

VISA 2018/114585-11477-0-PC

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2018-11-20

Commission de Surveillance du Secteur Financier

A handwritten signature in blue ink, appearing to be 'h3h', is written over a faint, illegible stamp or watermark.

## **FWU Protection Fund SICAV**

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

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

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

### **Prospectus**

**November 2018**

## TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION</b> .....	<b>4</b>
<b>2.</b>	<b>DIRECTORY</b> .....	<b>6</b>
<b>3.</b>	<b>DEFINITIONS</b> .....	<b>7</b>
<b>4.</b>	<b>INVESTMENT STRATEGY AND RESTRICTIONS</b> .....	<b>15</b>
4.1	Authorised investments .....	15
4.2	Prohibited investments .....	17
4.3	Risk diversification limits .....	18
4.4	Control limits .....	21
4.5	Financial derivative instruments .....	22
4.6	Efficient portfolio management techniques .....	25
4.7	Collateral policy .....	26
4.8	Global exposure limits .....	29
4.9	Leverage .....	30
4.10	Breach of investment limits .....	30
<b>5.</b>	<b>GENERAL RISK FACTORS</b> .....	<b>31</b>
5.1	Market risk .....	31
5.2	Liquidity risk .....	34
5.3	Counterparty risk .....	34
5.4	Operational risk .....	34
5.5	Certain financial instruments and investment techniques .....	36
<b>6.</b>	<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>40</b>
6.1	The Board of Directors .....	40
6.2	The Management Company .....	40
6.3	The Depositary and Paying Agent .....	41
6.4	The Administrator .....	42
6.5	The Auditor .....	43
6.6	Conflicts of interest .....	43
6.7	Execution of transactions .....	45
<b>7.</b>	<b>SHARES</b> .....	<b>46</b>
7.1	Shares, Sub-Funds and Share Classes .....	46
7.2	Dividend distribution policy .....	48
7.3	Eligible Investors .....	48
7.4	Subscription for Shares .....	49
7.5	Redemption of Shares .....	51
7.6	Conversion of Shares .....	53
7.7	Transfer of Shares .....	55
7.8	Special considerations .....	56
7.9	Late trading, market timing and other prohibited practices .....	57
7.10	Prohibited Persons .....	58
7.11	Prevention of money laundering .....	59
<b>8.</b>	<b>VALUATION AND NET ASSET VALUE CALCULATION</b> .....	<b>61</b>
8.1	Calculation of the Net Asset Value .....	61
8.2	Valuation procedure .....	61
8.3	Publication of the Net Asset Value .....	67
8.4	Temporary suspension of the Net Asset Value calculation .....	68
<b>9.</b>	<b>FEES AND EXPENSES</b> .....	<b>70</b>
9.1	Subscription Fee and Redemption Fee .....	70
9.2	Management Fee and Distribution Fee .....	70
9.3	Performance Fee .....	71

9.4	Fees of the Depositary and the Administrator .....	71
9.5	Directors' fees and expenses .....	71
9.6	Operating and Administrative Expenses .....	72
9.7	Transaction costs .....	72
9.8	VA Cover Fees .....	73
9.9	Extraordinary costs and expenses .....	73
9.10	Formation costs and expenses .....	73
<b>10.</b>	<b>GENERAL INFORMATION.....</b>	<b>74</b>
10.1	Reports and financial statements .....	74
10.2	Meetings of shareholders .....	74
10.3	Investors' rights .....	75
10.4	Changes to this Prospectus .....	75
10.5	Documents available .....	76
10.6	Complaints .....	76
10.7	Use of benchmarks .....	76
10.8	Data protection .....	77
10.9	Merger and reorganisation .....	78
10.10	Liquidation .....	79
<b>11.</b>	<b>TAXATION .....</b>	<b>82</b>
11.1	The Fund .....	82
11.2	The shareholders .....	84
11.3	Net wealth tax.....	85
11.4	Other taxes .....	86
11.5	Exchange of information.....	86
	<b>SUPPLEMENT 1 – DYNAMIC RISK CONTROL.....</b>	<b>89</b>
	<b>SUPPLEMENT 2 –BALANCED RISK CONTROL .....</b>	<b>96</b>
	<b>SUPPLEMENT 3 –CONSERVATIVE RISK CONTROL .....</b>	<b>103</b>
	<b>SUPPLEMENT 4 – FORWARDINVEST EUROPEAN EQUITY STRATEGY .....</b>	<b>110</b>
	<b>SUPPLEMENT 5 – FORWARDINVEST GLOBAL EQUITY STRATEGY.....</b>	<b>116</b>

## 1. INTRODUCTION

This Prospectus contains information about FWU Protection Fund SICAV that a prospective investor should consider before investing in the Fund and should be retained for future reference.

The Fund is a public limited company (*société anonyme*) incorporated on 21 December 2017 under the laws of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

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

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds. Shares in the Fund are shares in a specific Sub-Fund. The Fund may issue Shares of different Share Classes in each Sub-Fund. Such Share Classes may each have specific characteristics. Certain Share Classes may be reserved to certain categories of investors. Investors should refer to the Supplement for further information on characteristics of Share Classes.

The Fund is being registered with the Luxembourg Trade and Companies Register and is pending receipt of its RCS number. The latest version of the Articles of Association is in the process of publication on the *Recueil électronique des sociétés et associations* (RESA), the central electronic platform of the Grand-Duchy of Luxembourg.

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

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

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

The distribution of the Prospectus and/or the offer and sale of the Shares in certain jurisdictions or to certain investors may be restricted or prohibited by law. The Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful or to any person to

whom it is unlawful to make such offer, solicitation or sale. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. No Shares may be acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. In particular, the Board of Directors has decided that US Persons will be considered as Prohibited Persons.

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

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

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

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

## 2. DIRECTORY

### Registered office of the Fund

4a, rue Albert Borschette  
L-1246 Luxembourg  
Grand Duchy of Luxembourg

### Board of Directors

Mrs. Françoise Michels (Chairman)  
Director

Mr. Frank Wolf  
Director

Member of the Board of Directors of FWU  
AG

Mr. Michael Gram-Madsen  
Director

Conducting Officer of FWU Invest. S.A

### Management Company

FWU Invest S.A.  
4a, rue Albert Borschette  
L-1246 Luxembourg  
Grand Duchy of Luxembourg

### Board of Directors of the Management Company

Dr. Manfred Dirrheimer (Chairman)  
Mr. Muhammad Owais Ansari  
Mr. Michael Emmel  
Mr. Michael Gram-Madsen  
Mr. Thomas Doyle  
Prof. Ernst Mohr  
Mr. Eirvin Knox  
Mrs. Franziska Dirrheimer  
Mr. Fabrice Lamock  
Mr. Nicholas Owen

### Conducting Officers of the Management Company

Mr. Fabrice Lamock  
Managing Director at FWU Invest S.A.

Mr. Michael Gram-Madsen  
Managing Director at FWU Invest S.A.

### Depository

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### Administrator

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### Paying Agent

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### Auditor

KPMG Audit S.à r.l.  
39, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Legal adviser as to matters of Luxembourg law

Arendt & Medernach SA  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg  
Grand Duchy of Luxembourg

### 3. DEFINITIONS

1915 Law	the Luxembourg law of 10 August 1915 on commercial companies, as may be amended from time to time.
1993 Law	the Luxembourg law of 5 April 1993 on the financial sector, as may be amended from time to time.
2004 Law	the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as may be amended from time to time.
2007 Law	The Luxembourg law dated 13 February relating to specialised investment funds (“SIFs”), as amended or supplemented from time to time.
2010 Law	the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.
Administration Agreement	the agreement entered into between the Fund, the Management Company and the Administrator governing the appointment of the Administrator, as may be amended or supplemented from time to time.
Administrator	the central administration, registrar and transfer, agent appointed by the Management Company in accordance with the provisions of the 2010 Law and the Administration Agreement, as identified in the Directory.
Anti-Dilution Levy	is defined in section 8.2 (Valuation procedure) of this Prospectus.
Anti-Dilution Threshold	is defined in section 8.2 (Valuation procedure) of this Prospectus.
Annual Report	the report issued by the Fund as of the end of the latest financial year in accordance with the 2010 Law.
Articles of Association	the articles of association of the Fund, as may be amended from time to time.
Basket	the pool of investments held by each Sub-Fund in line with its investment objective and its investment policy with the exclusion of the holdings into the Tracker Funds.
Benchmarks Regulation	the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as may be amended or supplemented from time to time.
Board of Directors	the board of directors of the Fund.

Brussels I (Recast)	Regulation (EU) No 1215/2015 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast).
Business Day	any day on which banks are open the whole day for non-automated business in Luxembourg and in such other countries or cities as may be specified for a Sub-Fund or Share Class in a Supplement.
Capitalisation Shares	Shares with respect to which the Fund does not intend to distribute dividends.
Code of Conduct	the code of conduct adopted by the Board of Directors on the basis of the corporate governance principles issued by the Association of the Luxembourg Fund Industry, as may be amended or supplemented from time to time.
Conversion Day	the day or days on which Original Shares may be converted into New Shares, being a day which is a Redemption Day for the Original Shares and, if that day is not a Subscription Day for the New Shares, the day which is the immediately following Subscription Day for the New Shares, provided that the Cut-Off Time for a Conversion Day shall be the earlier of the Cut-Off Time for redemption of the Original Shares on that Redemption Day and the Cut-Off Time for subscription to the New Shares on that Subscription Day. For the avoidance of doubt, the Conversion Day may be a different day for the Original Shares and the New Shares.
Conversion Fee	a fee which the Fund may charge upon conversion of Shares and which is equal to the positive difference, if any, between the Subscription Fee applicable to the New Shares and the Subscription Fee paid on the Original Shares, or such lower amount as specified for each Share Class in the Supplement, where applicable.
Conversion Form	the forms and other documents, as issued or accepted by the Fund from time to time, which the Fund requires the investor or the person acting on behalf of the investor to complete, sign, and return to the Fund or its agent, with the supporting documentation, in order to request the conversion of all or part of his Shares. The term "Conversion Form" shall be deemed to include conversion applications placed on electronic or other online trading platforms authorised by the Fund for such purposes.
CRS	the Common Reporting Standard, within the meaning of the Standard for Automatic Exchange of Financial Account Information in Tax Matters, as set out in the Luxembourg law dated 18 December 2015 on the Common Reporting Standard implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation (the "CRS Law").

CSSF	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of the financial sector.
Currency Hedged Share Classes	Share Classes for which a currency hedging strategy is implemented, as further described in the Prospectus. Currency Hedged Share Classes are identified in the Supplements.
Cut-Off Time	for any Subscription Day, Redemption Day or Conversion Day, the day and time by which an application for subscription, redemption or conversion, as applicable, must in principle be received by the Fund in order for the application to be processed, if accepted, by reference to the Net Asset Value per Share calculated as of that Subscription Day, Redemption Day or Conversion Day, as applicable. The Cut-Off Time is specified for each Sub-Fund or Share Class in the Supplement.
Depository	the depository bank appointed by the Fund in accordance with the provisions of the 2010 Law and the Depository Agreement, as identified in the Directory.
Depository Agreement	the agreement entered into between the Fund, the Management Company and the Depository governing the appointment of the Depository, as may be amended or supplemented from time to time.
Directive 2004/39/EC	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as may be amended from time to time.
Directive 2005/60/EC	Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing as may be amended from time to time.
Directive 2006/48/EC	Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast), as may be amended from time to time.
Directive 2009/65/EC or the UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast), as may be amended from time to time.
Directive 2011/61/EU or the AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, as may be amended from time to time.

Directive 2013/34/EU	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as may be amended from time to time.
Distribution Shares	Shares with respect to which the Fund intends to distribute dividends and which confer on their holder the right to receive such dividends, if and when declared by the Fund.
Eligible Investor	an investor who satisfies all eligibility requirements for a specific Sub-Fund or Share Class, as specified for the Sub-Fund or Share Class in the Supplement.
ESMA	the European Securities and Markets Authority.
EU	the European Union.
EUR	the lawful currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
FATCA	the Foreign Account Tax Compliance provisions of the United States Hiring Incentives to Restore Employment (HIRE) Act enacted on 18 March 2010 (the "FATCA Law") commonly referred to as the Foreign Account Tax Compliance Act (FATCA).
Feeder Fund	as the context indicates, a Sub-Fund or another UCITS or sub-fund thereof qualifying as a feeder fund in the meaning of the 2010 Law.
Fund	FWU Protection Fund SICAV.
FWU Group	FWU AG together with its direct and indirect affiliates.
Initial Offer	the first day or period on or during which Shares of a Share Class will be or were available for subscription.
Initial Offer Price	the price at which Shares may be subscribed for on or during the Initial Offer.
Institutional Investor	an institutional investor as defined for the purposes of the 2010 Law and by the administrative practice of the CSSF.
Investment Advisor	the investment advisor appointed by the Management Company in respect of one or more Sub-Funds and as further described in the relevant Supplement(s).
Lugano Convention	the Convention of Lugano of 30 October 2007 on jurisdiction and the enforcement of judgments in civil and commercial matters.

Management Company	the management company appointed by the Fund in accordance with the provisions of the 2010 Law and the Management Company Agreement, as identified in the Directory.
Management Company Agreement	the agreement entered into between the Fund and the Management Company governing the appointment of the Management Company, as may be amended or supplemented from time to time.
Management Fee	the fee payable by the Fund to the Management Company under the Management Company Agreement, as described in section 9.2 (Management Fee and Distribution Fee) of this Prospectus.
Master Fund	as the context indicates, a Sub-Fund or another UCITS or sub-fund thereof qualifying as a master fund in the meaning of the 2010 Law.
Member State	a State that is a contracting party to the Agreement creating the European Union. The States that are contracting parties to the Agreement creating the European Economic Area, other than the Member States of the European Union, within the limits set forth by such Agreement and related acts, are considered as equivalent to Member States of the European Union.
Money Market Instrument	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
Net Asset Value	as the context indicates, the net asset value of the Fund, a Sub-Fund, or a Share Class determined in accordance with the provisions of this Prospectus.
Net Asset Value per Share	the Net Asset Value of a Share Class in a Sub-Fund divided by the total number of Shares of that Share Class which are in issue as of the Valuation Day for which the Net Asset Value per Share is calculated.
New Shares	Shares described in section 7.6 (Conversion of Shares) of this Prospectus.
Non-Member State	any State, other than a Member State, in Europe, America, Africa, Asia or Oceania.
OECD	the Organisation for Economic Cooperation and Development.
Original Shares	Shares described in section 7.6 (Conversion of Shares) of this Prospectus.
Paying Agent	the paying agent appointed by Management Company and the Fund as identified in the Directory.
Performance Fee	the fee which may be payable to the Management Company depending on the performance of certain Sub-Funds or Share Classes, where applicable, as described in section 9.3 (Performance Fee) of this Prospectus.

Prohibited Person	any person considered as a Prohibited Person in the opinion of the Board of Directors according to the criteria set out in the Articles of Association and section 7.10 (Prohibited Persons) of the Prospectus.
Prospectus	this prospectus including all Supplements, as may be amended from time to time.
Redemption Day	a Valuation Day on which Shares may be redeemed by the Fund at a Redemption Price determined by reference to the Net Asset Value per Share calculated as of that Valuation Day. Redemption Days are specified for each Sub-Fund or Share Class in the Supplement. Certain jurisdictions do not permit redemptions to be processed on local holidays. Investors should refer to the local sales documents for their jurisdiction for further details.
Redemption Fee	a fee which the Fund may charge upon redemption of Shares, equal to a percentage of the Redemption Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.
Redemption Form	the forms and other documents, as issued or accepted by the Fund from time to time, which the Fund requires the investor or the person acting on behalf of the investor to complete, sign, and return to the Fund or its agent, with the supporting documentation, in order to request the redemption of all or part of his Shares. The term "Redemption Form" shall be deemed to include redemption applications placed on electronic or other online trading platforms authorized by the Fund for such purposes.
Redemption Price	the price at which the Fund may redeem Shares on a Redemption Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Redemption Day and in accordance with the provisions of this Prospectus.
Redemption Settlement Period	the period of time, as specified for each Sub-Fund or Share Class in the Supplement, by the end of which the Fund will normally pay the Redemption Price (less any Redemption Fee) to redeeming investors, subject to the provisions of this Prospectus.
Reference Currency	as the context indicates, (i) in relation to the Fund, the Euro, or (ii) in relation to a Sub-Fund, the currency in which the assets and liabilities of the Sub-Fund are valued and reported, as specified in each Supplement, or (iii) in relation to a Sub-Fund or Share Class, the currency in which the Shares of that Sub-Fund or Share Class are denominated, as specified in each Supplement.
Regulated Market	a regulated market within the meaning of Directive 2004/39/EC.
Semi-Annual Report	the report issued by the Fund as of the first half of the current financial year in accordance with the 2010 Law.

Share Class	a class of Shares of a Sub-Fund created by the Board of Directors, as described in section 7.1 (Shares, Sub-Funds and Share Classes) of this Prospectus. For the purposes of this Prospectus, each Sub-Fund shall be deemed to comprise at least one Share Class.
Shares	shares of a Sub-Fund or Share Class issued by the Fund.
Sub-Fund	a sub-fund of the Fund, as described in section 7.1 (Shares, Sub-Funds and Share Classes) of this Prospectus.
Subscription Day	a Valuation Day on which investors may subscribe for Shares at a Subscription Price determined by reference to the Net Asset Value per Share calculated as of that Valuation Day. Subscription Days are specified for each Sub-Fund or Share Class in the Supplement. Certain jurisdictions do not permit subscriptions to be processed on local holidays. Investors should refer to the local sales documents for their jurisdiction for further details.
Subscription Fee	a fee which the Fund may charge upon subscription for Shares, equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.
Subscription Form	the forms and other documents, as issued or accepted by the Fund from time to time, which the Fund requires the investor or the person acting on behalf of the investor to complete, sign, and return to the Fund or its agent, with the supporting documentation, in order to make an initial and/or additional application for subscription to Shares. The term "Subscription Form" shall be deemed to include subscription applications placed on electronic or other online trading platforms authorised by the Fund for such purposes.
Subscription Price	the price at which investors may subscribe for Shares on a Subscription Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Subscription Day and in accordance with the provisions of this Prospectus.
Subscription Settlement Period	the period of time by the end of which the subscriber is required to pay the Subscription Price (plus any Subscription Fee) to the Fund. The Subscription Settlement Period is specified for each Sub-Fund or Share Class in the Supplement.
Supplement	the supplement(s) to this Prospectus for each specific Sub-Fund, which form part of this Prospectus.
Swing Factor	is defined in section 8.2 (Valuation procedure) of this Prospectus.
Swing Threshold	is defined in section 8.2 (Valuation procedure) of this Prospectus.
Target Sub-Fund	a Sub-Fund into which another Sub-Fund has invested in accordance with the provisions of this Prospectus.

Tracker Fund	an investment fund whose purpose is to replicate the leveraged performance of the Basket.
Transferable Security	shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.
UCI	undertaking for collective investment within the meaning of Article 1(2)(a) and (b) of the UCITS Directive, being an open-ended undertaking with the sole object of collective investment of capital raised from the public, in accordance with the principle of risk-spreading, in transferable securities and other liquid financial assets.
UCITS	undertaking for collective investment in transferable securities
US Person or United States Person	<p>unless otherwise specified in this Prospectus, a person described in one or more of the following paragraphs:</p> <p>“United States Persons” or “US Persons” shall be construed accordingly. For the purposes of further clarity, the term US Person shall not include any person whose application has been approved by the Board of Directors in its sole discretion.</p>
VA Cover Fee	the variable annuity cover fee, as further described in section 9.8 (VA Cover Fees).
Valuation Day	a Business Day as of which the Net Asset Value per Share is calculated, as specified in the Supplement.

## **4. INVESTMENT STRATEGY AND RESTRICTIONS**

Each Sub-Fund has a specific investment objective and policy described in its Supplement. The investments of each Sub-Fund must comply with the provisions of the 2010 Law. The investment restrictions and policies set out in this section apply to all Sub-Funds, without prejudice to any specific rules adopted for a Sub-Fund, as described in its Supplement where applicable. The Board of Directors may impose additional investment guidelines for each Sub-Fund from time to time, for instance where it is necessary to comply with local laws and regulations in countries where Shares are distributed. Each Sub-Fund should be regarded as a separate UCITS for the purposes of this section.

### **4.1 Authorised investments**

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

- (A) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market.
- (B) Transferable Securities and Money Market Instruments dealt in on another market in a Member State that is regulated, operates regularly and is recognised and open to the public.
- (C) Transferable Securities and Money Market Instruments admitted to the official listing on a stock exchange in a Non-Member State or dealt in on another market in a Non-Member State which is regulated, operates regularly and is recognised and open to the public.
- (D) Recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or dealing on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section, and that such admission is secured within one year of issue.
- (E) Shares or units of UCITS or other UCI, whether or not established in a Member State, provided that the following conditions are satisfied:
  - (1) such other UCI are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - (2) the level of protection for shareholders or unitholders in such other UCI is equivalent to that provided for shareholders or unitholders in a UCITS, and in particular, the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - (3) the business of the other UCI is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; and
  - (4) no more than 10% of the assets of the UCITS or the other UCI whose acquisition is contemplated can, according to their constitutive

documents, be invested in aggregate in shares or units of other UCITS or other UCI.

- (F) Deposits with credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, which are repayable on demand or have the right to be withdrawn and maturing in no more than twelve months.
- (G) Financial derivative instruments, including equivalent cash-settled instruments, listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section, or financial derivative instruments dealt in over-the-counter (OTC) provided that:
  - (1) the underlying consists of assets covered by this section 4.1.1 including instruments with one or more characteristics of those assets, and/or financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objective;
  - (2) the counterparties to OTC derivatives are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
  - (3) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Fund.
- (H) Money Market Instruments other than those dealt in on a Regulated Market or on another regulated market referred to in paragraphs (A) to (C) of this section, provided that the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and that such instruments are:
  - (1) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong;
  - (2) issued by an undertaking any securities of which are listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section;
  - (3) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
  - (4) issued by other bodies provided that investments in such instruments are subject to investor protection equivalent to that set out in paragraphs (H)(1) to (H)(3) of this section and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in

accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- 4.1.2** Each Sub-Fund may invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those identified in paragraphs (A) to (D) and (H) of section 4.1.1.
- 4.1.3** Each Sub-Fund may hold ancillary liquid assets. Liquid assets held to cover exposure to financial derivative instruments do not fall under this restriction. Each Sub-Fund may exceptionally and temporarily hold liquid assets on a principal basis if the Board of Directors considers this to be in the best interest of its investors.
- 4.1.4** Each Sub-Fund may borrow up to 10% of its net assets on a temporary basis. Collateral arrangements to cover exposure to financial derivative instruments are not considered borrowings for the purposes of this restriction. Each Sub-Fund may also acquire foreign currency by means of a back-to-back loan.
- 4.1.5** The Fund may acquire movable and immovable property which is essential for the direct pursuit of its business. Each Sub-Fund may borrow up to 10% of its net assets for this purpose. However, the total amount of borrowing for this purpose and any borrowing on a temporary basis permitted by section 4.1.4 above may not exceed 15% of the net assets of the Sub-Fund.
- 4.1.6** Each Sub-Fund may invest into shares issued by other Sub-Funds of the Fund (called Target Sub-Funds) provided that, during the period of investment:
- (A) the Target Sub-Fund does not, in turn, invest in the investing Sub-Fund and no more than 10% of the net assets of the Target Sub-Fund may be invested in other Sub-Funds;
  - (B) the voting rights attached to such Shares of the Target Sub-Fund are suspended; and
  - (C) the value of such Shares of the Target Sub-Fund will not be taken into consideration for the calculation of the Net Asset Value of the Fund for the purposes of verifying the minimum threshold of net assets imposed by the 2010 Law.

## **4.2 Prohibited investments**

- 4.2.1** The Sub-Funds may not acquire commodities or precious metals or certificates representing them or hold any right or interest therein. Investments in financial instruments linked to, or backed by the performance of, commodities or precious metals, or any right or interest therein, do not fall under this restriction.
- 4.2.2** Except as set out in section 4.1.5, the Sub-Funds may not invest in real estate or hold any right or interest in real estate. Investments in financial instruments linked to, or backed by the performance of, real estate or any right or interest therein, or shares or debt instruments issued by companies which invest in real estate or interests therein, do not fall under this restriction.

**4.2.3** The Sub-Funds may not grant loans or guarantees in favour of a third party. Such restriction will not prevent any Sub-Fund from investing in Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in section 4.1.1 which are not fully paid-up. Furthermore, such restriction will not prevent any Sub-Fund from entering into repurchase agreements, buy-sell back transactions or securities lending transactions as described in section 4.6 (Efficient portfolio management techniques) below.

**4.2.4** The Sub-Funds may not enter into uncovered sales of Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in section 4.1.1.

### **4.3 Risk diversification limits**

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

#### **Transferable Securities and Money Market Instruments**

**4.3.2** No Sub-Fund may purchase additional Transferable Securities or Money Market Instruments of any single issuer if, upon such purchase:

(A) more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of such issuer; or

(B) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of its net assets.

**4.3.3** The limit of 10% set out in section 4.3.2, paragraph (A) is increased to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities ("**Covered Bonds**"). In particular, the proceeds from the issue of Covered Bonds must be invested, in accordance with applicable law, in assets which are capable of covering claims attached to such bonds until their maturity and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of accrued interest. To the extent a Sub-Fund invests more than 5% of its net assets in Covered Bonds, the total value of such investments may not exceed 80% of its net assets. Covered Bonds are not included in the calculation of the limit of 40% set out in section 4.3.2, paragraph (B).

**4.3.4** The limit of 10% set out in section 4.3.2, paragraph (A) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any non-Member State or by a public international body of which one or more Member States are members. Such securities are not included in the calculation of the limit of 40% set out in section 4.3.2, paragraph (B).

**4.3.5 Notwithstanding the limits set out above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a member State of the OECD or the Group of Twenty (G20) such as the United States of America, by the Republic of Singapore, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided that the Sub-Fund holds in its portfolio securities from at least six different issues and that securities from any issue do not account for more than 30% of the net assets of the Sub-Fund.**

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

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

#### **Bank deposits**

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

#### **Combined limits**

**4.3.8** Notwithstanding the individual limits set out in sections 4.3.2, 4.3.6 and 4.3.7, a Sub-Fund may not combine, where this would lead to an exposure of more than 20% of its net assets to a single body:

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

**4.3.9** The limits set out in sections 4.3.2 to 4.3.8 (with the exception of section 4.3.5) may not be combined: investments in Transferable Securities or Money Market Instruments, bank deposits, counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques, issued by or undertaken with, a single issuer or body, each in accordance with the limits set out in sections 4.3.2 to 4.3.8 (with the exception of section 4.3.5) may not exceed a total of 35% of the net assets of the Sub-Fund.

**4.3.10** For the purposes of the combined limits set out in sections 4.3.8 and 4.3.9, issuers or bodies that are part of the same group of companies are considered as a single issuer or body. A group of companies comprises all companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules.

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

**4.3.11** Without prejudice to the limits laid down in section 4.4 (Control limits) below, the limits set out in section 4.3.2 are raised to 20% for investments in Transferable Securities or Money Market Instruments issued by a single issuer where the investment objective of the Sub-Fund is to replicate the composition of a certain financial index of stock or debt securities which is recognised by the CSSF.

**4.3.12** The limit of 20% set out in the preceding section is raised to 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain Transferable Securities or Money Market Instruments are highly dominant, provided that any investment up to this 35% limit is only permitted for a single issuer.

**4.3.13** A financial index is an index which complies, at all times, with the following conditions: the composition of the index is diversified in accordance with the limits set out in sections 4.3.11 and 4.3.12, the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.

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

**4.3.14** Unless otherwise specified in its Supplement, no Sub-Fund is permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. If otherwise specified in its Supplement, the following limits will apply:

- (A) investments made in shares or units of a single other UCITS or other UCI may not exceed 20% of the net assets of the Sub-Fund; and
- (B) investments made in shares or units of other UCI may not, in aggregate, exceed 30% of the net assets of the Sub-Fund.

**4.3.15** The underlying assets of the UCITS or other UCI into which a Sub-Fund invests do not have to be combined with any other direct or indirect investment of the Sub-Fund into such assets for the purposes of the limits set out in section 4.3 (Risk diversification limits) above.

**4.3.16** If a Sub-Fund invests in shares or units of UCITS or other UCI that are managed, directly or by delegation, by the Management Company or by any other company which is linked to the Management Company by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the shares or units of such UCITS or other UCI.

**4.3.17** If a Sub-Fund invests a substantial proportion of its assets in UCITS or other UCI, the Supplement will disclose the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the UCITS or other UCI in which it intends to invest. The Fund will disclose in the Annual Report the maximum proportion of management fees charged to both the Sub-Fund itself and the UCITS or other UCI in which the Sub-Fund invests.

### **Derogation**

**4.3.18** During the first six (6) months following its authorisation, a new Sub-Fund may derogate from the limits set out in this section 4.3 (Risk diversification limits) above, provided that the principle of risk-spreading is complied with.

### **4.3.19 Master-Feeder Structure**

A Sub-Fund may act as a Feeder Fund of a UCITS or of a compartment of such UCITS (the "Master Fund"), which shall neither itself be a feeder fund nor hold units/shares of a feeder fund. In such a case the Feeder Fund shall invest at least 85% of its assets in shares/units of the Master Fund.

The Feeder Fund may not invest more than 15% in aggregate of its assets in one or more of the following:

- (a) ancillary liquid assets in accordance with Article 41 (2), second paragraph of the 2010 Law;
- (b) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 (1) g) and Article 42 (2) and (3) of the 2010 Law; or
- (c) movable and immovable property which is essential for the direct pursuit of the Fund's business.

When a Sub-Fund qualifying as a Feeder Fund invests in the shares/units of a Master Fund, the Master Fund may not charge subscription or redemption fees on account of the Sub-Fund's investment in the shares/units of the Master Fund.

Should a Sub-Fund qualify as a Feeder Fund, a description of all remuneration and reimbursement of costs payable by the Feeder Fund by virtue of its investments in shares/units of the Master Fund, as well as the aggregate charges of both the Feeder Fund and the Master Fund, shall be disclosed in the relevant Supplement. In the Annual Report, the Fund shall include a statement on the aggregate charges of both the Feeder Fund and the Master Fund.

## **4.4 Control limits**

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

**4.4.2** No Sub-Fund may acquire more than:

- (A) 10% of the non-voting shares of the same issuer;
- (B) 10% of the debt securities of the same issuer;
- (C) 10% of the Money Market Instruments of any single issuer; or

- (D) 25% of the shares or units of the same target UCITS or other UCI.

For the purpose of paragraph (D), if such target UCITS or other UCI is composed of multiple sub-funds, this restriction is applicable by reference to all shares or units issued by such target UCITS or other UCI concerned, at an umbrella fund level (i.e. all the shares or units issued by all the sub-funds of such target UCITS or other UCI combined).

**4.4.3** The limits set out in section 4.4.2, paragraphs (B) to (D) may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

**4.4.4** The limits set out in sections 4.4.1 to 4.4.2 do not apply in respect of:

- (A) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- (B) Transferable Securities and Money Market Instruments issued or guaranteed by any non-Member State;
- (C) Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member States are members;
- (D) shares in the capital of a company which is incorporated under or organised pursuant to the laws of a non-Member State, provided that:
  - (1) such company invests its assets principally in securities issued by issuers having their registered office in that State;
  - (2) pursuant to the laws of that State, a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State; and
  - (3) such company observes in its investments policy the restrictions set out in section 4.3 (Risk diversification limits) above (with the exceptions of sections 4.3.5 and 4.3.11 to 4.3.13) and sections 4.4.1 to 4.4.2;
- (E) shares held by the Fund in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at the request of shareholders exclusively on its or their behalf.

## **4.5 Financial derivative instruments**

### **4.5.1 General**

Each Sub-Fund may use financial derivative instruments such as options, futures, forwards and swaps or any variation or combination of such instruments, for hedging or investment purposes, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective.

Financial derivative instruments used by any Sub-Fund may include, without limitation, the following categories of instruments.

- (A) Options: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.
- (B) Futures contracts: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.
- (C) Forward agreements: a forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.
- (D) Interest rate swaps: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.
- (E) Swaptions: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.
- (F) Credit default swaps: a credit default swap or CDS is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread. As of the date of this Prospectus none of the Sub-Funds is using CDS. Should that be the case in the future, the Prospectus will be updated accordingly.
- (G) Total return swaps: a total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. As of the date of this Prospectus, none of the Sub-Funds is using total return swap.
- (H) Contracts for differences: a contract for differences or CFD is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

Each Sub-Fund must hold at any time sufficient liquid assets to cover its financial obligations arising under financial derivative instruments used.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund, as further described in section 4.8 (Global exposure limits) below.

The exposure of a Sub-Fund to underlying assets referenced by financial derivative instruments, combined with any direct investment in such assets, may not exceed in aggregate the investment limits set out in section 4.3 (Risk diversification ) above. However,

to the extent a Sub-Fund invests in financial derivative instruments referencing financial indices as described in section 4.5.3, the exposure of the Sub-Fund to the underlying assets of the financial indices do not have to be combined with any direct or indirect investment of the Sub-Fund in such assets for the purposes of the limits set out in section 4.3 (Risk diversification ) above.

Where a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account in complying with the risk diversification rules, global exposure limits and information requirements of this section 4 applicable to financial derivative instruments.

For the time being, none of the Sub-Fund(s) has entered into one or several CDS. In the case where one Sub-Fund would use CDS in the future, the prospectus will be amended accordingly.

#### **4.5.2 OTC financial derivative instruments**

Each Sub-Fund may invest into financial derivative instruments that are traded 'over-the-counter' or OTC including, without limitation, total return swaps or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement.

The counterparties to OTC financial derivative instruments will be selected among financial institutions subject to prudential supervision (such as credit institutions or investment firms) and specialised in the relevant type of transaction. The identity of the counterparties will be disclosed in the Annual Report.

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

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under OTC derivatives, the Sub-Fund may receive cash or other assets as collateral, as further specified in section 4.7 (Collateral policy) below.

Each Sub-Fund may incur costs and fees in connection with total return swaps or other financial derivative instruments with similar characteristics, upon entering into total return swaps and/or any increase or decrease of their notional amount. The amount of these fees may be fixed or variable. Information on costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depositary or the Management Company, if applicable, may be available in the Annual Report and, to the extent relevant and practicable, in each Supplement.

#### **4.5.3 Derivatives referencing financial indices**

Each Sub-Fund may use financial derivative instruments to replicate or gain exposure to one or more financial indices in accordance with its investment objective and policy. The underlying assets of financial indices may comprise eligible assets described in section 4.1 (Authorised investments) above and instruments with one or more characteristics of those assets, as well as interest rates, foreign exchange rates or currencies, other financial indices and/or other assets, such as commodities or real estate.

For the purposes of this Prospectus, a 'financial index' is an index which complies, at all times, with the following conditions: the composition of the index is sufficiently diversified

(each component of a financial index may represent up to 20% of the index, except that one single component may represent up to 35% of the index where justified by exceptional market conditions), the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.

#### **4.6 Efficient portfolio management techniques**

To the extent provided for in the relevant Supplement, a Sub-Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending transactions, repurchase agreements and buy-sell back transactions, provided that such techniques and instruments are used for the purposes of efficient portfolio management, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement. The use of such techniques and instruments should not result in a change of the declared investment objective of any Sub-Fund or substantially increase the stated risk profile of the Sub-Fund.

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under a securities lending transactions, repurchase agreements and buy-sell back transactions, the Sub-Fund will receive cash or other assets as collateral, as further specified in section 4.7 (Collateral policy) below.

Each Sub-Fund may incur costs and fees in connection with efficient portfolio management techniques. In particular, a Sub-Fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary or the Management Company, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct and indirect operational costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary or the Management Company, if applicable, may be available in the Annual Report and, to the extent relevant and practicable, in each Supplement. All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund.

As of the date of this Prospectus, none of the Sub-Funds is using efficient portfolio management techniques, including techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions.

##### **4.6.1 Securities lending**

Securities lending transactions consist in transactions whereby 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 to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

Where specified in its Supplement, a Sub-Fund may enter into securities lending transactions as lender of securities or instruments. Securities lending transactions are, in particular, subject to the following conditions:

- (A) the counterparty must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;

- (B) a Sub-Fund may only lend securities or instruments to a borrower either directly, through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialised in this type of transaction; and
- (C) a Sub-Fund may only enter into securities lending transactions provided that it is entitled at any time, under the terms of the agreement, to request the return of the securities or instruments lent or to terminate the agreement.

#### **4.6.2 Repurchase agreements and buy-sell back transactions**

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Buy-sell back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty selling them.

Where specified in its Supplement, a Sub-Fund may enter into repurchase agreements and/or buy-sell back transactions as buyer or seller of securities or instruments. Such transactions are, in particular, subject to the following conditions:

- (A) the counterparty must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law; and
- (B) the Sub-Fund must be able, at any time, to terminate the agreement or recall the full amount of cash in a reverse repurchase agreement or buy-sell back transaction (on either an accrued basis or a mark-to-market basis) or any securities or instruments subject to a repurchase agreement or sell-buy back transaction. Fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow cash or assets to be recalled at any time.

#### **4.7 Collateral policy**

This section sets out the policy adopted by the Management Company for the management of collateral received for the benefit of each Sub-Fund in the context of OTC financial derivatives instruments.

##### **4.7.1 Eligible collateral**

Collateral received for the benefit of a Sub-Fund may be used to reduce its counterparty risk exposure if it complies with the conditions set out in applicable laws and regulations. In particular, collateral received for the benefit of a Sub-Fund should comply with the following conditions:

- (A) collateral other than cash should be of high quality, 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;
- (B) collateral should be valued at least on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place, as further specified below;
- (C) collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (D) collateral should be sufficiently diversified in terms of countries, markets and issuers. The maximum exposure of a Sub-Fund to any given issuer included in the basket of collateral received is limited to 20% of the net assets of the Sub-Fund. When the Sub-Fund is exposed to different counterparties, collateral received should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, this limit may be exceeded and up to 100% of the collateral received by a Sub-Fund may consist in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a member State of the OECD or the Group of Twenty (G20) such as the United States of America, by the Republic of Singapore, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided that such securities or instruments are part of a basket of collateral comprised of securities or instruments of at least six different issues and that securities or instruments from any one issue do not account for more than 30% of the net assets of the Sub-Fund;
- (E) where there is a title transfer, collateral received should be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement (e.g. a pledge), 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;
- (F) collateral should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty; and
- (G) where applicable, collateral received should also comply with the control limits set out in section 4.4 (Control limits) above.

Subject to the above conditions, permitted forms of collateral consist only of cash in the Reference Currency of the relevant Sub-Fund.

#### **4.7.2 Level of collateral**

The level of collateral required for OTC financial derivatives transactions will be determined as per the agreements in place with the individual counterparties, taking into account factors including the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions. At all times the counterparty exposure not covered by collateral will remain below the applicable counterparty risk limits set out in this Prospectus.

It is expected that the amount of collateral posted by a counterparty in favour of each Sub-Fund will be such that the net exposure of the relevant Sub-Fund to that counterparty arising

from OTC financial derivatives transactions is aimed to be zero percent (0%) of its Net Asset Value on each Valuation Day: each Sub-Fund is expected to be fully collateralised.

#### **4.7.3 Haircut policy**

No haircut will be applicable to collateral in the form of cash.

#### **4.7.4 Stress tests**

Where a Sub-Fund receives collateral for at least 30% of its assets, regular stress tests will be carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy includes, without limitation, (i) design of stress test scenario analysis including calibration, certification and sensitivity analysis; (ii) empirical approach to impact assessment, including back-testing of liquidity risk estimates; (iii) reporting frequency and limit/loss tolerance thresholds; and (iv) mitigation actions to reduce loss, including haircut policy and gap risk protection.

#### **4.7.5 Reinvestment of collateral**

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

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

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above. Re-investment of cash collateral involves certain risks for the Sub-Fund, as described in section 5 (General risk factors) below.

#### **4.7.6 Centrally cleared OTC derivatives**

The Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Generally, centrally-cleared OTC derivatives may be cleared under the agency model or the principal-to-principal model. Under the principal-to-principal model there is usually one transaction between the Fund and its clearing broker and another back-to-back transaction between the clearing broker and the central counterparty, whereas under the agency model there is one transaction between the Fund and the central counterparty. For these trades, the Fund will post and/or receive collateral for the benefit of a Sub-Fund in the form of margin payments, as agreed with the clearing broker in accordance with the rules of the applicable clearinghouse, including rules on acceptable forms of collateral, collateral level, valuation and haircuts. The Fund will ensure that variation margin receivable from the clearing broker is consistent with its collateral policy. Central clearing is designed to reduce

counterparty credit risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely, as described in section 5.5.1 (OTC financial derivative instruments) below.

## **4.8 Global exposure limits**

### **4.8.1 General**

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

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

### **4.8.2 Commitment approach**

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

### **4.8.3 VaR approach**

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

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

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

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

#### **4.9 Leverage**

Unless otherwise indicated in its Supplement, a Sub-Fund may use leverage to increase its exposure through the use of financial derivative instruments. Leverage may be used at the discretion of the Management Company in accordance with the investment objective and policy of each Sub-Fund and its defined risk profile. Leverage involves certain risks for the Sub-Fund, as further described in section 5 (General risk factors) below. Leverage is monitored on a regular basis by the Management Company.

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

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

In order to take into account the specific use of financial derivative instruments and their contribution to the risks of the Sub-Fund, the expected level of leverage disclosed in the Supplement, based on the “sum of notionals” methodology, may be completed with the expected leverage figures calculated on the basis of the commitment approach, as described above, which takes into account hedging and netting arrangements, or with other additional explanations.

#### **4.10 Breach of investment limits**

The Sub-Funds need not comply with the limits set out above in this section 4 when exercising subscription rights attached to Transferable Securities and Money Market Instruments which form part of its assets.

If the limits set out above in this section 4 are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective in its sales transactions the remedying of that situation, taking due account of the interest of investors.

## **5. GENERAL RISK FACTORS**

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

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

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

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

### **5.1 Market risk**

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

#### **5.1.1 Economic risk**

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

When the economy performs well, there can be no assurance that investments held by a Sub-Fund will benefit from the advance.

### **5.1.2 Interest rate risk**

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

### **5.1.3 Foreign exchange risk**

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

In addition, a Share Class that is denominated in a Reference Currency other than the Reference Currency of the Sub-Fund exposes the investor to the risk of fluctuations between the Reference Currency of the Share Class and that of the Sub-Fund. Currency Hedged Share Classes seek to limit the impact of such fluctuations through currency hedging transactions. However, there can be no assurance that the currency hedging policy will be successful at all times. This exposure is in addition to foreign exchange risk, if any, incurred by the Sub-Fund with respect to investments denominated in other currencies than its Reference Currency, as described above.

### **5.1.4 Credit risk**

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

### **5.1.5 Commodities risk**

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

### **5.1.6 Volatility**

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

### **5.1.7 Leverage**

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

### **5.1.8 Short positions**

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

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

## **5.2 Liquidity risk**

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

## **5.3 Counterparty risk**

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

## **5.4 Operational risk**

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

### **5.4.1 Valuation**

Certain Sub-Funds may hold investments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market. In addition, in certain circumstances, investments may become less liquid or illiquid. Such investments will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors. Such investments are inherently difficult to value and are the subject of

substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or liquidation prices of investments.

#### **5.4.2 Laws and regulations**

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

#### **5.4.3 Exchange of Information**

Under the terms of the FATCA Law and the CRS Law, the Fund is likely to be treated as a Foreign Financial Institution. As such, the Fund may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations.

Should the Fund becomes subject to a withholding tax and/or penalties as a result of FATCA and/or penalties as a result of CRS, the value of the Shares held by all the shareholders may be materially affected.

The Fund and/or its shareholders may also be indirectly affected by the fact that a non U.S. financial entity does not comply with FATCA regulations even if the Fund satisfies with its own FATCA obligations.

#### **5.4.4 Common Reporting Standard**

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

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

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

For the purposes of this section, "Controlling Person" means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural

person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

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

#### **5.4.5 Segregation of Sub-Funds**

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

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

#### **5.5.1 OTC financial derivative instruments**

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

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

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

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

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

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

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

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

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

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

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

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

## **5.5.3 Collateral management**

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

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

## **5.6 Investments in other UCI and/or UCITS**

The value of an investment represented by a UCI and/or UCITS in which a Sub-Fund may invest, may be affected by fluctuations in the currency of the country where such UCI and/or UCITS 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. Furthermore, it is to be noted that the Net Asset Value will fluctuate mainly in light of the net asset value of the targeted UCIs and/or UCITS or the Master Fund, as the case may be.

## **5.7 Duplication of fees**

There shall be duplication of management fees and other operating fund related expenses, each time a Sub-Fund invests in other UCI and/or UCITS. Where a Sub-Fund invests a substantial proportion of its assets in other UCI and/or UCITS, the maximum proportion of management fees charged both to that Sub-Fund itself and to the UCIs and/or UCITS in which it invests will be disclosed in the Annual Report.

#### **5.8 Portfolio turnover risk:**

The Management Company may sell a security, a financial instrument, or enter into or close out of a derivative position when it believes it is appropriate to do so, regardless of how long the relevant Sub-Fund has held the instrument. These activities increase the Sub-Fund's portfolio turnover and may increase the Sub-Fund's transaction costs, however, any potential costs will be considered as part of the investment decision to ensure it is in the overall interest of the Sub-Fund.

## **6. MANAGEMENT AND ADMINISTRATION**

### **6.1 The Board of Directors**

The members of the Board of Directors will be elected by the general meeting of shareholders subject to the approval of the CSSF. The Board of Directors is vested with the broadest powers to act on behalf of the Fund and to take any actions necessary or useful to fulfil the Fund's corporate purpose, subject to the powers expressly assigned by law or the Articles of Association to the general meeting of shareholders.

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

The Board of Directors has adopted and implemented a Code of Conduct which sets out the general governance principles and rules of conduct which the directors seek to apply in carrying out their duties.

For the current composition of the Board of Directors, please refer to the Directory.

### **6.2 The Management Company**

The Fund has appointed FWU Invest S.A. as its management company in accordance with the provisions of the 2010 Law pursuant to the Management Company Agreement.

The Management Company is a public limited company (*société anonyme*) incorporated under the laws of Luxembourg on 5 November 1999 and having a share capital of EUR 2.500.000 as at 3 December 2016. The Management Company is authorised and regulated by the CSSF in Luxembourg under the 2010 Law. The Management Company is an affiliated company of FWU Group. Its main business activity is to provide collective portfolio management services to the Fund and perform the functions of a UCITS management company in accordance with 2010 Law.

The relationship between the Fund and the Management Company is subject to the terms of the Management Company Agreement. Under the terms of the Management Company Agreement, the Management Company is responsible for the investment management and administration of the Fund as well as the marketing of the Shares, subject to the overall supervision of the Board of Directors. The Management Company is in charge of the day-to-day business activities of the Fund. The Management Company has authority to act on behalf of the Fund within its function.

For the purpose of a more efficient conduct of its business, the Management Company may delegate to third parties the power to carry out some of its functions on its behalf, in accordance with applicable laws and regulations of Luxembourg. The delegated functions shall remain under the supervision and responsibility of the Management Company and the delegation shall not prevent the Management Company from acting, or the Fund from being managed, in the best interests of the investors. The delegation to third parties is subject to the prior approval of the CSSF, as applicable.

The Management Company Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Management Company Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The Management Company Agreement contains provisions exempting the Management Company from liability and indemnifying the Management Company in certain circumstances. However, the liability of the Management Company towards the Fund will not be affected by any delegation of functions by the Management Company.

The Management Company has designed and implemented a remuneration policy which is consistent with and promotes sound and effective risk management by having a business model which by its nature does not promote excessive risk taking that is inconsistent with the risk profile of the Fund. The Management Company's remuneration policy integrates governance, balanced pay structure between fixed and variable components that are designed to be consistent with the business strategy, objectives, values and interests of the Management Company and the Fund and the unitholders in the Fund, and includes measures to avoid conflicts of interest. Where remuneration is performance-related, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period. Details of the Management Company's up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits are available on [www.forwardyou.com](http://www.forwardyou.com) and a paper copy of such remuneration policy is available to investors free of charge upon request at the registered office of the Management Company.

The Management Company does not manage other Luxembourg or foreign UCITS.

### **6.3 The Depositary and Paying Agent**

The Fund has appointed RBC Investor Services Bank S.A. ("**RBC**"), having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as its depositary within the meaning of the 2010 Law and paying agent pursuant to the Depositary Agreement.

The Depositary is responsible for:

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

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 1993 Law and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2015 amounted to approximately EUR 983,781,177.-.

The Depositary has been authorized by the Fund 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.

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: <http://gmi.rbcits.com/rt/gss.nsf/Royal+Trust+Updates+Mini/53A7E8D6A49C9AA285257FA8004999BF?opendocument>.

The Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and the shareholders in the execution of its duties under the Law and the Depositary Agreement.

Pursuant to its oversight duties, the Depositary will:

- ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Fund are carried out in accordance with the Law and with the Articles of Association,
- ensure that the value of Shares is calculated in accordance with the Law and the Articles of Association,
- carry out the instructions of the Fund, unless they conflict with the Law or the Articles of Association,
- 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 Law or the Articles of Association.

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

The Depositary Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Depositary Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The Depositary Agreement contains provisions exempting the Depositary from liability and indemnifying the Depositary in certain circumstances. The liability of the Depositary for the safe-keeping of the Fund's assets will not be affected by the fact that it has entrusted all or part of the custody of the assets to a third party.

#### **6.4 The Administrator**

The Management Company has appointed RBC Investor Services Bank S.A. as administrative, registrar and transfer agent of the Fund (the "**Administrator**") pursuant to the Administration Agreement.

The relationship between the Management Company and the Administrator is subject to the terms of the Administration Agreement. Under the terms of the Administration Agreement, the Administrator will carry out all general administrative duties related to the administration of the Fund required by Luxembourg law, calculate the Net Asset Value per Share, maintain the accounting records of the Fund, as well as process all subscriptions, redemptions, conversions, and transfers of Shares, and register these transactions in the register of shareholders. In addition, as registrar and transfer agent of the Fund, the Administrator is also responsible for collecting the required information and performing verifications on investors to comply with applicable anti-money laundering rules and regulations.

The Administrator is not responsible for any investment decisions of the Fund or the effect of such investment decisions on the performance of the Fund.

The Administration Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The Administration Agreement may be terminated by the Management Company with immediate effect if this is deemed by the Management Company to be in the interest of the investors. The Administration Agreement contains provisions exempting the Administrator from liability and indemnifying the Administrator in certain circumstances. However, the liability of the Administrator towards the Management Company and the Fund will not be affected by any delegation of functions by the Administrator.

The Management Company reserves the right to change the administration arrangements described above by agreement with the Administrator and/or to appoint another service provider in Luxembourg to carry out the functions of administration agent. Investors will be notified in due course.

## **6.5 The Auditor**

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

## **6.6 Conflicts of interest**

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

As further described in the Articles of Association, any director of the Fund who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The director may not take part in the discussions on and may not vote on the transaction. Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met, the board of directors may submit the decision on this specific item to the general meeting of shareholders. The Board of Directors has also adopted and implemented a conflicts of interest policy in accordance with its Code of Conduct.

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

There are potential sources of conflicts of interest between the Fund and/or the Management Company and the shareholders and any persons appointed as Investment Advisor (each an "**Interested Party**"). These include the following:

- (i) an Interested Party may purchase or sell for its own account securities in which the SICAV may also invest. In addition, the Management Company, in its normal course of business, may purchase and sell assets for the Fund from and to an Interested Party on an arm's length basis and may give investment advice in respect of, or manage third-party funds that are invested in the same securities in which the Fund will invest;

- (ii) in conjunction with its various activities, an Interested Party may come into possession of confidential information that could, if known to the public, affect the market value of the securities in which the Fund will invest. An Interested Party may not disclose such information to the Fund or use such information for the benefit of the Fund. In effecting foreign exchange or in making any purchase or sale of any securities or other assets for the Fund, an Interested Party may act as a counterparty, principal agent or broker in the transaction and may be separately compensated in that capacity.

### **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 the RBC's conflicts of interests' policy which is subject to applicable laws and regulation for a credit institution according to and under the terms of the 1993 Law.

Further, potential conflicts of interest may arise from the provision by the Depositary and/or its affiliates of other services to the Fund 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 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/AboutUs/CorporateGovernance/p\\_InformationOnConflictsOfInterestPolicy.aspx](https://www.rbcits.com/AboutUs/CorporateGovernance/p_InformationOnConflictsOfInterestPolicy.aspx).

## **6.7 Execution of transactions**

The Management Company has adopted a “best execution” policy with the objective of obtaining the best possible result for the Fund when executing decisions to deal on behalf of the Fund or placing orders to deal on behalf of the Fund with other entities for execution. Further information on the best execution policy may be obtained from the Management Company upon request.

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

## **7. SHARES**

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

#### **7.1.1 Shares**

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

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

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

The Shares carry no preferential or pre-emptive rights: the Fund is authorised without limitation to issue an unlimited number of fully paid up Shares on any Valuation Day without reserving to existing investors a preferential or pre-emptive right to subscribe for the Shares to be issued.

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

Fractions of Shares will be issued up to two (2) decimal places. Such fractional Shares will be entitled to participate on a *pro rata* basis in the net assets attributable to the Sub-Fund or Share Class to which they belong in accordance with their terms, as set out in this Prospectus. Fractions of Shares do not confer any voting rights on their holders. However, if the sum of the fractional Shares held by the same shareholder in the same Share Class represents one or more entire Shares, such shareholder will benefit from the corresponding voting right attached to the number of entire Shares.

Shares are each entitled to participate in the net assets allocated to the relevant Sub-Fund or Share Class in accordance with their terms, as set out in the Supplements. Shares will be issued on each Subscription Day immediately after the time of valuation and entitled to participate in the net assets of the Sub-Fund or Share Class as of that point, as described in more detail in section 7.4 (Subscription for Shares) below. Shares will be redeemed on each Redemption Day at the time of valuation and entitled to participate in the net assets of the Sub-Fund or Share Class until and including that point, as described in more detail in section 7.5 (Redemption of Shares) below.

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

#### **7.1.2 Sub-Funds**

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds. Each Share issued by the Fund is a share in a specific Sub-Fund. Each Sub-Fund has a specific investment objective and policy as further described in its Supplement. A

separate portfolio of assets is maintained for each Sub-Fund and invested for its exclusive benefit in accordance with its investment objective and policy.

With regard to third parties, in particular towards the Fund's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it. As a consequence, the assets of each Sub-Fund may only be used to meet the debts, liabilities and obligations attributable to that Sub-Fund. In the event that, for any reason, the liabilities arising in respect of the creation, operation and liquidation of a Sub-Fund exceed the assets allocated to it, creditors will have no recourse against the assets of any other Sub-Fund to satisfy such deficit. Assets and liabilities are allocated to each Sub-Fund in accordance with the provisions of the Articles of Association, as set out in section 8.2 (Valuation procedure) below.

Each Sub-Fund may be established for an unlimited or limited duration as specified in its Supplement. In the latter case, upon expiry of the term, the Fund may extend the duration of the Sub-Fund once or several times. Investors will be notified at each extension. At the expiry of the duration of a Sub-Fund, the Fund will redeem all the Shares in that Sub-Fund. The Supplement will indicate the duration of each Sub-Fund and its extension, where applicable.

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

### **7.1.3 Share Classes**

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

In particular, the Sub-Funds may offer Currency Hedged Share Classes. The Fund may use various techniques and instruments, such as forward contracts and currency swaps, in accordance with the provisions of the Prospectus, intended to limit the impact of exchange rate movements between the Reference Currency of the Sub-Fund and that of a Currency Hedged Share Class on the performance of such Share Class. The costs and any benefit of currency hedging transactions will be allocated solely to the Currency Hedged Share Class to which the hedging relates.

Currency Hedged Share Classes involve certain risks, as described in section 5 (General risk factors) above. For the avoidance of doubt, certain Share Classes may qualify as Currency Hedged Share Classes.

Each Share Class may be created for an unlimited or limited duration, as specified in the Supplement. In the latter case, upon expiry of the term, the Fund may extend the duration of the Share Class once or several times. Investors will be notified at each extension. At the expiry of the duration of a Share Class, the Fund will redeem all the Shares in that Share Class. The Supplement will indicate the duration of each Share Class and its extension, where applicable.

Additional Share Classes may be established in any Sub-Fund from time to time without the approval of investors. New Share Classes will be added to the relevant Supplement. Such new Share Classes may be issued on terms and conditions that differ from the existing

Share Classes. The list and details of the Share Classes established within each Sub-Fund, if any, are set out in the Supplements. For each Sub-Fund launched, the list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Management Company upon request.

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

The rights and restrictions attached to Shares may be modified from time to time, subject to the provisions of the Articles of Association. Any changes to the Articles of Association will require a resolution of the general meeting of shareholders, as further described in section 10.2 (Meetings of shareholders) below.

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

#### **7.2 Dividend distribution policy**

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

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

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

Unless otherwise requested by an investor, dividends declared with respect to Distribution Shares will be reinvested in Shares of the same Share Class and investors will be advised of the details by a dividend statement.

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

#### **7.3 Eligible Investors**

Shares may only be acquired or held by investors who satisfy all eligibility requirements for a specific Sub-Fund or Share Class, if any, as specified for the Sub-Fund or Share Class in the Supplement (an Eligible Investor). Certain Sub-Funds or Shares Classes may indeed be

reserved to specified categories of investors such as Institutional Investors, investors investing through a specified distribution channel or investors who are residents of or domiciled in specific jurisdictions.

The Board of Directors has decided that any investor not qualifying as an Eligible Investor will be considered as a Prohibited Person, in addition to those persons described in section 7.10 (Prohibited Persons) below. The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons in accordance with the procedure set out in this Prospectus (see section 7.10 (Prohibited Persons) below).

## **7.4 Subscription for Shares**

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

### **7.4.1 Subscription application**

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

Shares will be available for subscription on each Subscription Day at a Subscription Price equal to the Net Asset Value per Share for that Subscription Day. The Net Asset Value per Share for the Subscription Day at which an application will be processed is unknown to the investors when they place their subscription applications.

The Fund may charge a Subscription Fee on subscriptions for Shares, as set out in section 9.1 (Subscription Fee and Redemption Fee) below, which will be added to the Subscription Price. The Subscription Fee is equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.

Investors wishing to subscribe for Shares of a Sub-Fund or Share Class will be requested to complete a Subscription Form in which they commit to subscribe and pay for the Shares. The liability of each investor in respect of the Shares subscribed will be limited to the Subscription Price (plus any Subscription Fee). The Subscription Form must be submitted to the Management Company following the instructions on such form. The Subscription Form is available from the Management Company on request.

The Fund will only process subscription applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. The Fund may

delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications. No interest will be paid to investors on subscription proceeds received by the Fund prior to receiving clear and complete applications.

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

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Subscription Day. However, the Fund may accept subscription applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.9 (Late trading, market timing and other prohibited practices) below.

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

The issue of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in section 8.4 (Temporary suspension of the Net Asset Value calculation) below. The issue of Shares of a Share Class may also be suspended at the discretion of the Board of Directors, in the best interest of the Fund, notably under other exceptional circumstances.

#### **7.4.2 Settlement of subscription**

The Subscription Price (plus any Subscription Fee) must be paid in the Reference Currency of the Share Class.

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

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

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

#### **7.4.3 Subscription in kind**

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

#### **7.5 Redemption of Shares**

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

##### **7.5.1 Redemption application**

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

The Fund may charge a Redemption Fee on redemptions of Shares, as set out in section 9.1 (Subscription Fee and Redemption Fee) below, which will be deducted from the payment of the Redemption Price. The Redemption Fee is equal to a maximum percentage of the Redemption Price or such other amount as specified for each Sub-Fund or Share Class in the Supplement, where applicable.

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

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

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

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Redemption Day. However, the Fund may accept redemption applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.9 (Late trading, market timing and other prohibited practices) below.

The redemption of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in section 8.4 (Temporary suspension of the Net Asset Value calculation) below. The redemption of Shares of a Sub-Fund or Share Class may also be suspended in other exceptional cases where the circumstances and the best interest of the investors so require.

#### **7.5.2 Settlement of redemption**

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

Payment of redemption proceeds will be made by wire transfer on the bank account of the redeeming investor and at its risks and costs. Redemption proceeds will be paid in the Reference Currency of the Sub-Fund or the Share Class.

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

### **7.5.3 Redemption in kind**

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

Upon request of an investor, the Management Company may agree to establish an account outside of the Fund, in the name of the investor, into which the portfolio of assets can be transferred. The account will be used to sell the assets and pay the sales proceeds to the redeeming investor in cash. Any costs and expenses relating to the opening and maintenance of the account will be borne by the redeeming investor. Investors may incur brokerage and/or local tax charges on the sale of the assets. There may be a difference between the net amount of the sales proceeds paid to the investor and the Redemption Price (less any Redemption Fee for the Shares redeemed, due to market conditions and/or the difference between the prices used to calculate the Net Asset Value and bid prices received on the sale of the assets).

## **7.6 Conversion of Shares**

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

### **7.6.1 Conversion application**

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

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

The Fund may charge a Conversion Fee on conversions of Shares, as set out in section 9.1 (Subscription Fee and Redemption Fee) below and specified in the Supplement. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any.

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

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

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

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Conversion Day. However, the Fund may accept conversion applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.9 (Late trading, market timing and other prohibited practices) below.

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

The conversion of Shares shall be suspended whenever the determination of the Net Asset Value per Share of the Original Shares or the New Shares is suspended by the Fund in accordance with section 8.4 (Temporary suspension of the Net Asset Value calculation) below, or when the redemption of Original Shares or the subscription for New Shares is suspended in accordance with the Articles of Association and this Prospectus.

#### **7.6.2 Conversion rate**

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

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

where:

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

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

## **7.7 Transfer of Shares**

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

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

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

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

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

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

redemption of such Shares in accordance with the provisions of this Prospectus and the Articles of Association.

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

## **7.8 Special considerations**

### **7.8.1 Minimum subscription and holding amounts**

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

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

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

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

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

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

Where applications for redemptions or conversions out of a Sub-Fund or Share Class on a particular Redemption Day or Conversion Day represent the total number of Shares in issue in that Sub-Fund or Share Class, or the remaining number of Shares in issue after such redemptions or conversions would represent a total Net Asset Value below the minimum level of assets under management required for such Sub-Fund or Share Class to be

operated in an efficient manner, the Fund may decide to terminate and liquidate the Sub-Fund or Share Class in accordance with the procedure set out in section 10.10 (Liquidation) below. In such a case, all remaining Shares of the Sub-Fund or Share Class will be redeemed.

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

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

The issue, redemption or conversion of Shares in a Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Share Class is suspended by the Fund in accordance with section 8.4 (Temporary suspension of the Net Asset Value calculation) below and in other circumstances specified in the Articles of Association and this Prospectus and, in the case of a Feeder Fund, when the Master Fund has suspended subscriptions, redemptions and conversions.

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

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

If on any given Redemption Day or Conversion Day, applications for redemption or conversion of Shares out of a Sub-Fund or Share Class represent in aggregate more than ten percent (10%) of the Net Asset Value of the Sub-Fund or Share Class, the Fund may decide that part (on a *pro rata* basis) or all of such requests for redemption or conversion will be deferred to the next or subsequent Redemption Days or Conversion Days for a period generally not exceeding ten (10) Business Days until the application is processed in full. On a next or subsequent Redemption Day or Conversion Day, deferred redemption or conversion requests will be met in priority to requests submitted in respect of such Redemption Day or Conversion Day.

The Fund also reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Period in accordance with the provisions set out in section 7.5 (Redemption of Shares) above.

As an alternative to deferring applications for redemptions, the Fund may propose to an investor, who accepts, to settle a redemption application, in whole or in part, by a distribution in kind of certain assets of the Sub-Fund or Share Class in lieu of cash, subject to the conditions set out in section 7.5 (Redemption of Shares) above.

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

The Fund does not permit late trading practices as such practices may adversely affect the interests of investors. In general, late trading is to be understood as the acceptance of a subscription, redemption or conversion order for Shares after the Cut-Off Time for a

Subscription Day, Redemption Day or Conversion Day and the execution of such order at a price based on the Net Asset Value applicable to such same day. However, as mentioned above, the Fund may accept subscription, conversion or redemption applications received after the Cut-Off Time, in circumstances where the subscription, redemption or conversion applications are dealt with on an unknown Net Asset Value basis, provided that it is in the interest of the Sub-Fund and that investors are fairly treated. In particular, the Fund may waive the Cut-Off Time where intermediary submits the application to the Management Company after the Cut-Off Time provided that such application has been received by the intermediary from the investor in advance of the Cut-Off Time.

Subscriptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market timing or other excessive trading practices. Market timing is to be understood as an arbitrage method by which an investor systematically subscribes and redeems or converts Shares of the same Sub-Fund or Share Class within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value. Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimise harm to the Fund and other investors, the Fund has the right to reject any subscription or conversion order, or levy in addition to any Subscription Fee, Redemption Fee or Conversion Fee which may be charged according to the Supplement, a fee of up to two percent (2%) of the value of the order for the benefit of the Sub-Fund or Share Class, from any investor who is engaging or is suspected of engaging in excessive trading, or has a history of excessive trading, or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Fund. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control.

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

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

#### **7.10 Prohibited Persons**

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

The Board of Directors has decided that US Persons will be considered as Prohibited Persons. By signing a Subscription Form, an applicant will certify, represent, warrant and agree that he is not a US Person or that the Shares applied for are not being acquired directly or indirectly by, on behalf or for the account or benefit of, a US Person. An applicant

will further certify, represent, warrant and agree that the applicant will notify the Fund in the event that either the applicant becomes a US Person or holds the Shares on behalf of, or for the account or benefit of, a US Person. If an applicant's status changes and it becomes a US Person, it must notify the relevant party as mentioned above within thirty (30) days.

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

Furthermore, the Board of Directors has decided that any person who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, directly or indirectly, as described in section 7.9 (Late trading, market timing and other prohibited practices) above, will be considered as a Prohibited Person.

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

The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. In such cases, the Fund will notify the investor of the reasons which justify the compulsory redemption of Shares, the number of Shares to be redeemed and the indicative Redemption Day on which the compulsory redemption will occur. The Redemption Price shall be determined in accordance with section 7.5 (Redemption of Shares) above.

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

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

#### **7.11 Prevention of money laundering**

The Fund must comply with applicable international and Luxembourg laws and regulations regarding the prevention of money laundering and terrorist financing, including in particular with the 2004 Law, and implementing regulations and CSSF circulars adopted from time to time. In particular, anti-money laundering measures in force in Luxembourg require the Fund, on a risk sensitive basis, to establish and verify the identity of subscribers for Shares (as well as the identity of any intended beneficial owners of the Shares if they are not the subscribers) and the origin of subscription proceeds and to monitor the business relationship on an ongoing basis.

Subscribers for Shares will be required to provide to the Fund the information set out in the Subscription Form, depending on their legal form (individual, corporate or other category of subscriber).

The Fund is required to establish anti-money laundering controls and may require from subscribers for Shares all documentation deemed necessary to establish and verify this information. The Fund has the right to request additional information until it is reasonably satisfied that it understands the identity and economic purpose of the subscriber. Furthermore, any investor is required to notify the Fund prior to the occurrence of any change in the identity of any beneficial owner of Shares. The Fund may require from existing investor, at any time, additional information together with all supporting documentation deemed necessary for the Fund to comply with anti-money laundering measures in force in Luxembourg.

Depending on the circumstances of each application, a simplified customer due diligence might be applicable, where a subscriber is a credit institution or financial institution governed by the 2004 Law or a credit or financial institution, within the meaning of Directive 2005/60/EC, of another Member State or situated in a third country which imposes requirements equivalent to those laid down in the 2004 Law or in Directive 2005/60/EC and is supervised for compliance with those requirements. These procedures may only apply if the credit or financial institution referred to above is located within a country recognised by the Fund as having equivalent anti-money laundering regulations to the 2004 Law.

Failure to provide information or documentation deemed necessary for the Fund to comply with anti-money laundering measures in force in Luxembourg may result in delays in, or rejection of, any subscription or conversion application and/or delays in any redemption application.

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

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

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

The Net Asset Value per Share shall be determined by the Administrator as of each Valuation Day as specified for each Sub-Fund in the Supplement and at least twice a month. It shall be calculated by dividing the Net Asset Value of the Share Class of a Sub-Fund by the total number of Shares of such Share Class in issue as of that Valuation Day. The Net Asset Value per Share shall be expressed in the Reference Currency of the Share Class and may be rounded up or down to two (2) decimal places.

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

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

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

### **8.2 Valuation procedure**

#### **8.2.1 General**

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

The Board of Directors may apply other valuation principles or alternative methods of valuation that it considers appropriate in order to determine the probable realisation value of any asset if applying the rules described below appears inappropriate or impracticable.

The Board of Directors may adjust the value of any asset if the Board of Directors determines that such adjustment is required to reflect its fair value taking into account its denomination, maturity, liquidity, applicable or anticipated interest rates or dividend distributions or any other relevant considerations.

If, after the time of determination of the Net Asset Value but before publication of the Net Asset Value for a Valuation Day, there has been a material change affecting the exchanges or markets on which a substantial portion of the investments of a Sub-Fund are quoted, listed or traded, the Board of Directors may cancel the first valuation and carry out a second

valuation in order to safeguard the interest of investors. In such a case, the Net Asset Value used for processing subscription, redemption and conversion applications for that Valuation Day will be based on the second calculation.

For the purpose of calculating the Net Asset Value in accordance with the valuation principles set out below, the Board of Directors has authorised the Administrator to rely in whole or in part upon valuations provided by available pricing sources for the relevant asset, including data vendors and pricing agencies (such as Bloomberg or Reuters), fund administrators, brokers, dealers and valuation specialists, provided that such pricing sources are considered reliable and appropriate and provided that there is no manifest error or negligence in such valuations. In the event that valuations are not available or valuations may not correctly be assessed using such pricing sources, the Administrator will rely upon valuation methods and determinations provided by the Board of Directors.

The Board of Directors and the Administrator may consult with and seek the advice of the Management Company in valuing the Fund's assets. Where the Board of Directors considers it necessary, it may seek the assistance of a valuation committee whose task will be the prudent estimation of certain assets' values in good faith.

In the absence of fraud, bad faith, gross negligence or manifest error, any decision taken in accordance with the Articles of Association and the Prospectus by the Board of Directors or any agent appointed by the Board of Directors in connection with the valuation of the Fund's assets and the calculation of the Net Asset Value of the Fund, a Sub-Fund or a Share Class, the Net Asset Value per Share will be final and binding on the Fund and on all investors, and neither the Board of Directors nor any agent appointed by the Board of Directors shall accept any individual liability or responsibility for any determination made or other action taken or omitted by them in this connection.

### **8.2.2 Assets of the Fund**

Subject to the rules on the allocation to Sub-Funds and Share Classes below, the assets of the Fund shall include the following:

- 1) all cash on hand or on deposit, including any outstanding accrued interest;
- 2) all bills and any types of notes or accounts receivable, including outstanding proceeds of any disposal of financial instruments;
- 3) all securities and financial instruments, including shares, bonds, notes, certificates of deposit, debenture stocks, options or subscription rights, warrants, money market instruments and all other investments belonging to the Fund;
- 4) all dividends and distributions payable to the Fund either in cash or in the form of stocks and shares (which will normally be recorded in the Fund's books as of the ex-dividend date, provided that the Fund may adjust the value of the security accordingly);
- 5) all outstanding accrued interest on any interest-bearing instruments belonging to the Fund, unless this interest is included in the principal amount of such instruments;
- 6) the formation expenses of the Fund or a Sub-Fund, to the extent that such expenses have not already been written off; and
- 7) all other assets of any kind and nature including expenses paid in advance.

### **8.2.3 Liabilities of the Fund**

Subject to the rules on the allocation to Sub-Funds and Share Classes below, the liabilities of the Fund shall include the following:

- 1) all loans, bills or accounts payable, accrued interest on loans (including accrued fees for commitment for such loans);
- 2) all known liabilities, whether or not already due, including all contractual obligations that have reached their term, involving payments made either in cash or in the form of assets, including the amount of any dividends declared by the Fund but not yet paid;
- 3) a provision for any tax accrued to the Valuation Day and any other provisions authorised or approved by the Fund; and
- 4) all other liabilities of the Fund of any kind recorded in accordance with applicable accounting rules, except liabilities represented by Shares. In determining the amount of such liabilities, the Fund will take into account all expenses, fees, costs and charges payable by the Fund as set out in section 9 (Fees and expenses) below.

Adequate provisions shall be made for unpaid administrative and other expenses of a regular or recurring nature based on an estimated amount accrued for the applicable period. Any off-balance sheet liabilities shall duly be taken into account in accordance with fair and prudent criteria.

The fees and expenses incurred in connection with the formation of the Fund will be borne by the Fund and may be amortised over a period of up to five (5) years. The formation expenses of each new Sub-Fund will be borne by such Sub-Fund and may be amortised over a period of up to five (5) years. New Sub-Funds created after the incorporation and launch of the Fund will participate in the non-amortised costs of establishment of the Fund.

### **8.2.4 Valuation principles**

In accordance with the Articles of Association, the valuation of the assets of the Fund will be conducted as follows:

- 1) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- 2) Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market will be valued, unless otherwise provided under paragraphs 3) and 6) below, at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or

traded on an exchange or regulated market, will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

- 3) Notwithstanding paragraph 2) above, where permitted under applicable laws and regulations, Money Market Instruments may be valued using an amortisation method whereby instruments are valued at their acquisition cost as adjusted for amortisation of premium or accrual of discount on a constant basis until maturity, regardless of the impact of fluctuating interest rates on the market value of the instruments. The amortisation method will only be used if it is not expected to result in a material discrepancy between the market value of the instruments and their value calculated according to the amortisation method.
- 4) Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market will be consistently valued at the last available closing price, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine consistently on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing prices on such exchange or regulated market will be used for the purpose of their valuation. Financial derivative instruments for which closing prices are not available or representative, and only in these instances, will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.
- 5) Financial derivative instruments which are traded “over-the-counter” (OTC) will be valued daily at their fair market value, on the basis of valuations provided by the counterparty which will be approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation will be reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences will be promptly investigated and explained.
- 6) Notwithstanding paragraph 2) above, shares or units in target investment funds (including UCITS and UCI) will be valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The Net Asset Value calculated on the basis of unofficial net asset values of the target investment fund may differ from the Net Asset Value which would have been calculated, on the same Valuation Day, on the basis of the official net asset value of the target investment fund. Alternatively, shares or units in target investment funds which are quoted, listed or traded on an exchange or regulated market may be valued in accordance with the provisions of paragraph 2) above.
- 7) The value of any other asset not specifically referenced above will be the probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

## **8.2.5 Allocation of assets and liabilities to Sub-Funds and Share Classes**

Assets and liabilities of the Fund will be allocated to each Sub-Fund and Share Class in accordance with the provisions of the Articles of Association, as set out below, and the Supplement of the Sub-Fund.

- 1) The proceeds from the issue of Shares of a Sub-Fund or Share Class, all assets in which such proceeds are invested or reinvested and all income, earnings, profits or assets attributable to or deriving from such investments, as well as all increase or decrease in the value thereof, will be allocated to that Sub-Fund or Share Class and recorded in its books. The assets allocated to each Share Class of the same Sub-Fund will be invested together in accordance with the investment objective, policy, and strategy of that Sub-Fund, subject to the specific features and terms of issue of each Share Class of that Sub-Fund, as specified in its Supplement (see section 7.1 (Shares, Sub-Funds and Share Classes) above).
- 2) All liabilities of the Fund attributable to the assets allocated to a Sub-Fund or Share Class or incurred in connection with the creation, operation or liquidation of a Sub-Fund or Share Class will be charged to that Sub-Fund or Share Class and, together with any increase or decrease in the value thereof, will be allocated to that Sub-Fund or Share Class and recorded in its books. In particular and without limitation, the costs and any benefit of any Share Class specific feature will be allocated solely to the Share Class to which the specific feature relates.
- 3) Any assets or liabilities not attributable to a particular Sub-Fund or Share Class may be allocated by the Board of Directors in good faith and in a manner which is fair to investors generally and will normally be allocated to all Sub-Funds or Share Classes *pro rata* to their Net Asset Value.

Subject to the above, the Board of Directors may at any time vary the allocation of assets and liabilities previously allocated to a Sub-Fund or Share Class.

## **8.2.6 Additional rules for assets and liabilities of the Fund**

In calculating the Net Asset Value of each Sub-Fund or Share Class the following principles will apply.

- 1) Each Share agreed to be issued by the Fund on each Subscription Day will be deemed to be in issue and existing immediately after the time of valuation on the Subscription Day. From such time and until the Subscription Price is received by the Fund, the assets of the Sub-Fund or Share Class concerned will be deemed to include a claim of that Sub-Fund or Share Class for the amount of any cash or other property to be received in respect of the issue of such Shares. The Net Asset Value of the Sub-Fund or Share Class will be increased by such amount immediately after the time of valuation on the Subscription Day.
- 2) Each Share agreed to be redeemed by the Fund on each Redemption Day will be deemed to be in issue and existing until and including the time of valuation on the Redemption Day. Immediately after the time of valuation and until the Redemption Price is paid by the Fund, the liabilities of the Sub-Fund or Share Class concerned will be deemed to include a debt of that Sub-Fund or Share Class for the amount of any cash or other property to be paid in respect of the redemption of such Shares. The Net Asset Value of the Sub-Fund or Share Class will be decreased by such amount immediately after the time of valuation on the Redemption Day.

- 3) Following a declaration of dividends for Distribution Shares on a Valuation Day determined by the Fund to be the distribution accounting date, the Net Asset Value of the Sub-Fund or Share Class will be decreased by such amount as of the time of valuation on that Valuation Day.
- 4) Where assets have been agreed to be purchased or sold but such purchase or sale has not been completed at the time of valuation on a given Valuation Day, such assets will be included in or excluded from the assets of the Fund, and the gross purchase price payable or net sale price receivable will be excluded from or included in the assets of the Fund, as if such purchase or sale had been duly completed at the time of valuation on that Valuation Day, unless the Fund has reason to believe that such purchase or sale will not be completed in accordance with its terms. If the exact value or nature of such assets or price is not known at the time of valuation on the Valuation Day, its value will be estimated by the Fund in accordance with the valuation principles described above.
- 5) The value of any asset or liability denominated or expressed in a currency other than the Reference Currency of the Fund, Sub-Fund or Share Class will be converted, as applicable, into the Reference Currency of the Fund, Sub-Fund or Share Class at the prevailing foreign exchange rate at the time of valuation on the Valuation Day concerned which the Board of Directors considers appropriate.

### **8.2.7 Adjustments**

In certain circumstances, subscriptions, redemptions, and conversions in a Sub-Fund may have a negative impact on the Net Asset Value per Share. Where subscriptions, redemptions, and conversions in a Sub-Fund cause the Sub-Fund to buy and/or sell underlying investments, the value of these investments may be affected by bid/offer spreads, trading costs and related expenses including transaction charges, brokerage fees, and taxes. This investment activity may have a negative impact on the Net Asset Value per Share called “dilution”. In order to protect existing or remaining investors from the potential effect of dilution, the Fund may apply a “swing pricing” methodology or an anti-dilution levy as further explained below. The swing pricing methodology and the anti-dilution levy will not apply at the same time to subscription and/or redemption orders in respect of the same Valuation Day, except in extraordinary market circumstances as determined by the Board of Directors.

The Fund may apply a so-called “swing pricing” methodology which adjusts the Net Asset Value per Share to account for the aggregate costs of buying and/or selling underlying investments. The Net Asset Value per Share will be adjusted by a certain percentage set by the Board of Directors from time to time for each Sub-Fund called the “swing factor” which represents the estimated bid-offer spread of the assets in which the Sub-Fund invests and estimated tax, trading costs, and related expenses that may be incurred by the Sub-Fund as a result of buying and/or selling underlying investments (called the Swing Factor). As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the Swing Factor may be different for net subscriptions and net redemptions in a Sub-Fund. The Swing Factor will not exceed one percent (1%) of the Net Asset Value per Share unless otherwise set out for each Sub-Fund in the Supplement. A periodical review will be undertaken in order to verify the appropriateness of the Swing Factor in view of market conditions.

The Board of Directors will determine if a partial swing or full swing is adopted. If a partial swing is adopted, the Net Asset Value per Share will be adjusted upwards or downwards if net subscriptions or redemptions in a Sub-Fund exceed a certain threshold set by the Board of Directors from time to time for each Sub-Fund (called the Swing Threshold). If a full swing

is adopted, no Swing Threshold will apply. The Swing Factor will have the following effect on subscriptions or redemptions:

- 1) on a Sub-Fund experiencing levels of net subscriptions on a Valuation Day (i.e. subscriptions are greater in value than redemptions) (in excess of the Swing Threshold, where applicable) the Net Asset Value per Share will be adjusted upwards by the Swing Factor; and
- 2) on a Sub-Fund experiencing levels of net redemptions on a Valuation Day (i.e. redemptions are greater in value than subscriptions) (in excess of the Swing Threshold, where applicable) the Net Asset Value per Share will be adjusted downwards by the Swing Factor.

The volatility of the Net Asset Value of the Sub-Fund might not reflect the true portfolio performance (and therefore might deviate from the Sub-Fund's benchmark, where applicable) as a consequence of the application of swing pricing. The Performance Fee, where applicable, will be charged on the basis of the unswung Net Asset Value of the Sub-Fund.

An extra charge may also be levied by the Fund on investors subscribing or redeeming Shares to account for the aggregate costs of buying and/or selling underlying investments related to such subscriptions or redemptions (called the Anti-Dilution Levy). The rate of the Anti-Dilution Levy will be set by the Board of Directors from time to time for each Sub-Fund so as to represent the estimated bid-offer spread of the assets in which the Sub-Fund invests and estimated tax, trading costs, and related expenses that may be incurred by the Sub-Fund as a result of buying and/or selling underlying investments. The Anti-Dilution Levy will not exceed two percent (2%) of the Net Asset Value per Share unless otherwise set out for each Sub-Fund in the Supplement. A periodical review will be undertaken in order to verify the appropriateness of the Anti-Dilution Levy in view of market conditions.

The Board of Directors will determine if the Anti-Dilution Levy will apply to all investors subscribing or redeeming Shares on a Valuation Day or if the Anti-Dilution Levy will apply only on a Valuation Day where net subscriptions or redemptions in a Sub-Fund exceed a certain threshold set by the Board of Directors from time to time for each Sub-Fund (called the Anti-Dilution Threshold). The Anti-Dilution Levy will have the following effect on subscriptions or redemptions:

- 1) on a Sub-Fund experiencing levels of net subscriptions on a Valuation Day (i.e. subscriptions are greater in value than redemptions) (in excess of the Anti-Dilution Threshold, if applicable) the Anti-Dilution Levy will be added as a premium to the Subscription Price; and
- 2) on a Sub-Fund experiencing levels of net redemptions on a Valuation Day (i.e. redemptions are greater in value than subscriptions) (in excess of the Anti-Dilution Threshold, if applicable) the Anti-Dilution Levy will be deducted as a discount to the Redemption Price.

The Anti-Dilution Levy will be allocated to the assets of the Sub-Fund and will, therefore, benefit the existing or remaining investors.

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

The publication of the Net Asset Values will take place on the next Business Day after a Valuation Day unless otherwise provided for in the Supplement. The Net Asset Value per

Share of each Share Class within each Sub-Fund will be available from the Administrator during normal business hours

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

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

- 1) when any exchange or regulated market that supplies the price of the assets of a Sub-Fund is closed for days other than ordinary holidays, or in the event that transactions on such exchange or market are suspended, subject to restrictions, or impossible to execute in volumes allowing the determination of fair prices;
- 2) when the information or calculation sources normally used to determine the value of the assets of a Sub-Fund are unavailable;
- 3) during any period when any breakdown or malfunction occurs in the means of communication network or IT media normally employed in determining the price or value of the assets of a Sub-Fund, or which is required to calculate the Net Asset Value per Share;
- 4) when exchange, capital transfer or other restrictions prevent the execution of transactions of a Sub-Fund or prevent the execution of transactions at normal rates of exchange and conditions for such transactions;
- 5) when exchange, capital transfer or other restrictions prevent the repatriation of assets of a Sub-Fund for the purpose of making payments on the redemption of Shares or prevent the execution of such repatriation at normal rates of exchange and conditions for such repatriation;
- 6) when the legal, political, economic, military or monetary environment, or an event of force majeure, prevent the Fund from being able to manage the assets of a Sub-Fund in a normal manner and/or prevent the determination of their value in a reasonable manner;
- 7) when there is a suspension of the net asset value calculation or of the issue, redemption or conversion rights by the investment fund(s) in which a Sub-Fund is substantially invested;
- 8) following the suspension of the net asset value calculation and/or the issue, redemption and conversion at the level of a Master Fund in which a Sub-Fund invests as a Feeder Fund;
- 9) when, for any other reason, the prices or values of the assets of a Sub-Fund cannot be promptly or accurately ascertained or when it is otherwise impossible to dispose of the assets of the Sub-Fund in the usual way and/or without materially prejudicing the interests of investors;
- 10) in the event of a notice to shareholders of the Fund convening an extraordinary general meeting of shareholders for the purpose of dissolving and liquidating the Fund or informing them about the termination and liquidation of a Sub-Fund or Share Class,

and more generally, during the process of liquidation of the Fund, a Sub-Fund or Share Class;

- 11) during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction;
- 12) during any period when the dealing of the Shares of a Sub-Fund or Share Class on any relevant stock exchange where such Shares are listed is suspended or restricted or closed; and
- 13) in exceptional circumstances, whenever the Board of Directors considers it necessary in order to avoid irreversible negative effects on the Fund, a Sub-Fund or Share Class, in compliance with the principle of fair treatment of investors in their best interests.

In the event of exceptional circumstances which could adversely affect the interest of investors or where significant requests for subscription, redemption or conversion of Shares are received for a Sub-Fund or Share Class, the Board of Directors reserves the right to determine the Net Asset Value per Share for that Sub-Fund or Share Class only after the Fund has completed the necessary investments or divestments in securities or other assets for the Sub-Fund or Share Class concerned.

The issue, redemption and conversion of Shares in the any Share Class will also be suspended during any such period when the Net Asset Value of such Share Class is not calculated and published.

Any decision to suspend the calculation and publication of the Net Asset Value per Share and/or where applicable, the issue, redemption and conversion of Shares of a Share Class, will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed.

The suspension of the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares in any Sub-Fund or Share Class will have no effect on the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares in any other Sub-Fund or Share Class.

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

## **9. FEES AND EXPENSES**

### **9.1 Subscription Fee and Redemption Fee**

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

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

The Subscription Fee, Redemption Fee and Conversion Fee will be paid to the Management Company who may pay all or part of such fees to as commissions or other fee arrangements. The Management Company may in its discretion waive all or part of the Subscription Fee, Redemption Fee or Conversion Fee.

Should a Sub-Fund qualify as a Master Fund, no Subscription Fee, Redemption Fee or Conversion Fee will be charged in respect of subscription, redemption or conversion requests of any Feeder Fund of that Master Fund.

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

An extra charge referred to as the Anti-Dilution Levy may be levied by the Fund on investors subscribing for or redeeming Shares to account for the aggregate costs of buying and/or selling underlying investments related to such subscriptions or redemptions, as described in section 8.2 (Valuation procedure) above.

### **9.2 Management Fee and Distribution Fee**

The Management Company will be entitled to an annual Management Fee equal to a percentage of the average Net Asset Value of each Sub-Fund or Share Class and paid out of the assets of the Fund and allocated to each Sub-Fund and Share Class (as described in section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) above). The Management Fee will accrue on each Valuation Day and will be payable monthly in arrears at the rate specified in the Supplement for each Sub-Fund or Share Class. The Management Company will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

The Management Fee covers the services performed by the Management Company, except for distribution services that is covered by a Distribution Fee paid to the Management Company. It does not cover portfolio management, administration, marketing and distribution services performed by the Administrator. The Fund pays separate fees to the Administrator as described below. The fees of the Investment Advisor are paid out of the Management Fee by the Management Company.

The Management Company will be entitled to an annual Distribution Fee equal to a percentage of the average Net Asset Value of each Sub-Fund or Share Class and paid out of the assets of the Fund and allocated to each Sub-Fund and Share Class (as described in

section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) above). The Distribution Fee will accrue on each Valuation Day and will be payable monthly in arrears at the rate specified in the Supplement for each Sub-Fund or Share Class. The Management Company will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

Subject to applicable law and regulation, the Management Company may in its discretion on a negotiated basis enter into an agreement with a shareholder or prospective investor (or an agent thereof) under which it makes payments to or for the benefit of such shareholder, which represent a rebate of all or part of the fees paid to the Management Company out of the assets of the Fund in respect of that part of the value of a Sub-Fund which may, for this purpose only, be deemed to be represented by some or all of the Shares owned by that shareholder.

### **9.3 Performance Fee**

The Management Company may be entitled to receive a Performance Fee with respect to certain Sub-Funds or Share Classes; the payment and size of the Performance Fee depends on the performance of the Sub-Fund or Share Class over a specified time period in excess of the applicable benchmark as set out in each Supplement. The Performance Fee is calculated and accrued on the basis of the Net Asset Value (including the Net Asset Value per Share) after deducting all fees and expenses, including the Management Fee (but not the Performance Fee) and adjusting for subscriptions and redemptions during the performance period so these will not affect the calculation of the Performance Fee. The Performance Fee is paid out of the assets of the Fund and allocated to the relevant Sub-Funds and Share Classes as described in section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) above. Details regarding the calculation and payment of Performance Fees are contained in each relevant Supplement.

### **9.4 Fees of the Depositary and the Administrator**

The Fund will pay to the Depositary and the Administrator annual fees which will vary from 0,0325% of the Net Asset Value to a maximum of 2% of the Net Asset Value per Sub-Fund subject to a minimum fee per Sub-Fund of EUR 29.000 and a minimum fee of EUR 24.000 at the Fund's level. These fees are payable on a monthly basis in arrears and do not include any transaction related fees and costs of sub-custodians or similar agents. The Depositary and Administrator are also entitled to be reimbursed of reasonable disbursements and out-of-pockets expenses which are not included in the above mentioned fees.

The amount paid by the Fund to the Depositary and the Administrator will be mentioned in the annual report of the Fund.

### **9.5 Directors' fees and expenses**

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

## 9.6 Operating and Administrative Expenses

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

- 1) preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a Sub-Fund or Share Class that are required by applicable laws and regulations (such as the Articles of Association, this Prospectus, key investor information documents, financial reports and notices to investors) or any other documents and materials made available to investors (such as explanatory memoranda, statements, reports, factsheets and similar documents);
- 2) organising and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders;
- 3) professional advisory services (such legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company on behalf of the Fund;
- 4) investment services taken and/or data obtained by the Fund or the Management Company on behalf of the Fund (including fees and expenses incurred in obtaining investment research, systems and other services or data utilised for portfolio and risk management purposes);
- 5) the authorisation of the Fund, the Sub-Funds and Share Classes, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors;
- 6) initial and ongoing obligations relating to the registration and/or listing of the Fund, a Sub-Fund or Share Class and the distribution of Shares in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, distributors, correspondent banks, representatives, listing agents, paying agents, fund platforms, and other agents and/or service providers appointed in this context, as well as advisory, legal, and translation costs);
- 7) memberships or services provided by international organisations or industry bodies such as the Association of the Luxembourg Fund Industry (ALFI);
- 8) taxes, charges and duties payable to governments and local authorities (including the Luxembourg annual subscription tax (*taxe d’abonnement*) and any other taxes payable on assets, income or expenses) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund; and
- 9) the reorganisation or liquidation of the Fund, a Sub-Fund or Share Class.

## 9.7 Transaction costs

Each Sub-Fund bears the costs and expenses arising from buying and selling portfolio assets and entering into other transactions in securities or other financial instruments, such as brokerage fees and commissions and all other fees, expenses, commissions, charges, premiums and interest paid to banks, brokers, execution agents or securities lending agents

and/or incurred in participating in any securities lending, repurchase and buy-sell back programs, collateral management fees and associated costs and charges, exchange fees, taxes, levies and stamp duties chargeable in connection with transactions in securities or other financial, and any other transaction-related expenses. A Transaction Fee expressed as a percentage of each transaction will be paid to the Management Company, to the extent provided for in each Supplement.

#### **9.8 VA Cover Fees**

To the extent provided for in a Supplement, a VA Cover Fee will be paid out of the assets attributable to the relevant Share Class in the relevant Sub-Fund to the provider of the variable annuity cover (or any entity providing cover to this provider) to the insurance policies the performance of which is related to the performance of the relevant Share Class in that Sub-Fund.

#### **9.9 Extraordinary costs and expenses**

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

#### **9.10 Formation costs and expenses**

The costs and expenses incurred in connection with the formation of the Fund are estimated to an amount of approximately EUR 240,000.-. Such costs and expenses will be borne by the Fund and may be amortised over a period of up to five (5) years from the date of incorporation of the Fund. The formation costs and expenses of each new Sub-Fund will be borne by such Sub-Fund and may be amortised over a period of up to five (5) years. New Sub-Funds created after the incorporation and launch of the Fund will participate in the non-amortised formation costs and expenses of the Fund.

## **10. GENERAL INFORMATION**

### **10.1 Reports and financial statements**

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

The financial year of the Fund will begin on 1 January of each year and end on 31 December of the same year. Each year, the Fund will issue an Annual Report as of the end of the previous financial year comprising, *inter alia*, the audited financial statements of the Fund and each Sub-Fund and a report of the Board of Directors on the activities of the Fund. The Fund will also issue a Semi-Annual Report as of 30 June of the current financial year. The first financial year will end on 31 December 2018 and the first Annual Report will be issued as of 31 December 2018.

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

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

### **10.2 Meetings of shareholders**

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

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

Notices of all general meetings may be made through announcements filed with the Luxembourg Trade and Companies Register and be published at least fifteen (15) days before the meeting in *the Recueil électronique des sociétés et associations* (RESA) and a Luxembourg newspaper and sent to all registered shareholders by ordinary mail (*lettre missive*); alternatively, convening notices may be sent to registered shareholders by registered mail at least eight (8) calendar days prior to the meeting or if the addressees have individually accepted to receive the convening notices by another means of communication ensuring access to the information, by such means of communication. Convening notices will also be published and/or communicated to investors as required by applicable laws and regulations in other jurisdictions where the Shares are distributed. Notices will include the agenda and will specify the time and place of the meeting, the conditions of admission, and the quorum and voting requirements.

The requirements as to attendance, quorum, and majorities at all general meetings will be those laid down in the Articles of Association and in the 1915 Law. All shareholders may attend general meetings in person or by appointing another person as his proxy in writing or

by facsimile, electronic mail or any other similar means of communication accepted by the Fund. A single person may represent several or even all shareholders of the Fund, a Sub-Fund or Share Class. Each Share entitles the shareholder to one (1) vote at all general meetings of shareholders of the Fund, and at all meetings of the Sub-Fund or Share Class concerned to the extent that such Share is a Share of such Sub-Fund or Share Class.

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

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

### **10.3 Investors' rights**

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

The Articles of Association are governed by, and construed in accordance with, the laws currently in force in Luxembourg

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

Absent a direct contractual relationship between the investors and the service providers mentioned in section 6 (Management and Administration) above, the investors will generally have no direct rights against service providers and there are only limited circumstances in which an investor can potentially bring a claim against a service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by a service provider is, *prima facie*, the Fund itself.

### **10.4 Changes to this Prospectus**

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

## 10.5 Documents available

Investors may, upon request, obtain a copy of the Articles of Association, this Prospectus, the applicable KIID as well as of the latest Annual Report or Semi-Annual Report at the registered office of the Management Company free of charge during business hours on any full bank business day in Luxembourg.

Investors may, upon request, as the case may be, obtain a copy of the prospectus and the annual and half-yearly reports of any Master Fund of which a Sub-Fund is the Feeder Fund, as well as the agreement between the Feeder Fund and such Master Fund, the depositaries and auditors of the Feeder Fund and the Master Fund, as required.

The Management Company has adopted a “best execution” policy with the objective of obtaining the best possible result for the Fund when executing decisions to deal on behalf of the Fund or placing orders to deal on behalf of the Fund with other entities for execution. Further information on the best execution policy may be obtained from the Management Company upon request.

The Management Company has a strategy for determining when and how voting rights attached to ownership of a Sub-Fund’s investments are to be exercised for the exclusive benefit of the Sub-Fund. A summary of this strategy as well as the details of the actions taken on the basis of this strategy in relation to each Sub-Fund may be obtained from the Management Company upon request.

## 10.6 Complaints

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

## 10.7 Use of benchmarks

Certain Sub-Funds of the Fund are using benchmarks within the meaning of the Benchmarks Regulation.

Therefore, to comply with its legal obligations, the Fund has adopted written plans setting out actions, which it will take with respect to the relevant Fund, in the event that any of the benchmarks listed in the table below materially changes or ceases to be provided (the “**Contingency Plan**”), as required by article 28(2) of the Benchmarks Regulation. Shareholders may access the Contingency Plan free of charge upon request at the registered office of the Fund.

The benchmarks listed in the table below are being provided by the entity specified next to the name of the relevant benchmark in the table below, in its capacity as administrator, as defined in the Benchmarks Regulation (each a “**Benchmark Administrator**”). The status of each Benchmark Administrator in relation to the register referred to in article 36 of the Benchmarks Regulation as of the date of this visa-stamped Prospectus is set out next to the name of the relevant Benchmark Administrator in the table below.

<i><b>Sub-Fund</b></i>	<i><b>Benchmark(s)</b></i>	<i><b>Benchmark Administrator</b></i>	<i><b>Status of the Benchmark Administrator</b></i>
Dynamic Risk Control Balanced Risk Control	MSCI AC World Index (Net Price) Local Currency LOC	MSCI Limited	Listed in the register referred to in article 36 of the Benchmarks Regulation as an administrator authorised pursuant to article 34 of the Benchmarks Regulation.
Dynamic Risk Control Balanced Risk Control Conservative Risk Control	Barclays Global Aggregate EUR Hedged	Bloomberg Barclays	Not yet listed in the register referred to in article 36 of the Benchmarks Regulation, as it has not yet obtained authorisation or registration pursuant to Article 34 of the Benchmarks Regulation and is relying on transitional provisions.
Forwardinvest Global Equity Strategy	MSCI World	MSCI Limited	Listed in the register referred to in article 36 of the Benchmarks Regulation as an administrator authorised pursuant to article 34 of the Benchmarks Regulation.
Forwardinvest European Equity Strategy	MSCI Europe	MSCI Limited	Listed in the register referred to in article 36 of the Benchmarks Regulation as an administrator authorised pursuant to article 34 of the Benchmarks Regulation.

## **10.8 Data protection**

In accordance with the provisions of the Luxembourg law of 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended, and local laws and regulations where applicable, the Fund, as data controller, collects, stores and processes, by electronic or other means, the data supplied by investors for the purpose of fulfilling the services required by the investors and complying with its legal and regulatory obligations. The data processed includes in particular the name, contact details (including postal or email address), banking details, invested amount and holdings in the Fund of investors (“**Personal Data**”). The investor may at his/her discretion refuse to communicate Personal Data to the Fund. In this case, however, the Fund may reject a request for Shares. Each investor has a right to access his/her Personal Data and may ask for Personal Data to be rectified where it is inaccurate or incomplete by writing to the Fund at its registered office, as indicated in the Directory.

Personal Data supplied by investors is processed, in particular, for the purposes of processing subscriptions, redemptions and conversions of Shares and payments of dividends to investors, account administration, client relationship management, performing controls on excessive trading and market timing practices, tax identification as may be required under Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA or CRS) and compliance with applicable anti-money laundering rules.

Data supplied by shareholders is also processed for the purpose of maintaining the register of shareholders of the Fund. In addition, Personal Data may be processed for the purposes of marketing. Each investor has the right to object to the use of its Personal Data for marketing purposes by writing to the Fund.

To this end, Personal Data may be transferred to affiliated and third-party entities supporting the activities of the Fund which include, in particular, the Management Company and the Administrator that are located in the European Union. Personal Data may also be transferred to entities located in countries outside of the European Union and whose data protection laws may not offer an adequate level of protection. In subscribing for Shares, each investor expressly consents and agrees to the transfer and processing of his/her Personal Data to the entities referred to above, including entities located outside the European Union and in particular in countries which may not offer an adequate level of protection. When Investor Information is transferred to countries which are not deemed as equivalent in terms of Data Protection regulation, it is legally required that the Administrator and the Management Company or any other agent takes appropriate measures. The Fund may also transfer Personal Data to third-parties such as governmental or regulatory agencies, including tax authorities, in or outside the European Union, in accordance with applicable laws and regulations. In particular, such Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may acting as data controller, disclose the same to foreign tax authorities.

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

## **10.9 Merger and reorganisation**

### **10.9.1 Merger of the Fund or a Sub-Fund with other UCITS**

The Board of Directors may decide to proceed with a merger (within the meaning of the 2010 Law) of the Fund, where the Fund is the receiving entity, with one or several other Luxembourg or foreign UCITS or sub-funds thereof. The Board of Directors may also decide to proceed with a merger (within the meaning of the 2010 Law) of one or several Sub-Funds, which may be the receiving or the merging Sub-Funds, with one or several other Sub-Funds within the Fund or with one or several other Luxembourg or foreign UCITS or sub-funds thereof. Such mergers do not require the prior consent of the shareholders.

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

The Fund may be merged (within the meaning of the 2010 Law) into one or several other Luxembourg or foreign UCITS, or sub-fund thereof, where the Fund is the merging entity, which thus ceases to exist as a result of the merger. In such case, the general meeting of shareholders of the Fund must decide on the merger and its effective date. The general meeting will decide by resolution taken with no quorum requirement and adopted by a simple majority of the votes validly cast.

In all cases described in the preceding paragraphs, a merger of the Fund or one or several Sub-Fund(s) will be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the common draft terms of the merger to be established by the Board of Directors and the information to be provided to investors.

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

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

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

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

### **10.9.3 Reorganisation of Share Classes**

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

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

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

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

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

## **10.10 Liquidation**

### **10.10.1 Termination and liquidation of Sub-Funds or Share Classes**

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

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

Investors will be informed of the decision to terminate a Sub-Fund or Share Class by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed. The notice will explain the reasons for and the process of the termination and liquidation.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of any Sub-Fund or Share Class, as applicable, may also decide on such termination by resolution taken by the general meeting of shareholders of the Sub-Fund or Share Class and have the Fund redeem compulsorily all the Shares of the Sub-Fund or Share Class at the Net Asset Value per Share for the applicable Valuation Day. The convening notice will explain the reasons for and the process of the proposed termination and liquidation.

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

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

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

The termination and liquidation of a Sub-Fund or Share Class will have no influence on the existence of any other Sub-Fund or Share Class. The decision to terminate and liquidate the last Sub-Fund existing in the Fund will result in the dissolution and liquidation of the Fund as described in section 10.10.2 (Dissolution and liquidation of the Fund) below.

If a Master Fund of which a Sub-Fund is the Feeder Fund is liquidated, terminated or closed, the Sub-Fund may also be terminated unless the CSSF has approved investment in another Master Fund or as the case may be the amendment of the Fund's documentation so as to enable such Sub-Fund to convert into a Sub-Fund which is no longer a Feeder Fund.

A Feeder Fund may also be terminated in case the Master Fund in which it invests, merges with another fund or is divided into two or more funds unless the Fund decides that this Feeder Fund continues to be the feeder of this Master Fund or of another Master Fund resulting from the merger or division operations, subject to the provisions of this Prospectus, or the CSSF has approved investment in another Master Fund or as the case may be the amendment of the Fund's documentation so as to enable such Feeder Fund to convert into a Sub-fund which is no longer a Feeder Fund.

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

The Fund is incorporated for an unlimited period. It may be dissolved at any time with or without cause by a resolution of the general meeting of shareholders adopted in compliance with applicable laws.

The compulsory dissolution of the Fund may be ordered by Luxembourg competent courts in circumstances provided by the 2010 Law and the 1915 Law.

As soon as a decision to dissolve the Fund is taken, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited. The liquidation will be carried out in accordance with the provisions of the 2010 Law and 1915 Law. Liquidation proceeds which have not been claimed by investors at the time of the closure of the liquidation will be deposited in escrow at the *Caisse de Consignation* in Luxembourg. Proceeds not claimed within the statutory period will be forfeited in accordance with applicable laws and regulations.

## 11. TAXATION

### General

*The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell Shares. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. This summary does not allow any conclusion to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based on the Luxembourg law and regulations in effect and as interpreted by the Luxembourg tax authorities on the date of the Prospectus. These laws and interpretations are subject to change that may occur after such date, even with retroactive or retrospective effect.*

*Prospective purchasers of the Shares should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing of the Shares, including the application and effect of any federal, state or local taxes under the tax laws of the Grand Duchy of Luxembourg and each country of which they are residents or citizens.*

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

### 11.1 The Fund

#### **Subscription Tax**

The Fund is as a rule liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum, such tax being payable quarterly. The taxable basis of the subscription tax is the aggregate net assets of the Fund valued on the last day of each quarter of the civil year.

The rate is however of 0.01% per annum for:

- a) undertakings whose sole object is the collective investment in money market instruments and in deposits with credit institutions;
- b) undertakings whose sole object is the collective investment in deposits with credit institutions; and
- c) individual compartments of UCIs with multiple compartments as well as to individual classes of securities issued within a UCI or within a compartment of a UCI with

multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Are further exempt from the subscription tax:

- a) the value of the assets represented by Shares held in other UCIs, to the extent such Shares have already been subject to the subscription tax provided for by Article 174 of the 2010 Law or by Article 68 of the 2007 Law or by Article 46 of the law of 23 July 2016 on reserved alternative investment funds (“RAIFs”);
- b) UCIs as well as individual compartments of UCIs with multiple compartments (i) whose securities are reserved for institutional investors, and (ii) whose sole object is the collective investment in money market instruments and in deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days and (iv) that have obtained the highest possible rating from a recognised rating agency.

Where several classes of securities exist within the UCI or the compartment, the exemption only applies to classes whose securities are reserved for institutional investors;

- c) UCIs whose securities are reserved for (i) institutions for occupational retirement pension or similar investment vehicles, set up on one or more employers’ initiative for the benefit of their employees and (ii) companies of one or several employers investing funds they hold, to provide retirement benefits to their employees.
- d) UCIs as well as individual compartments of UCIs with multiple compartments which invest for more than 50% in one or many microfinance institutions or which have been granted the Luxembourg Fund Labelling Agency (LuxFlag) microfinance label;
- e) UCIs as well as individual compartments of UCIs with multiple compartments (i) whose securities are listed or traded on at least one stock exchange or another regulated market, operating regularly, recognised and open to the public, and (ii) whose sole object is to replicate the performance of one or more indices.

If several classes of securities exist within the UCI or the compartment, the exemption only applies to classes fulfilling the condition sub-point (i).

### ***Withholding tax***

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

### ***Income tax***

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

### ***Value added tax***

The Fund is considered in Luxembourg as a taxable person for value added tax (“VAT”) purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Fund could potentially trigger VAT and require the VAT registration of the Fund in Luxembourg. As a

result of such VAT registration, the Fund will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

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

### ***Other taxes***

No stamp or other tax is generally payable at a proportional rate in Luxembourg in connection with the issue of Shares against cash by the Fund. Any amendment to the Articles of the Fund is generally subject to a fixed registration duty of EUR 75.

The Fund may be subject to withholding tax on dividends and interest and to tax on capital gains in the country of origin of its investments. As the Fund itself is exempt from income tax, withholding tax levied at source, if any, is not refundable in Luxembourg.

## **11.2 The shareholders**

### ***Tax Residency***

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

### ***Luxembourg Resident shareholders***

Luxembourg resident shareholders are not liable to any Luxembourg income tax on reimbursement of the share capital contributed to the Fund.

#### ***Resident Individuals***

Any dividends and other payments derived from the Shares received by Luxembourg resident individuals, who act in the course of either their private wealth or their professional or business activities are subject to income tax at the progressive ordinary rates.

Capital gains realised upon the sale, disposal or redemption of Shares by Luxembourg resident individual shareholders acting in the course of the management of their private wealth are not subject to Luxembourg income tax, provided this sale, disposal or redemption takes place more than six months after the Shares were acquired and provided the Shares do not represent a substantial shareholding. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the shareholder has held, either alone or together with his/her spouse or partner and/or his/her minor children, either directly or indirectly, at any time within the five years preceding the realisation of the gain, more than 10% of the share capital of the Fund or (ii) the shareholder acquired free of charge, within the five years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or alienators, in case of successive transfers free of charge within the same five year period). Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

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

#### *Resident Corporate Shareholders*

Luxembourg resident corporate shareholders (*sociétés de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes.

#### *Resident Corporate Shareholders Benefiting from a Special Tax Regime*

Luxembourg resident corporate shareholders which benefit from a special tax regime, such as (i) UCIs governed by the 2010 Law, (ii) SIFs governed by the amended law of 13 February 2007, (iii) family wealth management companies governed by the amended law of 11 May 2007, and (iv) RAIFs governed by the law of 23 July 2016 and treated as SIFs for Luxembourg tax purposes are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax.

#### **Non-resident Shareholders**

Shareholders, who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable are generally not subject to any income tax on income received and capital gains realised upon the sale, disposal or redemption of the Shares in Luxembourg.

Corporate shareholders which are non-residents of Luxembourg but which have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares in their taxable income for Luxembourg tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

It is expected that shareholders in the Fund will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each shareholder of subscribing, holding, redeeming, transferring or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in the shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

Shareholders resident in or citizens of certain countries which have a tax legislation affecting foreign funds may have a current liability to tax on the undistributed income and gains of the Fund.

### **11.3 Net wealth tax**

Luxembourg resident shareholders, and non-resident shareholders having a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, unless the shareholder is (i) a resident or non-resident individual taxpayer, (ii) a UCI governed by the 2010 Law, (iii) a securitisation company governed by the amended law of 22 March 2004 on

securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a SIF governed by the 2007 Law, (vi) a family wealth management company governed by the amended law of 11 May 2007, (vii) a professional pension institution governed by the amended law of 13 July 2005, or (viii) a RAIF governed by the law of 23 July 2016.

However, (i) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law dated 13 July 2005, and (iv) a RAIF governed by the law of 23 July 2016 and treated as a venture capital vehicle for Luxembourg tax purposes remain subject to minimum net wealth tax.

#### **11.4 Other taxes**

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

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

#### **11.5 Exchange of information**

##### ***FATCA***

Capitalised terms used in this section should have the meaning as set forth in the IGA (as defined below), unless provided otherwise herein.

As part of the process of implementing FATCA, Luxembourg has entered into a Model I Intergovernmental Agreement (“IGA”), implemented by the Luxembourg law dated 24 July 2015 which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by U.S. Specified Persons and non-U.S. financial institutions that do not comply with FATCA and, if any, to the competent authorities.

Being established in Luxembourg, the Fund is likely to be treated as a Foreign Financial Institution.

This status includes the obligation for the Fund to regularly obtain and verify information on all of its shareholders. Upon request of the Fund, each shareholder shall agree to provide certain information, including, in case of a Non-Financial Foreign Entity (“NFFE”), the direct or indirect owners above a certain threshold of ownership of such NFFE, along with the required supporting documentation. Similarly, each shareholder shall agree to actively provide to the Fund within thirty (30) days any information like for instance a new mailing address or a new residency address that would affect its status.

FATCA and the IGA may result in the obligation for the Fund to disclose the name, address and taxpayer identification number (if available) of the shareholder as well as information like account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities under the terms of the IGA. Such information will be onward reported by the Luxembourg tax authorities to the U.S. IRS.

Additionally, the Fund is responsible for the processing of personal data and each shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the amended Luxembourg law of 2 August 2002 on the protection of persons with regard to the processing of personal data.

Although the Fund will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as result of the FATCA regime, the value of the Shares held by the shareholders may suffer material losses. A failure for the Fund to obtain such information from each shareholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends as well as penalties.

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

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

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

### ***Common Reporting Standard***

Capitalised terms used in this section should have the meaning as set forth in the CRS Law, unless provided otherwise herein.

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

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

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

Additionally, the Fund is responsible for the processing of personal data and each shareholder has a right to access the data communicated to the Luxembourg tax authorities

and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

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

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

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

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

## **SUPPLEMENT 1 – DYNAMIC RISK CONTROL**

### **1. Launch date**

The Initial Offer for the CI – EUR Share Class is on 8 January 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI –EUR Share Class is EUR 100.

The Initial Offer for the CI – EUR II Share Class is on 27 December 2017 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI –EUR II Share Class is EUR 100.

### **2. Reference Currency**

The Reference Currency of the Sub-Fund is Euro.

### **3. Investment objective**

In accordance with the general investment objective of the Fund, the investment objective of the Sub-Fund is to maximise long term capital growth by investing in worldwide investment funds (being equity, fixed income, balanced and money market funds) and in direct investments of different asset classes (being Money Market Instruments, ETFs and shares).

### **4. Investment policy and specific restrictions**

The Sub-Fund aims to achieve its investment objective through investment in direct investments and in any kind of international funds of reputed investment companies. These investment funds will be: equity funds, fixed income funds, balanced funds and money market funds.

The funds and ETFs will be selected according to the following criteria:

- clearly-defined investment guidelines;
- no hedge funds;
- comply with the UCITS Directive or have appointed an alternative investment fund manager in compliance with the AIFM Directive;
- mainly EUR, USD and JPY denominated funds, and to a lesser extend funds in other currencies.

The main criteria to select shares will be:

- The issuers belong to representative indices among regional markets (SP&500, Stoxx 600, Nikkei 225...).

The Sub-Fund may also invest on an ancillary basis in time deposits and Money Market Instruments.

By means of a technical risk control, the volatility of the Net Asset Value per Share is set to be under 20% p.a. The investment management takes place 100% by the use of a quant

system in combination with an extensive database of worldwide investment alternatives and is completely free of external /subjective influencing factors.

The Sub-Fund is managed by applying a 100% unbiased and disciplined quantitative strategy. The strategy's reference index is the following benchmark (the "**Benchmark**"):

90% MSCI AC World Index (Net Price) Local Currency LOC

10% Barclays Global Aggregate EUR Hedged

The investment is reviewed on a regular basis and adapted to current capital market developments.

On the basis of these criteria, the Management Company makes on a weekly basis a core selection of assets in which the Sub-Fund is to be invested.

The Management Company dynamically adapts its asset picking, taking as a reference the Benchmark.

On a weekly basis, the Management Company filters out from the pre-selected investment universe, the assets with higher or lower performance expectations with respect to the expected return. On the basis of such selection, the Management Company rebalances the investments.

As part of this re-allocation process the Sub-Fund's investment level of "Dynamic Risk Control" Sub-Fund versus the cash positions is defined as well, also in order to address volatility issue.

As part of its allocation in funds and ETF, the Management Company will invest a portion of the portfolio of the Sub-Fund in one or more Tracker Fund(s) which in turn are entering into funded OTC-total return swap transactions. The aim of such OTC-total return swap transactions will be to replicate the leveraged performance of the Basket. The counterparty to such OTC-total return swap transactions entered into at the level of the Tracker Fund will be a first class financial institution.

Investments into Tracker Funds by the Sub-Fund will be in line with the investment objective and the investment policy of the Sub-Fund.

The investment by the Sub-Fund into the Tracker Funds shall meet the criteria approved by the provider of the variable annuity cover (or any entity providing cover to this provider) to the insurance policies the performance of which is related to the performance of the relevant Share Class in the Sub-Fund, with the objective of providing the provider of the variable annuity, cover hedging arrangements in order to assume the risks under the insurance product referencing to the performance of the assets held by the Sub-Fund.

The above allocation of investments into Tracker Funds will be determined by the Management Company taking into account the criteria approved by the provider of the variable annuity cover (or any entity providing cover to this provider). Such allocation will take into account the notional value of the underlying OTC-total return swap transactions whose value will be calculated by using standard techniques of option pricing taking into account mortality risks and lapse risks related to the insurance product.

There are no costs and fees (i.e. transaction fees) related to the Tracker Fund assigned to the Management Company.

Except in case of use of forward currency contracts for the purpose of hedging the currency risk of the Sub-Fund while investing in underlying funds denominated in a reference currency other than the Reference Currency of the Sub-Fund, the Sub-Fund will not use financial derivative instruments, including total return swaps and will not use techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions.

The Sub-Fund will not use leverage, including through the use of financial derivative instruments.

## **5. Investment Advisor**

The Management Company will appoint EXPERT TIMING SYSTEMS INTERNATIONAL UK BRANCH, having its registered office at Stapleton House, Block A, Second Floor, 110 Clifton Street, London, UK, as investment advisor (the "Investment Advisor").

## **6. Investor profile**

The Sub-Fund is intended for investors seeking long-term capital growth. The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **7. Global exposure**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **8. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 2:00 pm CET on each Valuation Day. With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus.

## **9. Subscriptions**

Each Valuation Day is a Subscription Day. The Cut-Off Time for subscription applications is 1:00 pm CET on the Subscription Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is two (2) Business Days following the Subscription Day.

## **10. Redemptions**

Each Valuation Day is a Redemption Day. The Cut-Off Time for redemption applications is 1:00 pm CET on the Redemption Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is two (2) Business Days following the Redemption Day.

## **11. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Administrator upon request.

## **12. Distribution policy**

The Sub-Fund is only issuing Capitalisation Shares

## **13. Eligible Investors**

The CI-EUR Share Class is reserved for Institutional Investors that are insurance companies.

The CI-EUR II Share Class is reserved for Institutional Investors that are insurance companies, part of the FWU Group, and that are subscribing for CI-EUR II Shares in the context of insurance policies the policy holders of which are benefiting from a variable annuity cover.

## **14. Performance Fee**

The Management Company is entitled to receive an annual Performance Fee on the yearly increase (which shall be calculated on the basis of a Full Calendar Year, as defined below) of the Net Asset Value per Share of the Sub-Fund above the performance of the Benchmark. The Performance Fee will be paid within thirty (30) calendar days from each year-end. The Management Company shall pay 70% of the Performance Fee received to the Investment Advisor.

The Performance Fee rate depends on the Net Asset Value of the Sub-Fund in line with the following scale:

0 – 150 (included) Mio EUR: 10%

150 (excluded) – 600 (included) Mio EUR: 5%

Above 600 (excluded) Mio EUR: 2.5%

The Performance Fee period is the calendar year.

The level of the Performance Fee rate is determined by the average daily Net Asset Value of the Sub-Fund for each full calendar year, except for the first year where the full calendar year shall be understood as being the period between the launch date of the Sub-Fund and the immediately following 31st of December (the “Full Calendar Year”).

The Performance Fee is calculated as follows:

1. In case of a positive spread (the “Positive Performance”) between (i) the performance of the average daily Net Asset Value of the Sub-Fund over a given Full Calendar Year against the Net Asset Value calculated on the first Valuation Day of that Full Calendar Year (the “Performance”) and (ii) the performance of the Benchmark over that same Full Calendar Year (the “Benchmark Performance”), the Performance Fee shall be calculated on the basis of such Positive Performance;

2. In case of a spread of zero between the Performance and the Benchmark Performance (the "Nil Performance") during a Full Calendar Year, no Performance Fee will be due for such Full Calendar Year;
3. In case of a negative spread between the Performance and the Benchmark Performance (the "Negative Performance") during a Full Calendar Year, no Performance Fee shall be due in respect to such Full Calendar Year and 50% of the Negative Performance shall be carried forward (the "Negative Bonus") to the following Full Calendar Year (the "Subsequent Full Calendar Year").
  - a. If there is a Positive Performance during the Subsequent Full Calendar Year, such Positive Performance shall be netted out with the Negative Bonus (expressed as a negative number). The Performance Fee shall be calculated on the balance resulting from the netting of the Positive Performance with the Negative Bonus (the "Balance"). If such Balance is negative, it will constitute a new Negative Bonus which shall be carried forward to the following Full Financial Year(s) as long as such Negative Bonus has not been compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s). If the Balance is positive, the provision in point 1. above applies mutatis mutandis.
  - b. If there is a Negative Performance during the Subsequent Full Calendar Year, 50% of such Negative Performance shall be added to the Negative Bonus and such increased Negative Bonus will be carried forward as long as such increased Negative Bonus has not been fully compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s).
  - c. For the avoidance of doubt, no Performance Fee will be payable in any given year as long as the Negative Bonus has not been fully recovered by subsequent Positive Performance(s).

In the event of redemption, the outperformance linked to redemptions shall be subject to a specific provision, separate from the provision for outperformance on the Net Asset Value per Share. The outperformance linked to redemptions is defined as a pro rata of the outperformance on the Net Asset Value per Share. The purpose of this provision is to "crystallize" the outperformance provision relating to redemptions. The outperformance provision linked to redemptions shall definitively belong to the Management Company.

The net investment result is calculated by comparing the performance of the Net Asset Value per Share against the Benchmark. The Performance Fees provisions will be calculated by the Administrator on a daily basis for inclusion in the Net Asset Value of the Sub-Fund.

The above-described Performance Fee includes any taxes and any applicable VAT.

**Table 1: Share Classes of Dynamic Risk Control**

<b>Share Class name</b>	<b>CI - EUR</b>	<b>CI – EUR II</b>
<b>Share Class Reference Currency</b>	EUR	EUR
<b>Distribution (D) or Capitalisation (C)</b>	C	C
<b>Minimum Subscription</b>	N/A	N/A
<b>Minimum Additional Subscription</b>	N/A	N/A
<b>Minimum Holding</b>	N/A	N/A
<b>Maximum Subscription Fee</b>	0%	0%
<b>Maximum Redemption Fee</b>	0%	0%
<b>Management Fee</b>	2.35%	2.35%
<b>Performance Fee</b>	0 – 150 (included) Mio EUR : 10% 150 (excluded) – 600 (included) Mio EUR : 5% Above 600 (excluded) Mio EUR : 2.5%	0 – 150 (included) Mio EUR : 10% 150 (excluded) – 600 (included) Mio EUR : 5% Above 600 (excluded) Mio EUR : 2.5%
<b><i>Taxe d'abonnement</i></b>	0.01%	0.01%
<b><i>Transaction Fees</i></b>	Maximum 0.12%	Maximum 0.12%
<b><i>Distribution Fee</i></b>	Maximum: 0.30%	Maximum: 0.20%

<b>VA Cover Fee</b>	N/A	0.95%
---------------------	-----	-------

The maximum management fee that can be charged both to the Sub-Fund itself and to other investment funds in which it intends to invest is 6%.

## **SUPPLEMENT 2 –BALANCED RISK CONTROL**

### **1. Launch date**

The Initial Offer for the CI – EUR Share Class is on 8 January 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI –EUR Share Class is EUR 100.

The Initial Offer for the CI – EUR II Share Class is on 27 December 2017 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI –EUR II Share Class is EUR 100.

### **2. Reference Currency**

The Reference Currency of the Sub-Fund is Euro.

### **3. Investment objective**

In accordance with the general investment objective of the Fund, the investment objective of the Sub-Fund is to maximise long term capital growth by investing in a selection of global investment funds (being equity, fixed income, balanced, money market funds) and in direct investments of different asset classes (being Money Market Instruments, ETFs and shares).

### **4. Investment policy and specific restrictions**

The Sub-Fund aims to achieve its objective through investment in direct investments and in any kind of international funds of reputed investment companies. These investment funds will be: equity funds, fixed income funds, balanced funds and money market funds.

The funds and ETFs will be selected according to the following criteria:

- clearly-defined investment guidelines;
- no hedge funds;
- comply with the UCITS Directive or have appointed an alternative investment fund manager in compliance with the AIFM Directive;
- mainly EUR, USD and JPY denominated funds, and to a lesser extend funds in other currencies.

The main criteria to select shares will be:

- The issuers belong to representative indexes among regional markets (SP&500, Stoxx 600, Nikkei 225...).

The Sub-Fund may also invest on an ancillary basis in time deposits and Money Market Instruments.

By means of a technical risk control the volatility of the Net Asset Value per Share is set to be under 15% p.a. The investment management takes place 100% by the use of a quant system in combination with an extensive database of worldwide investment alternatives and is completely free of external /subjective influencing factors.

The Sub-Fund is managed by applying a 100% unbiased and disciplined quantitative strategy. The strategy's reference index is the following benchmark (the "**Benchmark**"):

70 % MSCI AC World Index (Net Price) Local Currency LOC

30% Barclays Global Aggregate EUR Hedged

On the basis of these criteria, the Management Company makes on a weekly basis a core selection of assets in which the Sub-Fund is to be invested.

On a weekly basis, the Management Company filters out from the pre-selected investment universe, the funds with higher or lower performance expectations with respect to the expected return. On the basis of such selection, the Management Company rebalances the investments.

As part of this re-allocation process the Sub-Fund's investment level of the "Balanced Risk Control" Sub-Fund versus the cash positions is defined as well, also in order to address volatility issue.

As part of its allocation in funds and ETF, the Management Company will invest a portion of the portfolio of the Sub-Fund in one or more Tracker Fund(s) which in turn are entering into funded OTC-total return swap transactions. The aim of such OTC-total return swap transactions will be to replicate the leveraged performance of the Basket. The counterparty to such OTC-total return swap transactions entered into at the level of the Tracker Fund will be a first class financial institution.

Investments into Tracker Funds by the Sub-Fund will be in line with the investment objective and the investment policy of the Sub-Fund.

The investment by the Sub-Fund into the Tracker Funds shall meet the criteria approved by the provider of the variable annuity cover (or any entity providing cover to this provider) to the insurance policies the performance of which is related to the performance of the relevant Share Class in the Sub-Fund, with the objective of providing the provider of the variable annuity, cover hedging arrangements in order to assume the risks under the insurance product referencing to the performance of the assets held by the Sub-Fund.

The above allocation of investments into Tracker Funds will be determined by the Management Company taking into account the criteria approved by the provider of the variable annuity cover (or any entity providing cover to this provider). Such allocation will take into account the notional value of the underlying OTC-total return swap transactions whose value will be calculated by using standard techniques of option pricing taking into account mortality risks and lapse risks related to the insurance product.

There are no costs and fees (i.e. transaction fees) related to the Tracker Fund assigned to the Management Company.

Except in case of use of forward currency contracts for the purpose of hedging the currency risk of the Sub-Fund while investing in underlying funds denominated in a reference currency other than the Reference Currency of the Sub-Fund, the Sub-Fund will not use financial derivative instruments, including total return swaps and will not use techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions.

The Sub-Fund will not use leverage, including through the use of financial derivative instruments.

## **5. Investment Advisor**

The Management Company will appoint EXPERT TIMING SYSTEMS INTERNATIONAL UK BRANCH, having its registered office at Stapleton House, Block A, Second Floor, 110 Clifton Street, London, UK, as investment advisor (the “Investment Advisor”).

## **6. Investor profile**

The Sub-Fund is intended for investors seeking long-term capital growth. The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

This Sub-Fund may not be appropriate for investors who plan to withdraw their money within eight years.

## **7. Global exposure**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **8. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 2:00 pm CET on each Valuation Day. With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus.

## **9. Subscriptions**

Each Valuation Day is a Subscription Day. The Cut-Off Time for subscription applications is 1:00 pm CET on the Subscription Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is two (2) Business Days following the Subscription Day.

## **10. Redemptions**

Each Valuation Day is a Redemption Day. The Cut-Off Time for redemption applications is 1:00 pm CET on the Redemption Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is two (2) Business Days following the Redemption Day.

## **11. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Administrator upon request.

## **12. Distribution policy**

The Sub-Fund is only issuing Capitalisation Shares

### **13. Eligible Investors**

The CI-EUR Share Class is reserved for Institutional Investors that are insurance companies.

The CI-EUR II Share Class is reserved for Institutional Investors that are insurance companies, part of the FWU Group, and that are subscribing for CI-EUR II Shares in the context of insurance policies the policy holders of which are benefiting from a variable annuity cover.

### **14. Performance Fee**

The Management Company is entitled to receive an annual Performance Fee the yearly increase (which shall be calculated on the basis of a Full Calendar Year, as defined below) of the Net Asset Value per Share of the Sub-Fund above the performance of the Benchmark. The Performance Fee will be paid within thirty (30) calendar days from each year-end. The Management Company shall pay 70% of the Performance Fee received to the Investment Advisor.

The Performance Fee rate depends on the Net Asset Value of the Sub-Fund in line with the following scale:

0 – 150 (included) Mio EUR: 10%

150 (excluded) – 600 (included) Mio EUR: 5%

Above 600 (excluded) Mio EUR: 2.5%

The Performance Fee period is the calendar year.

The level of the Performance Fee rate is determined by the average daily Net Asset Value of the Sub-Fund for each full calendar year, except for the first year where the full calendar year shall be understood as being the period between the launch date of the Sub-Fund and the immediately following 31st of December (the “Full Calendar Year”).

The Performance Fee is calculated as follows:

1. In case of a positive spread (the “Positive Performance”) between (i) the performance of the average daily Net Asset Value of the Sub-Fund over a given Full Calendar Year against the Net Asset Value calculated on the first Valuation Day of that Full Calendar Year (the “Performance”) and (ii) the performance of the Benchmark over that same Full Calendar Year (the “Benchmark Performance”), the Performance Fee shall be calculated on the basis of such Positive Performance;
2. In case of a spread of zero between the Performance and the Benchmark Performance (the “Nil Performance”) during a Full Calendar Year, no Performance Fee will be due for such Full Calendar Year;
3. In case of a negative spread between the Performance and the Benchmark Performance (the “Negative Performance”) during a Full Calendar Year, no Performance Fee shall be due in respect to such Full Calendar Year and 50% of the Negative Performance shall be carried forward (the “Negative Bonus”) to the following Full Calendar Year (the “Subsequent Full Calendar Year”).
  - a. If there is a Positive Performance during the Subsequent Full Calendar Year, such Positive Performance shall be netted out with the Negative Bonus (expressed as a negative number). The Performance Fee shall be calculated on the balance resulting from the netting of the Positive Performance with the

Negative Bonus (the "Balance"). If such Balance is negative, it will constitute a new Negative Bonus which shall be carried forward to the following Full Financial Year(s) as long as such Negative Bonus has not been compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s). If the Balance is positive, the provision in point 1. above applies mutatis mutandis.

- b. If there is a Negative Performance during the Subsequent Full Calendar Year, 50% of such Negative Performance shall be added to the Negative Bonus and such increased Negative Bonus will be carried forward as long as such increased Negative Bonus has not been fully compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s).
- c. For the avoidance of doubt, no Performance Fee will be payable in any given year as long as the Negative Bonus has not been fully recovered by subsequent Positive Performance(s).

In the event of redemption, the outperformance linked to redemptions shall be subject to a specific provision, separate from the provision for outperformance on the Net Asset Value per Share. The outperformance linked to redemptions is defined as a pro rata of the outperformance on the Net Asset Value per Share. The purpose of this provision is to "crystalize" the outperformance provision relating to redemptions. The outperformance provision linked to redemptions shall definitively belong to the Management Company.

The net investment result is calculated by comparing the performance of the Net Asset Value per Share against the Benchmark. The Performance Fees provisions will be calculated by the Administrator on a daily basis for inclusion in the Net Asset Value of the Sub-Fund.

The above-described Performance Fee includes any taxes and any applicable VAT.

**Table 1: Share Classes of Balanced Risk Control**

<b>Share Class name</b>	<b>CI - EUR</b>	<b>CI – EUR II</b>
<b>Share Class Reference Currency</b>	EUR	EUR
<b>Distribution (D) or Capitalisation (C)</b>	C	C
<b>Minimum Subscription</b>	N/A	N/A
<b>Minimum Additional Subscription</b>	N/A	N/A
<b>Minimum Holding</b>	N/A	N/A
<b>Maximum Subscription Fee</b>	0%	0%
<b>Maximum Redemption Fee</b>	0%	0%
<b>Management Fee</b>	2.35%	2.35%
<b>Performance Fee</b>	0 – 150 (included) Mio EUR : 10% 150 (excluded) – 600 (included) Mio EUR : 5% Above 600 (excluded) Mio EUR : 2.5%	0 – 150 (included) Mio EUR : 10% 150 (excluded) – 600 (included) Mio EUR : 5% Above 600 (excluded) Mio EUR : 2.5%
<b><i>Taxe d'abonnement</i></b>	0.01%	0.01%
<b><i>Transaction Fees</i></b>	Maximum 0.12%	Maximum 0.12%
<b><i>Distribution Fee</i></b>	Maximum:0.30%	Maximum: 0.20%

<b>VA Cover Fee</b>	N/A	0.95%
---------------------	-----	-------

The maximum management fee that can be charged both to the Sub-Fund itself and to other investment funds in which it intends to invest is 6%.

## **SUPPLEMENT 3 –CONSERVATIVE RISK CONTROL**

### **1. Launch date**

The Initial Offer for the CI – EUR Share Class is on 8 January 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI –EUR Share Class is EUR 100.

The Initial Offer for the CI – EUR II Share Class is on 27 December 2017 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI –EUR II Share Class is EUR 100.

### **2. Reference Currency**

The Reference Currency of the Sub-Fund is Euro.

### **3. Investment objective**

In accordance with the general investment objective of the Fund, the investment objective of the Sub-Fund is to maximise long term capital growth by investing in a selection of global investment funds (being fixed income and money market funds) and in direct investments (being Money Market Instruments and ETFs). The volatility of the Net Asset Value per Share will be set to be under 6.5% p.a.

### **4. Investment policy and specific restrictions**

The Sub-Fund aims to achieve its investment objective through investment in different asset classes (fixed income funds, money market funds, Money Market Instruments and ETFs).

The funds and ETFs will be selected according to the following criteria:

- clearly-defined investment guidelines;
- no hedge funds;
- comply with the UCITS Directive or have appointed an alternative investment fund manager in compliance with the AIFM Directive;
- mainly EUR, USD and JPY denominated funds, and to a lesser extent funds in other currencies.

The Sub-Fund may also invest on an ancillary basis in time deposits and Money Market Instruments.

On the basis of these criteria, the Management Company makes on a weekly basis a core selection of funds in which the Sub-Fund is to be invested.

The Sub-Fund is managed by applying a 100% unbiased and disciplined quantitative strategy. The strategy's reference index is the following benchmark (the "**Benchmark**"): Barclays Global Aggregate EUR Hedged. On a weekly basis, the Management Company filters out from the pre-selected investment universe, the funds with higher or lower performance expectations with respect to the expected return. On the basis of such selection, the Management Company rebalances the investments.

As part of this re-allocation process the Sub-Fund's investment level of "Conservative Risk Control" Sub-Fund versus the cash positions is defined as well, also in order to address volatility issue.

As part of its allocation in funds and ETF, the Management Company will invest a portion of the portfolio of the Sub-Fund in one or more Tracker Fund(s) which in turn are entering into funded OTC-total return swap transactions. The aim of such OTC-total return swap transactions will be to replicate the leveraged performance of the Basket. The counterparty to such OTC-total return swap transactions entered into at the level of the Tracker Fund will be a first class financial institution.

Investments into Tracker Funds by the Sub-Fund will be in line with the investment objective and the investment policy of the Sub-Fund.

The investment by the Sub-Fund into the Tracker Funds shall meet the criteria approved by the provider of the variable annuity cover (or any entity providing cover to this provider) to the insurance policies the performance of which is related to the performance of the relevant Share Class in the Sub-Fund, with the objective of providing the provider of the variable annuity, cover hedging arrangements in order to assume the risks under the insurance product referencing to the performance of the assets held by the Sub-Fund.

The above allocation of investments into Tracker Funds will be determined by the Management Company taking into account the criteria approved by the provider of the variable annuity cover(or any entity providing cover to this provider). Such allocation will take into account the notional value of the underlying OTC-total return swap transactions whose value will be calculated by using standard techniques of option pricing taking into account mortality risks and lapse risks related to the insurance product.

There are no costs and fees (i.e. transaction fees) related to the Tracker Fund assigned to the Management Company.

Except in case of use of forward currency contracts for the purpose of hedging the currency risk of the Sub-Fund while investing in underlying funds denominated in a reference currency other than the Reference Currency of the Sub-Fund, the Sub-Fund will not use financial derivative instruments, including total return swaps and will not use techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions.

The Sub-Fund will not use leverage, including through the use of financial derivative instruments.

## **5. Investment Advisor**

The Management Company will appoint EXPERT TIMING SYSTEMS INTERNATIONAL UK BRANCH, having its registered office at Stapleton House, Block A, Second Floor, 110 Clifton Street, London, UK, as investment advisor (the "Investment Advisor").

## **6. Investor profile**

The Sub-Fund is intended for investors seeking long-term capital growth. The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **7. Global exposure**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **8. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 2:00 pm CET on each Valuation Day. With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus.

## **9. Subscriptions**

Each Valuation Day is a Subscription Day. The Cut-Off Time for subscription applications is 1:00 pm CET on the Subscription Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is two (2) Business Days following the Subscription Day.

## **10. Redemptions**

Each Valuation Day is a Redemption Day. The Cut-Off Time for redemption applications is 1:00 pm CET on the Redemption Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is two (2) Business Days following the Redemption Day.

## **11. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Administrator upon request.

## **12. Distribution policy**

The Sub-Fund is only issuing Capitalisation Shares

## **13. Eligible Investors**

The CI-EUR Share Class is reserved for Institutional Investors that are insurance companies.

The CI-EUR II Share Class is reserved for Institutional Investors that are insurance companies, part of the FWU Group, and that are subscribing for CI-EUR II Shares in the context of insurance policies the policy holders of which are benefiting from a variable annuity cover.

## **14. Performance Fee**

The Management Company is entitled to receive an annual Performance Fee on of the yearly increase (which shall be calculated on the basis of a Full Calendar Year, as defined below) of the Net Asset Value per Share of the Sub-Fund above the performance of the Benchmark. The Performance Fee will be paid within thirty (30) calendar days from each year-end. The Management Company shall pay 70% of the Performance Fee received to the Investment Advisor.

The Performance Fee rate depends on the Net Asset Value of the Sub-Fund in line with the following scale:

0 – 150 (included) Mio EUR: 10%

150 (excluded) – 600 (included) Mio EUR: 5%

Above 600 (excluded) Mio EUR: 2.5%

The Performance Fee period is the calendar year.

The level of the Performance Fee rate is determined by the average daily Net Asset Value of the Sub-Fund for each full calendar year, except for the first year where the full calendar year shall be understood as being the period between the launch date of the Sub-Fund and the immediately following 31st of December (the “Full Calendar Year”).

The Performance Fee is calculated as follows:

1. In case of a positive spread (the “Positive Performance”) between (i) the performance of the average daily Net Asset Value of the Sub-Fund over a given Full Calendar Year against the Net Asset Value calculated on the first Valuation Day of that Full Calendar Year (the “Performance”) and (ii) the performance of the Benchmark over that same Full Calendar Year (the “Benchmark Performance”), the Performance Fee shall be calculated on the basis of such Positive Performance;
2. In case of a spread of zero between the Performance and the Benchmark Performance (the “Nil Performance”) during a Full Calendar Year, no Performance Fee will be due for such Full Calendar Year;
3. In case of a negative spread between the Performance and the Benchmark Performance (the “Negative Performance”) during a Full Calendar Year, no Performance Fee shall be due in respect to such Full Calendar Year and 50% of the Negative Performance shall be carried forward (the “Negative Bonus”) to the following Full Calendar Year (the “Subsequent Full Calendar Year”).
  - a. If there is a Positive Performance during the Subsequent Full Calendar Year, such Positive Performance shall be netted out with the Negative Bonus (expressed as a negative number). The Performance Fee shall be calculated on the balance resulting from the netting of the Positive Performance with the Negative Bonus (the “Balance”). If such Balance is negative, it will constitute a new Negative Bonus which shall be carried forward to the following Full Financial Year(s) as long as such Negative Bonus has not been compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s). If the Balance is positive, the provision in point 1. above applies mutatis mutandis.
  - b. If there is a Negative Performance during the Subsequent Full Calendar Year, 50% of such Negative Performance shall be added to the Negative Bonus and such increased Negative Bonus will be carried forward as long as such increased Negative Bonus has not been fully compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s).
  - c. For the avoidance of doubt, no Performance Fee will be payable in any given year as long as the Negative Bonus has not been fully recovered by subsequent Positive Performance(s).

In the event of redemption, the outperformance linked to redemptions shall be subject to a specific provision, separate from the provision for outperformance on the Net Asset Value

per Share. The outperformance linked to redemptions is defined as a pro rata of the outperformance on the Net Asset Value per Share. The purpose of this provision is to "crystallize" the outperformance provision relating to redemptions. The outperformance provision linked to redemptions shall definitively belong to the Management Company.

The net investment result is calculated by comparing the performance of the Net Asset Value per Share against the Benchmark. The Performance Fees provisions will be calculated by the Administrator on a daily basis for inclusion in the Net Asset Value of the Sub-Fund.

The above-described Performance Fee includes any taxes and any applicable VAT.

**Table 1: Share Classes of Conservative Risk Control**

<b>Share Class name</b>	<b>CI - EUR</b>	<b>CI – EUR II</b>
<b>Share Class Reference Currency</b>	EUR	EUR
<b>Distribution (D) or Capitalisation (C)</b>	C	C
<b>Minimum Subscription</b>	N/A	N/A
<b>Minimum Additional Subscription</b>	N/A	N/A
<b>Minimum Holding</b>	N/A	N/A
<b>Maximum Subscription Fee</b>	0%	0%
<b>Maximum Redemption Fee</b>	0%	0%
<b>Management Fee</b>	1.90%	1.90%
<b>Performance Fee</b>	0 – 150 (included) Mio EUR : 10% 150 (excluded) – 600 (included) Mio EUR : 5% Above 600 (excluded) Mio EUR : 2.5%	0 – 150 (included) Mio EUR : 10% 150 (excluded) – 600 (included) Mio EUR : 5% Above 600 (excluded) Mio EUR : 2.5%
<b>Taxe d'abonnement</b>	0.01%	0.01%
<b>Transaction Fees</b>	Maximum 0.12%	Maximum 0.12%
<b>Distribution Fee</b>	Maximum: 0.15%	Maximum: 0.10%

<b>VA Cover Fee</b>	N/A	0.95%
---------------------	-----	-------

The maximum management fee that can be charged both to the Sub-Fund itself and to other investment funds in which it intends to invest is 6%.

## **SUPPLEMENT 4 – FORWARDINVEST EUROPEAN EQUITY STRATEGY**

### **1. Launch date**

The Initial Offer for the CI – EUR Share Class is on 3 December 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI – EUR Share Class is EUR 100.- per Share.

The Initial Offer for the CI – EUR II Share Class is on 3 December 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI – EUR II Share Class is EUR 100.- per Share.

### **2. Reference Currency**

The Reference Currency of the Sub-Fund is Euro.

### **3. Investment objective**

In accordance with the general investment objective of the Fund, the investment objective of the Sub-Fund is to maximise long-term capital growth by investing primarily in equity securities of companies that are domiciled in the European Economic Area (including the United Kingdom) and Switzerland.

### **4. Investment policy and specific restrictions**

The Sub-Fund aims to achieve its investment objective through direct investments in equity securities of companies that are domiciled in the European Economic Area, the United Kingdom (to the extent not being part of the European Economic Area) and Switzerland traded on Regulated Markets or on markets that are regulated, operate regularly and are recognised and open to the public.

The equities will be selected according to the following criteria:

- the “Forward Invest” algorithm will evaluate the current market preference for various smart beta factors, and allocate capital to the equities which score best on the most favorable factors;
- mainly EUR, GBP, SEK, DKK, CHF, NOK denominated equity securities, and to a lesser extent equity securities in other currencies, will be selected.

The Sub-Fund may also invest on an ancillary basis in cash instruments (including time deposits and Money Market Instruments).

The Sub-Fund is managed by applying a disciplined quantitative strategy.

The Sub-Fund’s portfolio is reviewed on a regular basis and adapted to current capital market trends.

On the basis of the strategy and the trends observed, the Management Company makes on a bi-weekly basis a core selection of assets in which the Sub-Fund is to be invested.

The Sub-Fund can make use of forward currency contracts for the purpose of hedging the currency risk of the Sub-Fund while investing in underlying equity securities denominated in a reference currency other than the Reference Currency of the Sub-Fund.

The Sub-Fund may engage in plain vanilla option strategies such as selling or buying of call options or put options on single name equities or an index, either as a hedge or for efficient portfolio management purpose. For further information on the use of financial derivative instruments (such as options) and associated risks, please refer to section 5.5 (Certain financial instruments and investment techniques).

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long-term capital growth. The Sub-Fund is intended as a long-term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure**

The global exposure of the Sub-Fund is calculated and monitored under the relative Value-at-Risk (VaR) approach. The global exposure limit for the relative VaR is set at 200% on a 99% VaR of 20 days relative to the benchmark, 100% MSCI Europe (the “Benchmark”). The level of leverage of the Sub-Fund, based on the “sum of notionals” approach, is not going to exceed 250% of the Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 2:00 pm CET on each Valuation Day. With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus.

## **8. Subscriptions**

Each Valuation Day is a Subscription Day. The Cut-Off Time for subscription applications is 1:00 pm CET on the Subscription Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is two (2) Business Days following the Subscription Day.

## **9. Redemptions**

Each Valuation Day is a Redemption Day. The Cut-Off Time for redemption applications is 1:00 pm CET on the Redemption Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is two (2) Business Days following the Redemption Day.

## **10. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Administrator upon request.

## **11. Distribution policy**

The Sub-Fund is only issuing Capitalisation Shares

## 12. Eligible Investors

The CI-EUR Share Class is reserved for Institutional Investors.

The CI-EUR II Share Class is reserved for Institutional Investors that are insurance companies, part of the FWU Group, and that are subscribing for CI-EUR II Shares in the context of insurance policies.

## 13. Management Fee

In compliance with section 9.2 (Management Fee and Distribution Fee) and section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) of the Prospectus, the Management Company is entitled to an annual Management Fee equal to a percentage of the average Net Asset Value of the Share Classes, as follows:

- CI – EUR Share Class:
  - 0.50% of the average Net Asset Value which will accrue on each Valuation Day and will be payable monthly in arrears.
  - In the case of an Absolute Positive Performance for a Share Class, an additional 0.50% of the average Net Asset Value of the Share Class (the “**Additional Fee**”) shall be levied at the end of the Full Calendar Year. Such additional amount will be paid within thirty (30) calendar days from each year-end.
  - For the purpose of the above, an “Absolute Positive Performance” is the positive difference between the average daily Net Asset Value of a Share Class over a given Full Calendar Year against the Net Asset Value calculated as of the first Valuation Day of that Full Calendar Year. In the first year of the launch of a Share Class, the “Absolute Positive Performance” is the positive difference between the average daily Net Asset Value of that Share Class over a given Full Calendar Year against the Initial Offer Price of the Share Class. For the avoidance of doubt, when the above difference is negative then there shall be no Absolute Positive Performance. For the avoidance of doubt, the Absolute Positive Performance shall be calculated before giving effect to the payment of the Additional Fee. After giving effect to the payment of the Additional Fee, the average daily Net Asset Value of the Share Class over a given Full Calendar Year may be lower than the Net Asset Value calculated as of the first Valuation Day of that Full Calendar Year or the Initial Offer Price as the case may be.
  - A “Full Calendar Year” is a full calendar year, except for the year where a Share Class is launched where the full calendar year shall be understood as being the period between the launch date of the Share Class and the immediately following 31st of December (the “Full Calendar Year”).
- CI – EUR II Share Class:
  - 1.00% of the average Net Asset Value which will accrue on each Valuation Day and will be payable monthly in arrears.

## 14. Performance Fee

The Management Company is entitled to receive an annual Performance Fee on the yearly increase (which shall be calculated on the basis of a Full Calendar Year, as defined above) of the Net Asset Value per Share of the Sub-Fund above the performance of the Benchmark. The Performance Fee will be paid within thirty (30) calendar days from each year-end.

The Performance Fee equals:

- 10% p.a. for CI – EUR Share Class
- 10% p.a. for CI – EUR II Share Class

The Performance Fee is calculated as follows:

4. In case of a positive spread (the “Positive Performance”) between (i) the performance of the average daily Net Asset Value of the Sub-Fund over a given Full Calendar Year against the Net Asset Value calculated on the first Valuation Day of that Full Calendar Year (the “Performance”) and (ii) the performance of the Benchmark over that same Full Calendar Year (the “Benchmark Performance”), the Performance Fee shall be calculated on the basis of such Positive Performance;
5. In case of a spread of zero between the Performance and the Benchmark Performance (the “Nil Performance”) during a Full Calendar Year, no Performance Fee will be due for such Full Calendar Year;
6. In case of a negative spread between the Performance and the Benchmark Performance (the “Negative Performance”) during a Full Calendar Year, no Performance Fee shall be due in respect to such Full Calendar Year and 100% of the Negative Performance shall be carried forward (the “Negative Bonus”) to the following Full Calendar Year (the “Subsequent Full Calendar Year”).
  - a. If there is a Positive Performance during the Subsequent Full Calendar Year, such Positive Performance shall be netted out with the Negative Bonus (expressed as a negative number). The Performance Fee shall be calculated on the balance resulting from the netting of the Positive Performance with the Negative Bonus (the “Balance”). If such Balance is negative, it will constitute a new Negative Bonus which shall be carried forward to the following Full Financial Year(s) as long as such Negative Bonus has not been compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s). If the Balance is positive, the provision in point 1. above applies mutatis mutandis.
  - b. If there is a Negative Performance during the Subsequent Full Calendar Year, 100% of such Negative Performance shall be added to the Negative Bonus and such increased Negative Bonus will be carried forward as long as such increased Negative Bonus has not been fully compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s).
  - c. For the avoidance of doubt, no Performance Fee will be payable in any given year as long as the Negative Bonus has not been fully recovered by subsequent Positive Performance(s).

The above-described Performance Fee includes any taxes and any applicable VAT.

## **15. Crystallization of outperformance**

In the event of redemption of Shares, the Positive Performance (in respect of the Performance Fee) and the Absolute Positive Performance (in respect of the Management Fee) linked to redemptions shall be subject to a specific provision, separate from the provision passed in respect of the Performance Fee and the Absolute Positive Performance on the Net Asset Value per Share. The provisions linked to redemptions are defined as a pro rata of the Positive Performance and of the Absolute Positive Performance on the Net Asset Value per Share. The purpose of this provision is to "crystallize" the Positive Performance and of the Absolute Positive Performance provisions relating to redemptions. These provisions linked to redemptions shall definitively belong to the Management Company.

The net investment result is calculated: (i) in respect of the calculation of the Performance Fee, by comparing the performance of the Net Asset Value per Share against the Benchmark and (ii) in respect of the Management Fee when there is an Absolute Positive Performance, on the basis of the positive difference between the average daily Net Asset Value of a Share Class (up until and including the Net Asset Value serving as a basis for the payment of the Redemption Price) and the Net Asset Value per Share calculated as of the first Valuation Day of the Full Calendar Year where the redemption occurred, as further described in section 13 above.

The provisions will be calculated by the Administrator on a daily basis for inclusion in the Net Asset Value of the Sub-Fund.

**Table 1: Share Classes of European Equity Strategy**

<b>Share Class name</b>	<b>CI - EUR</b>	<b>CI – EUR II</b>
<b>Share Class Reference Currency</b>	EUR	EUR
<b>Distribution (D) or Capitalisation (C)</b>	C	C
<b>Minimum Subscription</b>	N/A	N/A
<b>Minimum Additional Subscription</b>	N/A	N/A
<b>Minimum Holding</b>	N/A	N/A
<b>Maximum Subscription Fee</b>	0%	0%
<b>Maximum Redemption Fee</b>	0%	0%
<b>Management Fee</b>	Minimum: 0.50% Maximum: 1.00%	1.00%
<b>Performance Fee</b>	10%	10%
<b><i>Taxe d'abonnement</i></b>	0.01%	0.01%
<b><i>Transaction Fees</i></b>	0%	0%
<b><i>Distribution Fee</i></b>	N/A	Maximum: 0.60%

## **SUPPLEMENT 5 – FORWARDINVEST GLOBAL EQUITY STRATEGY**

### **1. Launch date**

The Initial Offer for the CI – USD Share Class is on 3 December 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI – USD Share Class is USD 100.- per Share.

The Initial Offer for the CI – USD II Share Class is on 3 December 2018 or at such later date as the Board of Directors may determine. The Initial Offer Price of the CI – USD II Share Class is USD 100.- per Share.

### **2. Reference Currency**

The Reference Currency of the Sub-Fund is US Dollar.

### **3. Investment objective**

In accordance with the general investment objective of the Fund, the investment objective of the Sub-Fund is to maximise long-term capital growth by investing primarily in equity securities of companies that are domiciled anywhere in the World.

### **4. Investment policy and specific restrictions**

The Sub-Fund aims to achieve its investment objective through direct investments in equity securities traded on Regulated Markets or on markets that are regulated, operate regularly and are recognised and open to the public.

The equities will be selected according to the following criteria:

- the “Forward Invest” algorithm will evaluate the current market preference for various smart beta factors, and allocate capital to the equities which score best on the most favorable factors;
- mainly USD, EUR, GBP, SEK, DKK, CHF, NOK, CAD, AUD denominated equity securities, and to a lesser extent equity securities in other currencies, will be selected.

The Sub-Fund will only invest in the following countries: USA, Canada, all Eurozone countries, Switzerland, UK, Denmark, Sweden, Norway, Iceland, Australia, Singapore, New Zealand, Hong Kong, Japan and South Korea.

The Sub-Fund may also invest on an ancillary basis in cash instruments (including time deposits and Money Market Instruments).

The Sub-Fund is managed by applying a disciplined quantitative strategy.

The portfolio is reviewed on a regular basis and adapted to current capital market trends.

On the basis of the strategy and trends observed, the Management Company makes on a bi-weekly basis a core selection of assets in which the Sub-Fund is to be invested.

The Sub-Fund can make use of forward currency contracts for the purpose of hedging the currency risk of the Sub-Fund while investing in underlying securities denominated in a reference currency other than the Reference Currency of the Sub-Fund.

The Sub-Fund may engage in plain vanilla option strategies such as selling or buying of call options or put options on single name equities or an index, either as a hedge or for efficient portfolio management. For further information on the use of financial derivative instruments (such as options) and associated risks, please refer to section 5.5 (Certain financial instruments and investment techniques).

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long-term capital growth. The Sub-Fund is intended as a long-term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure**

The global exposure of the Sub-Fund is calculated and monitored under the relative Value-at-Risk (VaR) approach. The global exposure limit for the relative VaR is set at 200% on a 99% VaR of 20 days relative to the benchmark, 100% MSCI World (the “Benchmark”). The level of leverage of the Sub-Fund, based on the “sum of notionals” approach, is not going to exceed 250% of the Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 2:00 pm CET on each Valuation Day. With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus.

## **8. Subscriptions**

Each Valuation Day is a Subscription Day. The Cut-Off Time for subscription applications is 1:00 pm CET on the Subscription Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is two (2) Business Days following the Subscription Day.

## **9. Redemptions**

Each Valuation Day is a Redemption Day. The Cut-Off Time for redemption applications is 1:00 pm CET on the Redemption Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is two (2) Business Days following the Redemption Day.

## **10. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Administrator upon request.

## 11. Distribution policy

The Sub-Fund is only issuing Capitalisation Shares

## 12. Eligible Investors

The CI-USD Share Class is reserved for Institutional Investors.

The CI-USD II Share Class is reserved for Institutional Investors that are insurance companies, part of the FWU Group, and that are subscribing for CI-USD II Shares in the context of insurance policies.

## 13. Management Fee

In compliance with section 9.2 (Management Fee and Distribution Fee) and section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) of the Prospectus, the Management Company is entitled to an annual Management Fee equal to a percentage of the average Net Asset Value of the Share Classes, as follows:

- CI – USD Share Class:
  - 0.50% of the average Net Asset Value which will accrue on each Valuation Day and will be payable monthly in arrears.
  - In the case of an Absolute Positive Performance for the Share Class, an additional 0.50% of the average Net Asset Value of the Share Class (the “**Additional Fee**”) shall be levied at the end of the Full Calendar Year. Such additional amount will be paid within thirty (30) calendar days from each year-end.
  - For the purpose of the above, an “Absolute Positive Performance” is the positive difference between the average daily Net Asset Value of the Share Class over a given Full Calendar Year against the Net Asset Value calculated as of the first Valuation Day of that Full Calendar Year. In the first year of the launch of the Share Class, the “Absolute Positive Performance” is the positive difference between the average daily Net Asset Value of the Share Class over a given Full Calendar Year against the Initial Offer Price of the Share Class. For the avoidance of doubt, when the above difference is negative then there shall be no Absolute Positive Performance. For the avoidance of doubt, the Absolute Positive Performance shall be calculated before giving effect to the payment of the Additional Fee. After giving effect to the payment of the Additional Fee, the average daily Net Asset Value of the Share Class over a given Full Calendar Year may be lower than the Net Asset Value calculated as of the first Valuation Day of that Full Calendar Year or the Initial Offer Price as the case may be.
  - A “Full Calendar Year” is a full calendar year, except for the year where the Share Class is launched where the full calendar year shall be understood as being the period between the launch date of the Share Class and the immediately following 31st of December (the “Full Calendar Year”).
- CI – USD II Share Class:
  - 1.00% of the average Net Asset Value which will accrue on each Valuation Day and will be payable monthly in arrears.

#### 14. Performance Fee

The Management Company is entitled to receive an annual Performance Fee on the yearly increase (which shall be calculated on the basis of a Full Calendar Year, as defined above) of the Net Asset Value per Share of the Sub-Fund above the performance of the Benchmark. The Performance Fee will be paid within thirty (30) calendar days from each year-end.

The Performance Fee equals:

- 10% p.a. for CI – USD Share Class
- 10% p.a. for CI – USD II Share Class

The Performance Fee is calculated as follows:

1. In case of a positive spread (the “Positive Performance”) between (i) the performance of the average daily Net Asset Value of the Sub-Fund over a given Full Calendar Year against the Net Asset Value calculated on the first Valuation Day of that Full Calendar Year (the “Performance”) and (ii) the performance of the Benchmark over that same Full Calendar Year (the “Benchmark Performance”), the Performance Fee shall be calculated on the basis of such Positive Performance;
2. In case of a spread of zero between the Performance and the Benchmark Performance (the “Nil Performance”) during a Full Calendar Year, no Performance Fee will be due for such Full Calendar Year;
3. In case of a negative spread between the Performance and the Benchmark Performance (the “Negative Performance”) during a Full Calendar Year, no Performance Fee shall be due in respect to such Full Calendar Year and 100% of the Negative Performance shall be carried forward (the “Negative Bonus”) to the following Full Calendar Year (the “Subsequent Full Calendar Year”).
  - a) If there is a Positive Performance during the Subsequent Full Calendar Year, such Positive Performance shall be netted out with the Negative Bonus (expressed as a negative number). The Performance Fee shall be calculated on the balance resulting from the netting of the Positive Performance with the Negative Bonus (the “Balance”). If such Balance is negative, it will constitute a new Negative Bonus which shall be carried forward to the following Full Financial Year(s) as long as such Negative Bonus has not been compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s). If the Balance is positive, the provision in point 1. above applies mutatis mutandis.
  - b) If there is a Negative Performance during the Subsequent Full Calendar Year, 100% of such Negative Performance shall be added to the Negative Bonus and such increased Negative Bonus will be carried forward as long as such increased Negative Bonus has not been fully compensated by the subsequent Positive Performance(s) incurred by the Sub-Fund in the following Full Calendar Year(s).
  - c) For the avoidance of doubt, no Performance Fee will be payable in any given year as long as the Negative Bonus has not been fully recovered by subsequent Positive Performance(s).

The above-described Performance Fee includes any taxes and any applicable VAT.

## **15. Crystallization of outperformance**

In the event of redemption of Shares, the Positive Performance (in respect of the Performance Fee) and the Absolute Positive Performance (in respect of the Management Fee) linked to redemptions shall be subject to a specific provision, separate from the provision passed in respect of the Performance Fee and the Absolute Positive Performance on the Net Asset Value per Share. The provisions linked to redemptions are defined as a pro rata of the Positive Performance and of the Absolute Positive Performance on the Net Asset Value per Share. The purpose of this provision is to "crystallize" the Positive Performance and of the Absolute Positive Performance provisions relating to redemptions. These provisions linked to redemptions shall definitively belong to the Management Company.

The net investment result is calculated: (i) in respect of the calculation of the Performance Fee, by comparing the performance of the Net Asset Value per Share against the Benchmark and (ii) in respect of the Management Fee when there is an Absolute Positive Performance, on the basis of the positive difference between the average daily Net Asset Value of a Share Class (up until and including the Net Asset Value serving as a basis for the payment of the Redemption Price) and the Net Asset Value per Share calculated as of the first Valuation Day of the Full Calendar Year where the redemption occurred, as further described in section 13 above.

The provisions will be calculated by the Administrator on a daily basis for inclusion in the Net Asset Value of the Sub-Fund.

**Table 1: Share Classes of Global Equity Strategy**

<b>Share Class name</b>	<b>CI - USD</b>	<b>CI – USD II</b>
<b>Share Class Reference Currency</b>	USD	USD
<b>Distribution (D) or Capitalisation (C)</b>	C	C
<b>Minimum Subscription</b>	N/A	N/A
<b>Minimum Additional Subscription</b>	N/A	N/A
<b>Minimum Holding</b>	N/A	N/A
<b>Maximum Subscription Fee</b>	0%	0%
<b>Maximum Redemption Fee</b>	0%	0%
<b>Management Fee</b>	Minimum: 0.50% Maximum: 1.00%	1.00%
<b>Performance Fee</b>	10%	10%
<b><i>Taxe d'abonnement</i></b>	0.01%	0.01%
<b><i>Transaction Fees</i></b>	0%	0%
<b><i>Distribution Fee</i></b>	N/A	Maximum: 0.60%