the Sub-Fund's portfolios are to be exercised to the exclusive benefit of the Fund and its investors. The policy will be made available to the investors free of charge at the registered office of the Management Company upon request or via <https://www.isec.com/legal-structure-and-information>. Information related to the actions taken on the basis of the policy with regards each Sub-Fund will be made available to investors upon request at the registered office of the Management Company.

## 22 General Information and Documents for Inspection

The Management Company, on behalf of the Fund publishes annually a detailed audited report on the Fund's activities and on the management of its assets; such report shall include a report from the Auditor. The Fund further publishes semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of the different Sub-Funds and the number of Units issued and redeemed since the last publication.

The aforementioned documents will be available at the registered office of the Management Company within four (4) months for the annual reports and two (2) months for the semi-annual reports as of the date thereof and copies may also be obtained free of charge.

The accounting year of the Fund commences on the 1st day of January of each year and terminates on the last day of December of the same year.

The accounts of the Fund are maintained in EUR i.e. the Consolidation Currency. The Reference Currency of the Sub-Funds are mentioned in the Appendices.

### 22.1 Documents and Other Information Available

Copies of the following documents may be obtained during usual business hours on any Business Day at the Registered Office of the Management Company:

- (a) the Management Regulations;
- (b) the agreements on services referred to under the heading "Depositary and Central Administration", between the Management Company and RBC Investor Services Bank S.A.;
- (c) the agreement or services referred to under the heading "Registrar Agent";
- (d) the agreements with the Investment Managers referred to under the heading "Investment Manager and Investment Adviser";
- (e) the remuneration policy for the Management Company as referred to under the heading "Management Company";
- (f) the latest reports and accounts referred to under the heading "General Information and Documents for Inspection";

Any financial information concerning the Fund or the Management Company, including the periodic calculation of the NAV per Unit of the different Sub-Funds, the issue and redemption prices will be made available at the registered office of the Management Company, the Depositary and the Registrar Agent. Any other substantial information concerning the Fund may be published and notified to Unitholders in such manner as required by Luxembourg law and/or as may be specified from time to time by the Management Company.

The Management Company has established an order execution policy to ensure acting in the best interest of the Fund and/ or the Investors when executing the investment decisions. The policy will be made available to investors at the registered office of the Management Company upon request.

Information regarding to the complaints handling will be made available to the investors upon request at the registered office of the Management Company as well as on the following website <https://www.isec.com/complaints>.

### 22.2 Information notices

In principle, the Board of Directors will send information notices to the Unitholders at their address as indicated in the register of Unitholders (by ordinary or registered mail as deemed appropriate by the Board of Directors).

## 23 General Data Protection Regulation (GDPR)

The Management Company and the Registrar Agent require personal data from investors for various legal and contractual purposes, such as to maintain the register of Unitholders, execute transactions, provide investor services, guard against unauthorised account access, conduct statistical analyses and comply with anti-money laundering requirements.

Personal data includes, for example, Unitholders' name, address, bank account number, quantity and value of Units held and, the name and address of Unitholders' individual representative(s) and the beneficial owner (if it is not the Unitholder). Personal data includes data provided to the Management Company at any time by or on behalf of Unitholders.

The entity which determines the purposes and means of the processing of this personal data — the so-called data controller — is the Management Company. If Unitholders invest through a nominee (an entity that holds the Unitholders' Units under its own name), the data controller is the nominee. The data processors — the entities that may process personal data consistent with the usage described above — include Registrar Agent, the Central Administration, the Distribution Agents or other third parties. Processing may include any of the following:

- gathering, storing and using it in physical or electronic form (including recordings of telephone calls with investors or their representatives);
- sharing it with external processing centres;
- using it for aggregate data and statistical purposes;
- sharing it as required by law or regulation.

The data processors may or may not be ISEC Group entities and some may be located in jurisdictions that do not guarantee what, by European Economic Area (EEA) standards, is considered an adequate level of protection. For any personal data that is stored or processed outside the EEA, the data controllers will take appropriate measures to ensure that it is handled in GDPR-compliant ways. For example, the Registrar Agent delegates some processing to its subsidiary, RBC Investor Services Malaysia Sdn. Bhd. Appropriate safeguards have been provided by means of standard contractual clauses approved by the European Commission. You may consult or obtain a copy of such clauses at the registered office of the Registrar Agent. Unitholders personal data will be stored and processed from the time it is received until 10 years after the termination of a Unitholder's last contractual relationship with a ISEC Group entity.

To the extent provided by law, investors have the right of access to their personal data, correct any errors in it, restrict the processing of it (including prohibiting its use for direct marketing purposes), direct that it be transferred to the investor or another recipient, or direct that it be erased (although be aware that erasure is likely to prevent an investor from receiving certain services or to necessitate the closure of an investor's account). Unitholders can exercise these rights by writing to the Management Company.

More about processing may appear in the subscription agreement.

## 24 Prevention of money laundering and financing of terrorism

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, as amended by CSSF Regulation 20-05 of 14 August 2020, CSSF Circulars 13/556, 15/609 and 20/744 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from money laundering and financing of terrorism purposes. As result of such provisions, the registrar and transfer agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar Agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the Registrar Agent, as delegate of the Fund, may require any other information that the Management may require in order to comply with its legal and regulatory obligations, including but not limited to CRS.

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the undertaking for collective investment nor the Registrar Agent will be held responsible for said delay or failure to process deals resulting from the failure of the applicant to provide documentation or incomplete documentation.

From time to time, Unitholders may be asked to supply additional or updated identification documents in accordance with on-going due diligence obligations according to the relevant laws and regulations.

## 25 Benchmark Regulation

Unless otherwise disclosed in this Prospectus, the indices or benchmarks used by the Sub-Funds are, as at the date of this Prospectus, either non-EU benchmarks included in ESMA's register of third country benchmarks or

provided by benchmark administrators which have been included in ESMA's register of benchmark administrators or provided by benchmark administrators which are located in a Non-EU country who benefit from the transitional arrangements set out in article 51(5) of 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 ("Benchmark Regulation") and accordingly have not yet been included in the register of third country benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

The Management Company maintains a written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided. A copy of the written plans are available at the registered office of the Management Company and may be obtained free of charge.

**26 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector ("SFD Regulation") and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment**

The Management Company analyses sustainability risks as part of its risk management process.

The Management Company and the investment manager(s) (if any) identify, analyse and integrate sustainability risks in their investment decision-making process as they consider that this integration could help enhance long-term risk adjusted returns for investors, in accordance with the investment objectives and policies of the Sub-Funds.

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment.

Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

The Management Company and the investment manager(s) (if any) consider that sustainability risks are likely to have an immaterial impact on the value of the Sub-Fund's investments in the medium to long term.

Unless otherwise set out in the respective Appendix, the Sub-Funds do not promote environmental or social characteristics, and do not have as objective sustainable investment (as provided by Articles 8 or 9 of SFD Regulation).

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

As at the date of this Prospectus, the Fund or the Sub-Fund do not consider principal adverse impacts on sustainability factors within the investment processes as the investment policy of the Sub-Fund does not promote any environmental and/or social characteristics. The situation may however be reviewed going forward

# ISEC First Fund

## Appendices to the Prospectus

### Specific Information on the different Sub-Funds

The Appendices hereunder set out certain specific details for the following Sub-Fund and all the terms and conditions of the Fund set out in this Prospectus apply to each Sub-Fund, save as set out in the respective Appendix.

|                                    |    |
|------------------------------------|----|
| Investerum Global Value Fund ..... | 48 |
|------------------------------------|----|

**Appendix relating to the Sub-Fund**  
**ISEC First Fund - Investerm Global Value Fund**

|   |   |
|---|---|
| ISIN codes                                | LU0208850171                                  |
| Unit Class(es)                            | Class D Units (dedicated to Retail Investors) |
| Reference Currency                        | EUR   |
| Distribution Policy                       | Class D: Accumulation                         |
| Minimum Initial and Subsequent Investment | NIL   |

The Sub-Fund is subject to equity, interest and credit risk as well as risks related to investments in emerging markets. Investors are reminded that they should read this Prospectus in its entirety and should consider the risks stated under the section 9. "General Risk Considerations" of the Prospectus and in particular section 9.4 about the risks related to investments in "Emerging markets Risks".

Unitholders are informed that the Sub-fund can take large positions in equities or "Equity Funds", making the overall risk of the Sub-fund potentially above that of the equity market in general.

If you have any doubts you should consult your independent financial adviser.

**Investment Objective**

Within the general investment objectives and policies of the Fund and with an objective of generating absolute value increase in the long term through active investment management the Sub-Fund will invest its net assets in a diversified portfolio of UCIs invested in equities (both listed equities and "Equity Funds"), part of the net assets may be invested in bonds (both listed bonds and "Bond Funds") and/or in money market instruments (both listed fixed income and "Money Market Funds") and/or in Equity Funds with an investment objective allowing part investments in bonds and money market instruments in respect to the following allocation:

- no more than 100% of the Sub-Fund's net assets will be invested in equities or Equity Funds.
- no more than 100% of the Sub-Fund's net assets will be invested in Bond Funds and/or Money Market Funds and/or in Equity Funds with an investment objective allowing part investments in bonds and money market instruments worldwide.
- no more than 20% of the Sub-Fund's net assets may be held in ancillary liquid assets.

For the purpose of hedging and/or efficient portfolio management, the Sub-Fund will not use any of the techniques and instruments described in Section 8.3., paragraph (C) of the Prospectus.

The Sub-Fund is actively managed and is not managed in reference to a benchmark.

**Investment Manager**

Investerm AB, Karlavägen 108, 115 26 Stockholm, has been appointed Investment Manager of the Sub-Fund pursuant to an agreement dated 18 November 2019. Investerm is a private limited liability company established in 2007 under Swedish law, värdepappersbolag, and is a wholly owned subsidiary of Investerm Holding AB. Investerm provides investment consulting and management services. Portfolio management, fund evaluation and stockpicking are Investerm's primary area of expertise. Based on this experience Investerm is well positioned to manage funds.

**Manner in which sustainability is integrated in the investment decision making process by the Investment Manager**

The Investment Manager considers that sustainability risks have low impact on returns since he strongly believes that there is no contradiction between growth and sustainability. Good corporate governance alongside environmentally and socially responsible behaviour are essential when managing a company with the aim of maximizing long-term shareholder value. The Investment Manager's goal is to create long-term superior risk-adjusted return in the Sub-Fund.



The Investment Manager's investment selection is made in accordance with traditional fundamental analysis. Assessments of a company's corporate governance and business ethics are central to the investment analysis. All three perspectives E, S, and G are considered by the Investment Manager where he incorporates aspects of environmental, social issues and corporate behaviour in the Sub-Fund's investment process.

The Investment Manager's investment strategy has a number of characteristics that are taken into account:

- Extensive company analysis helps the Investment Manager to make better-informed investment decisions.
- Long-term engagement: the Investment Manager sees beyond the short-term gain and looks for long-term investment value
- Responsible: the Investment Manager's fundamental bottom-up research process addresses and integrates investment risks and opportunities associated with relevant and material environmental, social and corporate governance factors.
- Transparency: the Investment Manager seeks to ensure that a conflict of interest does not adversely affect the interests of the Unitholders or other stakeholders through identifying actual and potential conflicts of interests.

These E, S, and G characteristics are however not binding upon the Investment Manager in the allocation of the Sub-Fund's portfolio.

The Investment Manager aims to consciously exclude from the Sub-Fund's investment universe companies engaged in either of the following activities:

- Violations of Human Rights
- Environmental Damage
- Corruption
- Weapons of Mass Destruction
- Violations of Shareholder Rights

### Conversions

Unitholders may not ask to convert all or part of the Units they hold in the Sub-Fund:

- Into Units of another Sub-Fund within the same Class of Units
- Into another Class of Units with the Sub-Fund

### Valuation and Calculation Day, Subscription and Redemption

|                                   |   |
|-----------------------------------|---|
| Valuation Day:                    | each Business Day   |
| Calculation Day:                  | Same as Valuation Day                                       |
| Subscription Fee:                 | max. 5.00% in favour of the Management Company              |
| Redemption Fee:                   | max. 1.00% in favour of the Management Company              |
| Conversion Fee:                   | N/A   |
| Subscription/Redemption Deadline: | 12.00 p.m. on the Business Day preceding the Valuation Day. |
| Redemption Payment Day:           | three (3) Business Days after the applicable Valuation Day  |

### Fees

The Sub-Fund bears the following fees, which are payable quarterly and will be calculated on the average net assets of the Sub-Fund held during such quarter:

|                            |   |
|----------------------------|---|
| Investment Management Fee: | 1.00% p.a. in favour of the Investment Manager. The Investment Management Fee may also cover distribution activities of the Investment Manager and can be shared with any appointed distributors/intermediaries in compliance with applicable laws and regulations. |
| Performance Fee:           | In addition to the Investment Management Fee, the Investment Manager is also entitled to a performance fee.   |

The performance fee is paid only on the return of the Sub-Fund. The performance-based fee is calculated daily.

The performance fee amounts to 20% of the return of the Sub-Fund.

Performance fee will only be charged on days when the return of the Sub-Fund is positive.

If the Sub-Fund's return for any period is negative, and it delivers a positive return in a later period, no performance fee shall be accrued in the Sub-Fund until the previous period's accumulated underperformance (the "**High Water Mark**" or "**HWM**") has been recovered.

The HWM is for each Class of Units, the highest official NAV that the Class of Units has reached during the previous five financial years.

For the accrual purpose, the calculation is based on the NAV per Unit increase proportionally to the outstanding number of Units between two successive NAV calculation dates.

**Calculation of the performance fee:**

Whether the performance fee is charged or not depends on the Sub-Fund's value development, see the calculation example below. Before the performance fee is calculated, the fixed management fee is deducted. The performance fee in respect of each financial year will be calculated by reference to the last NAV of the preceding financial year after deduction of any previous accrued performance fee and the NAV at the end of the financial year, net of all costs, but before deduction of any accrued performance fee.

The numbers used in the below example do not reflect the expected performance of the Sub-Fund nor the threshold, but are used in order to demonstrate how the performance fee calculation model works.

| Day | NAV before Performance Fee (PF) | Excess return/underperformance | Accumulated underperformance per share | Fee basis per share | Fees per share | NAV after PF |
|-----|---------------------------------|--------------------------------|--|---------------------|----------------|--------------|
| 0   |                                 |                                |  |                     |                | 100          |
| 1   | 101                             | 1                              | 0                                      | 0,2                 | 0,2            | 100,8        |
| 2   | 98                              | -2,8                           | -2,8                                   | 0                   | 0              | 98           |
| 3   | 97                              | -1                             | -3,8                                   | 0                   | 0              | 97           |
| 4   | 100                             | 3                              | -0,8                                   | 0                   | 0              | 100          |
| 5   | 102                             | 2                              | 0                                      | 0,2                 | 0,24           | 101,76       |

**Day 1** Previous NAV were 100 and accumulated underperformance 0, the NAV increases by 1, a performance-based fee is accrued. 20% of the excess return entitles the Investment Manager. NAV is reduced to 100,80 (101 – 0,20)

**Day 2** the NAV decreases by 2.8, no performance-based fee is accrued and as the previous accumulated underperformance per Unit were 0 the new accumulated underperformance per Unit is -2,8.

**Day 3** the NAV decreases by 1, no performance-based fee is accrued, the previous accumulated underperformance per Unit were -2,8, the new accumulated underperformance per Unit is -3,8.

**Day 4** the NAV increases by 3, previous accumulated

underperformance per Unit is -3,8, no performance-based fee is accrued, the accumulated underperformance per this day is -0,8. Only when the entire underperformance has been recovered can a performance fee be charged.

**Day 5** the NAV increases 2, previous accumulated underperformance per Unit is -0,8, a performance-based fee is accrued by 0,24 per share.  $(2-0,8)*0,20$ .

Performance Fee is payable yearly in arrears and will be accrued in each NAV calculation on each Valuation Day. When a redemption is made on any Valuation Day other than the fiscal year-end, a performance fee (if accrued as of the date of such redemption) shall be crystallised in respect of the Units being redeemed and paid to the Investment Manager. Each calculation period lasts five years on a rolling basis, starting on the date of the first subscription and ending at the end of the fifth following calendar year, provided that the first calculation period begins on the launch date of the Unit Class.

Profile of a Typical Investor: Any individual, who wants a medium risk exposure and who has an investment horizon of at least 5 years.

There can however be no assurance that the investors recover the assets originally invested to the Sub-Fund as the value of the Sub-Fund may either increase or decrease.

The overall maximum level of the Investment Management Fee (taking into account net amount of possible rebates from the other UCITS and/or UCIs in which the Sub-Fund invests) that may be charged by the Sub-Fund itself and by investment in other UCITS and/or UCIs in which the Sub-Fund invests, shall be calculated based on the weight allocated to each of these underlying investments, and it shall not exceed 4.00% p.a. for Class D. Possible performance fees charged from the Sub-Fund itself and/or to the other UCITS and/or UCIs in which the Sub-Fund invests in are not taken into account in the maximum level of the Investment Management Fee.