

# HBM UCITS (LUX) FUNDS

**PROSPECTUS**

**August 2019**

No person is authorised to give any information other than that contained in the Prospectus and in documents referred to herein. The original English text of this Prospectus is the legal and binding version.

## SUMMARY

All capitalised terms used in this Prospectus are defined below under Section “Definitions”, unless (otherwise) defined in other Sections.

The main part of the Prospectus describes the nature of the Company, presents its general terms and conditions and sets out its management and investment parameters which apply to the Company as well as to the different Sub-Funds of the Company.

The investment policy of each Sub-Fund, as well as its specific features, is described in the Appendix attached to this Prospectus.

The Directors of the Company, whose names appear hereafter, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

The shares of the Company are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or the Directors. Neither the delivery of this Prospectus nor the issue of shares shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Company and the KIIDs, copies of which may be obtained free of charge from the registered office of the Company.

Prospective investors are advised to review this Prospectus (including the relevant Appendix(ices)) and the KIID(s) carefully and in their entirety and, before making any investment decision with respect to an investment in a Sub-Fund, should consult a stockbroker, bank manager, lawyer, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Prospectus.

The Company is an open-ended investment company organised as a *Société d'Investissement à Capital Variable* (SICAV). The Company is registered under Part I of the 2010 Law. The above registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the investments held by the Company. Any representation to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of shares in certain jurisdictions may be restricted and accordingly persons into whose possession of this Prospectus may come are required by the

Company to inform themselves of and to observe any such restrictions.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

The Prospectus may be translated into other languages. To the extent that there is any inconsistency between this Prospectus and a translation thereof, the English-language Prospectus shall prevail, unless stipulated otherwise by the laws of any jurisdiction in which the shares are sold.

United States: The shares being offered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "1933 Act") or the securities laws of any of the states of the United States. Therefore, the shares may not be offered or sold directly or indirectly in the United States of America, except pursuant to an exemption from the registration requirements of the 1933 Act. The shares may not be directly or indirectly offered or sold to or for the benefit of a "United States person" as described in section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), a "U.S. person" as such term is defined in Regulation S of the 1933 Act, as amended, a person that is "in the United States" as defined in Rule 202(a)(30)-1 under the U.S. Investment Advisers Act of 1940, as amended, or a person that is not a "Non-United States Person" as such term is defined in U.S. Commodities Futures Trading Commission Rule 4.7.

Generally: the above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

For further information, please refer to the Table of Contents on page 4 of this Prospectus. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

In view of economic and share market risks, no assurance can be given that the Company will achieve its investment objectives and the value of the shares can rise or fall. Investors should consider the investment risks set out in the "Risk Factors" section.

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

#### **Data protection – Processing of personal data**

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by, or on behalf of, the Company will be processed by the Company in accordance with applicable laws and regulations, including the GDPR and the Privacy Notice referred to in this Prospectus. Investors and any person contacting, or otherwise dealing directly or indirectly with the Company are invited to read and carefully consider the Privacy Notice, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Company.

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>SUMMARY</b> .....   | <b>2</b>  |
| <b>DEFINITIONS</b> .....   | <b>7</b>  |
| <b>DIRECTORY</b> .....   | <b>12</b> |
| <b>I. THE COMPANY</b> .....  | <b>14</b> |
| <b>II. MANAGEMENT COMPANY</b> .....  | <b>14</b> |
| <b>III. INVESTMENT MANAGERS</b> .....  | <b>16</b> |
| <b>IV. DEPOSITARY BANK</b> .....   | <b>16</b> |
| <b>V. ADMINISTRATIVE AGENT, Paying agent, REGISTER AND TRANSFER AGENT<br/>        AND DOMICILIARY AGENT</b> .....  | <b>19</b> |
| <b>VI. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS</b> .....  | <b>20</b> |
| 1. Investment objectives   | 20        |
| 2. Investment Policies of the Sub-Funds  | 20        |
| 3. Investment restrictions   | 20        |
| 4. Financial Derivative Instruments  | 29        |
| 5. Techniques and Instruments  | 32        |
| 6. Pooling   | 33        |
| 7. Risk Management Process   | 34        |
| 8. Exposure to total return swaps, securities lending transactions,<br>repurchase agreement and reverse repurchase agreements (SFT<br>Transactions)            | 34        |
| <b>VII. BENCHMARK REGULATION</b> .....   | <b>37</b> |
| <b>VIII. PROCESSING OF PERSONAL DATA</b> .....   | <b>38</b> |
| <b>IX. RISK FACTORS</b> .....  | <b>40</b> |
| 1. Overview  | 40        |
| 2. Risk factors  | 40        |
| 3. Investment Risks  | 44        |
| <b>X. SHARES</b> .....   | <b>51</b> |
| <b>XI. ISSUANCE OF SHARES</b> .....  | <b>51</b> |
| <b>XII. REDEMPTION OF SHARES</b> .....   | <b>54</b> |
| <b>XIII. CONVERSION OF SHARES</b> .....  | <b>55</b> |
| <b>XIV. PREVENTION OF MARKET TIMING AND LATE TRADING RISKS</b> .....   | <b>56</b> |
| <b>XV. LISTING</b> .....   | <b>57</b> |
| <b>XVI. CALCULATION AND PUBLICATION OF THE NET ASSET VALUE OF SHARES AND<br/>        THE ISSUE, REDEMPTION AND CONVERSION PRICES OF SHARES</b> .....           | <b>57</b> |
| <b>XVII. TEMPORARY SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE OF<br/>        SHARES AND THE ISSUE, REDEMPTION AND CONVERSION PRICES OF SHARES</b> .. | <b>58</b> |
| <b>XVIII. GENERAL MEETINGS OF SHAREHOLDERS AND FINANCIAL YEAR</b> .....  | <b>59</b> |
| <b>XIX. PERIODICAL REPORTS AND PUBLICATIONS</b> .....  | <b>60</b> |
| <b>XX. DISTRIBUTION POLICY</b> .....   | <b>61</b> |
| <b>XXI. TAX TREATMENT OF THE COMPANY AND ITS SHAREHOLDERS</b> .....  | <b>62</b> |

|   |           |
|---|-----------|
| <b>XXII. CHARGES AND EXPENSES .....</b>   | <b>66</b> |
| <b>XXIII. DISSOLUTION OF THE COMPANY.....</b>   | <b>67</b> |
| <b>XXIV. LIQUIDATION AND MERGER OF SUB-FUNDS.....</b>                                 | <b>67</b> |
| 1. Liquidation of a Sub-Fund  | 67        |
| 2. Merger with another Sub-Fund or with another undertaking for collective investment | 68        |
| 3. Consolidation / Split of Classes of Shares   | 68        |
| 4. Split of Sub-Funds   | 68        |
| <b>APPENDIX: THE SUB-FUNDS.....</b>   | <b>69</b> |
| <b>SCHEDULE 1: HBM UCITS (LUX) FUNDS – HBM GLOBAL BIOTECHNOLOGY FUND.....</b>         | <b>69</b> |
| <b>SCHEDULE 2: HBM UCITS (LUX) FUNDS – HBM GLOBAL HEALTHCARE FUND.....</b>            | <b>75</b> |

## DEFINITIONS

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| <b>Administrative Agent:</b>               | FundPartner Solutions (Europe) S.A., 15 avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.   |
| <b>ADRs (American Depositary Receipts)</b> | American Depositary Receipts are depositary receipts for non-US company stocks issued by a bank and held in trust at the bank, and which entitle the owner of such depositary receipts to any capital gains or dividends from the non-US company stocks underlying the depositary receipts. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. ADRs are typically issued by a U.S. bank or trust company and traded on a U.S. stock exchange. Issuers of unsponsored ADRs are not contractually obligated to disclose material information in the US and, therefore, such information may not correlate to the market value of the unsponsored ADR. ADRs qualify as Transferable Securities. |
| <b>Articles:</b>                           | The articles of incorporation of the Company, as amended from time to time.  |
| <b>Benchmark Regulation:</b>               | Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.  |
| <b>Board of Directors:</b>                 | The board of directors of the Company.   |
| <b>Business Day:</b>                       | Any day on which banks in Luxembourg are open for business except for 24 December, unless defined otherwise in the Appendix for a Sub-Fund.  |
| <b>CHF:</b>                                | The lawful currency of Switzerland.  |
| <b>Class of Shares:</b>                    | A class of shares of a Sub-Fund created by the Company having a specific distribution policy, sales and redemption mechanism, fee structure, holding requirements, currency and hedging policy or other specific characteristics.  |
| <b>Commitment Approach:</b>                | A method of calculation of global exposure as detailed in applicable laws and regulations including but not limited to CSSF Circular 11/512.   |
| <b>Company:</b>                            | HBM UCITS (LUX) FUNDS  |
| <b>CSSF:</b>                               | <i>Commission de Surveillance du Secteur Financier</i> , the supervisory authority in Luxembourg.  |

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| <b>Data Protection Legislation:</b>      | The GDPR and any other laws applicable to the Company in relation to the processing of personal data.  |
| <b>Depository Bank:</b>                  | Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.  |
| <b>Depository Agreement:</b>             | The agreement entered or to be entered into between the Company and the Depository Bank.   |
| <b>Domiciliary Agent:</b>                | FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg.   |
| <b>Eligible State:</b>                   | Any Member State or other State in Europe, Asia, Oceania, the Americas or Africa.  |
| <b>Emerging Markets</b>                  | Markets of countries that are generally considered as in the process of evolving into a modern industrialized nation and thus offer considerable potential but also involve an increased risk. It includes all markets which at the time of the investment are categorized as developing or emerging markets by the International Monetary Fund, the World Bank, or the International Finance Corp. (IFC) as well as other countries at a comparable stage of economic development.  |
| <b>ESMA:</b>                             | The European Securities and Markets Authority.   |
| <b>Euro or EUR:</b>                      | Currency of the Member States of the European Union that use the single currency.  |
| <b>GDPR:</b>                             | The General Data Protection Regulation (Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC).   |
| <b>GDRs (Global Depository Receipts)</b> | Global Depository Receipts are depository receipts for non-US company stocks issued by a bank and held in trust at that bank, and which entitle the owner of such depository receipts to any capital gains or dividends from the non-US company stocks underlying the depository receipts. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. GDRs are issued by either a US or non-US banking institution, that evidence ownership of the underlying non-US securities. GDRs qualify as |



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|  | Transferable Securities.  |
| <b>Initiator:</b>                                | HBM Partners AG   |
| <b>Institutional Investors:</b>                  | Institutional Investors as defined in Article 174 of the 2010 Law.  |
| <b>Investment Adviser:</b>                       | The person appointed to provide investment advice, if any.  |
| <b>Investment Grade:</b>                         | Securities with a rating of at least BBB- from Standard & Poor's or Fitch Ratings or at least Baa3 from Moody's Investor Services, or which are judged to be of equivalent quality based on similar credit criteria at the time of acquisition. In the event of a split rating, the better rating can be used.  |
| <b>Investment Management Agreement:</b>          | The agreement entered or to be entered into between the Company, the Management Company and the Investment Manager(s).  |
| <b>Investment Management Fee:</b>                | The fee payable to the Investment Manager(s) under an investment management agreement.  |
| <b>Investment Managers:</b>                      | Persons appointed to manage the assets, as determined in the Appendix for each Sub-Fund, if any.  |
| <b>Key Investor Information Document (KIID):</b> | The key investor information document containing information on each Class of Shares of the Company. Information on Classes of Shares launched shall be available on the website <a href="http://www.fundinfo.com">www.fundinfo.com</a> . The Company draws the attention of the investors to the fact that before any subscription of shares, investors should consult the KIIDs on Classes of Shares available on the website <a href="http://www.fundinfo.com">www.fundinfo.com</a> . A paper copy of the KIIDs may also be obtained at the registered office of the Company or of the distributors, free of charge. |
| <b>Management Company:</b>                       | FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg   |
| <b>Management Company Services Agreement:</b>    | The agreement entered or to be entered into between the Company and the Management Company.   |
| <b>Management Fee:</b>                           | The fee payable to the Management Company under an Management Company Services Agreement.   |
| <b>Member State:</b>                             | As defined in the 2010 Law.   |
| <b>Money Market Instruments:</b>                 | Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.  |

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| <b>Net Asset Value or NAV:</b>       | In relation to any Class of Shares in a Sub-Fund, the value of the net assets of that Sub-Fund attributable to that Class and calculated in accordance with the provisions described in Section XVI of this Prospectus.  |
| <b>Other UCI:</b>                    | An undertaking for collective investment as defined in the 2010 Law that does not qualify as a UCITS.  |
| <b>Paying Agent:</b>                 | FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg  |
| <b>Prospectus:</b>                   | The present prospectus.  |
| <b>Reference Currency:</b>           | Currency in which a Sub-Fund or Class of Shares is denominated.  |
| <b>Registrar and Transfer Agent:</b> | FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg.   |
| <b>Regulated Market:</b>             | Regulated market as defined in Directive 2004/39/EC of 21 April 2004 on financial instruments markets (Directive 2004/39/EC), i.e. a market on the list of regulated markets prepared by each Member State, that functions regularly characterised by the fact that the regulations issued or approved by the competent authorities set out the conditions of operation and access to the market, as well as the conditions that a given financial instrument must meet in order to be traded on the market, compliance with all information and transparency obligations prescribed in Directive 2004/39/EC, as well as any other regulated, recognised market open to the public in an Eligible State that operates regularly. |
| <b>RESA:</b>                         | <i>Recueil électronique des sociétés et associations.</i>  |
| <b>SFT Transactions</b>              | Transactions covered by Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse.  |
| <b>SICAV:</b>                        | <i>Société d'investissement à capital variable.</i>  |
| <b>Speculative Securities:</b>       | Securities that are below an Investment Grade or unrated.  |
| <b>Sub-Fund:</b>                     | Refers to one of the sub-funds of the Company.   |
| <b>Transferable Securities:</b>      | As defined in the 2010 Law.  |
| <b>UCI:</b>                          | Undertaking for collective investment.   |
| <b>UCITS:</b>                        | Undertaking for collective investment in transferable securities authorised in accordance with the UCITS Directive.  |

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| <b>UCITS Directive:</b> | Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS), as amended by the directive 2014/91/EU on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policy and sanctions, as amended. |
| <b>USD:</b>             | The lawful currency of the United States of America.  |
| <b>Valuation Day:</b>   | As determined in the Appendix for each Sub-Fund.  |
| <b>2010 Law:</b>        | Law of 17 December 2010 concerning undertakings for collective investment.  |

## **DIRECTORY**

### **Board of Directors:**

#### **Chairman:**

Dominique Küttel

#### **Members:**

Mike Kara

Claude Noesen

### **Registered office:**

15, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### **Management Company and Domiciliary Agent:**

FundPartner Solutions (Europe) S.A.  
15, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### **Board of Directors of the Management Company:**

Mr Christian Schröder, Chairman,  
Group Chief Digital Officer & Head of Organisation  
Banque Pictet & Cie S.A., Geneva  
60, route des Acacias, CH-1211 Genève 73 , Swizerland

Mrs Michèle Berger, Managing Director,  
Chief Executive Officer, FundPartner Solutions (Europe) S.A.  
15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

Mr Geoffroy Linard De Guertechin, Independent Director

Mr Yves Francis, Independent Director

### **Investment Managers:**

HBM Partners AG  
Bundesplatz 1  
CH-6301 Zug  
Switzerland

### **Depositary Bank:**

Pictet & Cie (Europe) S.A.  
15A, avenue J.F. Kennedy  
L-1855 Luxembourg

Grand Duchy of Luxembourg

**Administrative Agent, Paying Agent, Transfer and Register Agent and Domiciliary Agent:**

FundPartner Solutions (Europe) S.A.

15, avenue J.F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

**Approved Statutory Auditor:**

Ernst & Young SA

35E, Avenue J.F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

**Legal Advisers in Luxembourg:**

Maples and Calder (Luxembourg) SARL

2 – 4 rue Eugène Ruppert

L-2453 Luxembourg

Grand Duchy of Luxembourg

## I. THE COMPANY

The Company is an open-ended investment fund with multiple compartments ("*société d'investissement à capital variable*" (SICAV) à *compartiments multiples*) governed by Luxembourg law, established in accordance with the provisions of Part I of the 2010 Law.

The Company was incorporated for an unlimited duration on 25 April 2017 under the name of HBM UCITS (LUX) FUNDS. The Articles were published in the RESA on 12 May 2017.

The Company's registered office is at 15, avenue J.F. Kennedy, Luxembourg, Grand Duchy of Luxembourg and the Company is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 214.671.

The Company's capital shall at all times be equal to the value of its total net assets. The minimum capital required by law is EUR 1,250,000.

## II. MANAGEMENT COMPANY

The Company has appointed FundPartner Solutions (Europe) S.A. as the management company. In this capacity, the Management Company acts as asset manager, administrator, corporate and domiciliary agent, paying agent and registrar and transfer agent of the Company's shares.

Under the Management Company Services Agreement, the Management Company provides (i) investment management services; (ii) administrative agency, corporate and domiciliary agency, paying agent, registrar and transfer agency services and (iii) marketing and distribution services to the Company, subject to the overall supervision and control of the board of directors of the Management Company.

FundPartner Solutions (Europe) S.A. is a public limited company incorporated under the laws of Luxembourg for an unlimited duration on 17 July 2008. Its articles have been published in the *Mémorial* on 26 August 2008. It is registered on the official list of Luxembourg management companies governed by Chapter 15 of the 2010 Law. At the date of this Prospectus, the authorised capital of the Management Company which is fully paid up is CHF 6,250,000 and the own funds of the Management Company comply with the requirements of the 2010 Law and of the CSSF Circular 18/689.

In fulfilling its responsibilities set forth by the 2010 Law and the Management Company Services Agreement, it is permitted to delegate all or part of its functions and duties to third parties, provided that it retains responsibility for and oversight over such delegates. The appointment of third parties is subject to the approval of the Company and the CSSF. The Management Company's liability shall not be affected by the fact that it has delegated its functions and duties to third parties.

The Management Company has delegated the following functions to third parties: investment management and marketing and distribution services.

The Management Company shall at all times act in the best interests of the shareholders and according to the provisions set forth by the 2010 Law, the Prospectus and the Articles.

Where the Management Company has delegated any of its functions to a third party, the Management Company shall be able to give at any time any further instructions to the delegates to which the functions are delegated and to terminate the relevant agreements with such delegates without prior notice and with immediate effect when this is in the interests of the shareholders as provided for by Article 110 (1) (g) of the 2010 Law.

The Management Company Services Agreement provides for a term of unlimited duration and may be terminated by either party upon three months' prior written notice. For its services, the Company will pay an annual management company fee to the Management Company, amounting to a maximum percentage of the Net Asset Value of the Classes of Shares of the Sub-Funds, as agreed from time to time separately in writing between the Company and the Management Company.

At the date of this Prospectus, the Management Company has also been appointed to act as the management company for other investment funds, the list of which is available at the registered office of the Management Company and which will be set out in the Management Company's annual reports.

### **Remuneration Policy**

The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Company, that are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Company or with its Articles of Incorporation and which do not interfere with the obligation of the Management Company to act in the best interests of the Company.

The Management Company remuneration policy, procedures and practices are designed to be consistent and promote sound and effective risk management. It is designed to be consistent with the Management Company's business strategy, objectives, values and interests, and long-term interests of its clients. The Management Company remuneration policy, procedures and practices also (i) include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks and (ii) appropriately balance fixed and variable components of total remuneration/ do not allow for a variable remuneration.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, individuals responsible for awarding the remuneration and benefits, including, as the case may be, the composition of the remuneration committee, are available at [www.group.pictet/fps](http://www.group.pictet/fps). A paper copy is made available free of charge upon request at the Management Company's registered office.

### **Conducting Persons**

The conducting persons of the Management Company are responsible for the conduct of the day-to-day business of the Management Company. The conducting persons, acting as a management committee, shall have the duty to ensure that the different service providers to which the Management Company has delegated certain functions (comprising, inter alia, the Investment Manager and the global distributor) perform their functions in compliance with the 2010 Law, the CSSF Circular18/689, the Articles, the Prospectus and the provisions of the contracts that have been entered into between the Management Company, the Company and each of them. The conducting persons shall also ensure compliance of the Company with the investment restrictions and oversee the implementation of the Sub-Funds' investment policies. The conducting persons shall also report to the board of directors of the Management Company on a regular basis and inform the board of directors of the Management Company without delay of any non-compliance of the Company with the investment restrictions.

The Management Company has also been appointed by the Company as Domiciliary Agent.

### **III. INVESTMENT MANAGERS**

The Management Company has entrusted the daily management of the assets of the Sub-Funds to Investment Managers as described in the Appendix for each Sub-Fund.

The Investment Managers may enter into soft commission arrangements with broker-dealers that are entities and not individuals only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the relevant Sub-Fund, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the relevant Sub-Fund. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

### **IV. DEPOSITARY BANK**

Pictet & Cie (Europe) S.A. has been appointed by the Company as the depositary for (i) the safekeeping of the assets of the Company (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as are agreed from time to time and reflected in the Depositary Agreement.

The Depositary Bank is a credit institution established in Luxembourg, whose registered office is situated at 15A, avenue J.F. Kennedy, L-1855 Luxembourg, and which is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 32060. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

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

The Depositary Bank is entrusted with the safekeeping of the Company's assets. For the financial instruments which can be held in custody, they may be held either directly by the Depositary Bank or



they can also be held by any third-party delegate for which the Depositary Bank must ensure that they provide, in principle, the same guarantees as the Depositary Bank itself, i.e. for Luxembourg institutions to be a credit institution within the meaning of the law of 5 April 1993 on the financial sector or for foreign institutions, to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation. The Depositary Bank also ensures that the Company's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of the Company has been booked in the cash account in the name of (i) the Company, (ii) the Management Company on behalf of the Company or (iii) the Depositary Bank on behalf of the Company.

In addition, the Depositary Bank shall also ensure:

- (i) that the sale, issue, repurchase, redemption and cancellation of the shares of the Company are carried out in accordance with Luxembourg law and the Articles;
- (ii) that the value of the shares of the Company is calculated in accordance with Luxembourg law and the Articles;
- (iii) to carry out the instructions of the Management Company, unless they conflict with Luxembourg law or the Articles;
- (iv) that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
- (v) that the Company's incomes are applied in accordance with Luxembourg law and the Articles.

The Depositary Bank regularly provides the Company and its Management Company with a complete inventory of all assets of the Company.

#### **Delegation of functions**

Pursuant to the provisions of the UCITS Directive and of the Depositary Agreement, the Depositary Bank, subject to certain conditions and in order to effectively conduct its duties, delegates part or all of its safekeeping duties over the Company's assets set out in the UCITS Directive, to one or more third-party delegates appointed by the Depositary Bank from time to time, including its affiliates.

The Depositary Bank shall exercise care and diligence in choosing and appointing the third-party delegates so as to ensure that each third-party delegate has and maintains the required expertise and competence. The Depositary Bank shall also periodically assess whether the third-party delegates fulfil applicable legal and regulatory requirements and will exercise ongoing supervision over each third-party delegate to ensure that the obligations of the third-party delegates continue to be competently discharged.

The liability of the Depositary Bank shall not be affected by the fact that it has entrusted all or some of the Company's assets in its safekeeping to such third-party delegates.

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

An up-to-date list of the appointed third-party delegates is available upon request at the registered office of the Depositary Bank and is available on [http://www.pictet.com/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](http://www.pictet.com/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

Pursuant to the UCITS Directive, the Depositary Bank and the Company will ensure that, where (i) the law of a third country requires that certain financial instruments of the Company be held in custody by a local entity and there is no local entities in that third country subject to effective prudential regulation (including minimum capital requirements) and supervision and (ii) the Company instructs the Depositary Bank to delegate the safekeeping of these financial instruments to such a local entity, the investors of the Company shall be duly informed, prior to their investment, of the fact that such delegation is required due to the legal constraints of the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation.

### **Conflicts of interests**

In carrying out its functions, the Depositary Bank shall act honestly, fairly, professionally, independently and solely in the interest of the Company and the investors of the Company.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary Bank and/or its affiliates of other services to the Company, the Management Company and/or other parties. Depositary Bank's affiliates are also appointed as third-party delegates of the Depositary Bank. Potential conflicts of interest which have been identified between the Depositary Bank and its delegates are mainly fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the depositary), selection bias (the choice of the depositary not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the depositary's solvency) or single group

exposure risk (intragroup investments).

Depository Bank (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depository Bank (or any of its affiliates) acts.

The Depository Bank has pre-defined all kind of situations which could potentially lead to a conflict of interest and has accordingly carried out a screening exercise on all activities provided to the Company either by the Depository Bank itself or by its delegates. Such exercise resulted in the identification of potential conflicts of interest that are however adequately managed. The details of the potential conflicts of interest listed above are available free of charge from the registered office of the Depository Bank and on the following website:

[https://www.group.pictet/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](https://www.group.pictet/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

On a regular basis, the Depository Bank re-assesses those services and delegations to and from delegates with which conflicts of interest may arise and will update such list accordingly.

Where a conflict or potential conflict of interest arises, the Depository Bank will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which shall be based on objective pre-defined criteria and meet the sole interest of the Company and the investors of the Company. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of Depository Bank's depository functions from its other potentially conflicting tasks and by the Depository Bank adhering to its own conflicts of interest policy.

#### **Miscellaneous**

The Depository Bank or the Company may terminate the Depository Agreement at any time upon ninety (90) calendar days' written notice (or earlier in case of certain breaches of the Depository Agreement, including the insolvency of any of the parties to the Depository Agreement) provided that the Depository Agreement shall not terminate until a replacement depository is appointed.

#### **V. ADMINISTRATIVE AGENT, PAYING AGENT, REGISTER AND TRANSFER AGENT AND DOMICILIARY AGENT**

The Management Company has appointed FundPartner Solutions (Europe) S.A. to perform the functions and duties of Administrative Agent, Paying Agent, Registrar and Transfer Agent and Domiciliary Agent for the Company under the terms of a central administration agreement which may be terminated by either party, subject to a 3 months' prior notification.

FundPartner Solutions (Europe) S.A. was incorporated as a *société anonyme* (public limited company) under Luxembourg law for an indefinite period on 17 July 2008, under the former denomination Funds

Management Company S.A. Its fully paid-up capital is CHF 6,250,000 at the date of this Prospectus. FundPartner Solutions (Europe) S.A. is fully owned by the partners of Pictet & Cie, Geneva.

As Registrar and Transfer Agent, FundPartner Solutions (Europe) S.A. is primarily responsible for ensuring the issue, conversion and redemption of shares and maintaining the register of shareholders of the Company.

As Administrative Agent and Paying Agent, FundPartner Solutions (Europe) S.A. is responsible for calculating and publishing the Net Asset Value of the shares of each Sub-Fund pursuant to the law and the Articles and for performing administrative and accounting services for the Company as necessary.

As Domiciliary Agent, FundPartner Solutions (Europe) S.A. is primarily responsible for receiving and keeping safely any and all notices, correspondence, telephonic advice or other representations and communications received for the account of the Company, as well as for providing such other facilities as may from time to time be necessary in the course of the day-to-day administration of the Company.

The Administrative Agent, Registrar and Transfer Agent, Paying Agent and Domiciliary Agent is remunerated in accordance with customary practice in the Luxembourg financial market. Such remuneration is expressed as a percentage of the Company's net assets and paid on a quarterly basis.

## **VI. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS**

### **1. Investment objectives**

The objective of the Company is to maximise the value of its assets by means of professional management within the framework of an optimal risk-return profile for the benefit of its shareholders.

### **2. Investment Policies of the Sub-Funds**

The investment policy of each Sub-Fund is set forth in the Appendix.

### **3. Investment restrictions**

The Board of Directors has decided that the following investment restrictions shall apply to the Company and, if appropriate, to the Sub-Funds unless provided otherwise for a particular Sub-Fund in the Appendix.

### **3.1. The Company's investments may include:**

- (a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- (b) Recently issued Transferable Securities and Money Market Instruments, provided that:
  - The terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, and
  - The admission is secured within one year of issue.
- (c) Shares/units of UCITS and/or Other UCIs, whether or not established in a Member State provided that:
  - Such Other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between the authorities is sufficiently ensured;
  - The level of protection for shareholders/unitholders in such Other UCIs is equivalent to that provided for shareholders/unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - The business of such Other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - No more than 10% of the assets of the UCITS or Other UCIs, whose acquisition is contemplated, can, according to their constitutive documents, be invested in aggregate in shares/units of other UCITS or Other UCIs.
- (d) Deposits with a credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the credit institution has its registered office in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law.
- (e) Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter (“OTC”), provided that:
  - The underlying consists of instruments falling within this section 3.1, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest in accordance with its investment objectives set forth in the Appendix of each Sub-Fund;

- Counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and
  - The OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
- (f) Money Market Instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments is itself subject to regulations for the purpose of protecting savings and investors, and provided that these instruments are:
- Issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a third country or, in the case of a Federal State, by one of the members of the federation or by a public international body of which one or more Member States belong, or
  - Issued by an undertaking any securities of which are dealt in on a Regulated Market, or
  - Issued or guaranteed by an establishment that is subject to prudential supervision according to criteria defined by Community law or by an establishment which is subject to, and in compliance with, prudential rules considered by the CSSF as being at least as stringent as those laid down by Community law, or
  - Issued by other bodies belonging to categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third indents above, and provided that the issuer is a company whose share capital and reserves amount to at least ten million Euros (€10,000,000) and which presents and publishes its annual accounts in accordance with the Fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or more 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.

**3.2. The Company may also, within each Sub-Fund, make the following investments:**

- (a) The Company may invest up to a maximum of 10% of the net assets of each Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to above in 3.1.
- (b) Each Sub-Fund may hold ancillary liquid assets.
- (c) The Company may borrow:
  - (i) up to 10% of the net assets of each Sub-Fund provided such borrowings are temporary. The Company may however purchase foreign currency by means of back-to-back loans.

- (ii) up to 10% of its net assets to enable the acquisition of immovable property essential for the direct pursuit of its business.

The aggregate amount of borrowing pursuant to (c) (i) and (ii) above may however not exceed 15% of the Company's net assets.

- (d) The Company may for each Sub-Fund acquire shares/units of UCITS or Other UCIs subject to the following limits:

- (i) A Sub-Fund may acquire shares/units of UCITS and/or Other UCIs referred to in 3.1(c), provided that no more than 10% of its assets are invested in the shares/units of UCITS or Other UCI, unless otherwise provided for a Sub-Fund in the relevant Appendix.

In case a Sub-Fund may invest more than 10% of its net assets in UCITS or Other UCIs, such Sub-Fund may not invest more than 20% of its net assets in a single UCITS or Other UCI.

Investments made in Other UCIs may not, in aggregate, exceed 30% of such Sub-Fund's net assets. The underlying investments held by UCITS or Other UCIs in which the Company invests in do not need to be taken into account for the purpose of the restrictions set forth under 3.3.

For the purposes of the application of this limit, each compartment of a UCITS or Other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of the segregation of obligations of different compartments in relation to third parties is assured.

- (ii) Where the Company invests in shares/units of UCITS and/or Other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or votes, the management company or other company may not charge subscription or redemption fees to the Company on account of the Company's investments in shares/units of such UCITS and/or Other UCIs.

The Company may invest in UCITS or Other UCIs provided the management fees (excluding performance fee, if any) of such UCITS or Other UCIs may not exceed 4%. The Company will indicate in its annual report the total management fees charged to the Company and to such UCITS and Other UCIs.

- (iii) A Sub-Fund may not purchase more than 25% of the shares/units of the same UCITS and/or other UCI.

**3.3. Also the Company shall, for each Sub-Fund, comply with the following investment restrictions:**

- (a) The Company may not invest in assets issued by the same body in excess of the limits set forth below:
- (i) The Company may not invest more than 10% of the net assets of a Sub-Fund in Transferable Securities or Money Market Instruments issued by the same issuing body.
  - (ii) The Company may not invest more than 20% of the net assets of a Sub-Fund in deposits made with the same body.

The risk exposure to a counterparty of each Sub-Fund in an over-the-counter (OTC) derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in section 3.1 (d), or 5% of its net assets in other cases.

- (iii) The total value of the Transferable Securities and Money Market Instruments held by a Sub-Fund in the issuing bodies in which it individually invests more than 5% of its net assets, the total of all such investments shall not exceed 40% of such Sub-Fund's net assets.

This limit does not apply to deposits and over-the-counter derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits set under 3.3 (a) (i), the Company may not combine for each Sub-Fund:

- Investments in Transferable Securities or Money Market Instruments issued by a single body;
- Deposits made with the same body; and/or
- Exposure arising from over-the-counter derivative transactions undertaken with the same body

in excess of 20% of a Sub-Fund's net assets;

- (iv) The 10% limit referred to in 3.3 (a) (i) above may be increased to a maximum of 35% if the Transferable Securities or the Money Market Instruments are issued or guaranteed by a Member State, its public local authorities or by a third country or by public international bodies of which one or more Member States are members;
- (v) The limit referred to in 3.3 (a) (i) above is increased to 25% for certain bonds issued by a credit institution whose registered office is in a Member State and which is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must, in accordance with the law, be invested in



assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

If the Company invests more than 5% of the net assets of a given Sub-Fund in such bonds, issued by a single issuer, the total value of such investments may not exceed 80% of the value of the net assets of such Sub-Fund;

- (vi) The 10% limit of 3.3 (a) (i) is raised to a maximum of 20% for investments in shares and/or debt securities issued by the same issuing body for a Sub-Fund whose investment policy aims to replicate the composition of a certain stock or debt securities index recognised by the CSSF on the following basis: (i) the composition of the index is sufficiently diversified, (ii) the index represents an adequate benchmark for the market to which it refers and (iii) it is published in an appropriate manner. This 20% limit may be increased to 35% where justified by exceptional market conditions, but only for a single issuer.

The Transferable Securities and Money Market Instruments referred to in 3.3 (a) (iii) and (iv) shall not be taken into account for the purpose of applying the 40% limit fixed in 3.3 (a) (ii).

The limits set forth in 3.3 (a) (i), (ii), (iii) and (iv) shall not be combined and, consequently, investments in Transferable Securities and in Money Market Instruments issued by the same body or in deposits or in financial derivative instruments made with this body in accordance with 3.3 (a) (i), (ii), (iii) and (iv) may not, in any event, exceed in total 35% of the net assets of a Sub-Fund.

Companies, which are included in the same group for the purposes of consolidation of accounts within the meaning of Directive 83/349/EEC or in accordance with recognised international accounting rules, shall be treated as a single body for the purposes of calculating the limits in this paragraph.

The Company, for a Sub-Fund, may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

**By way of derogation from the limits set forth in 3.3 (a) (i), (ii) and (iii), the Company, in accordance with risk diversification principles, is authorised to invest up to 100% of the net assets of each Sub-Fund in different Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local public authorities, a OECD member state, G20 countries, Singapore or Hong Kong or a public international bodies to which one or more Member States belong, provided that such securities held are from at least six different issues and securities from any single issue shall not account for more than 30% of the total amount of the net assets of each Sub-Fund.**

- (b) The Company may not, on behalf of all Sub-Funds, purchase shares carrying voting rights which would enable the Company to exercise significant influence over the management of an issuing body.

The Company may not for each Sub-Fund purchase more than:

- (i) 10% of non-voting shares of the same issuer.
- (ii) 10% of debt securities of the same issuer.
- (iii) 10% of Money Market Instruments of any single issuer.

The limits set forth in (ii) and (iii) above and 3.2. (d) (iii) do not have to be complied with at the time of the acquisition if, at such time, the gross amount of debt or Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The limits set forth in 3.3 (b) above and 3.2 (d) (iii) do not apply in relation to:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by local authorities or by a non-Member State of the European Union or by public international bodies of which one or more Member States of the European Union are Members;
- Shares held in a company incorporated in a non-Member State investing its assets mainly in securities of issuing bodies having their registered office in that State where, pursuant to the legislation of that State, such a shareholding is the only way in which it is possible to invest in securities of issuing bodies of that State. This derogation, however, shall apply only if the investment policy of the company from the non-Member State complies with the limits set forth in 3.2.(d) (i) and (iii), 3.3 (a) (i) (ii) (iii) (iv) and 3.3 (b) . If the limits set forth in 3.2 (d) (i) and 3.3 (a) (i) (ii) (iii) (iv) are exceeded, paragraph 3.4 below shall apply *mutatis mutandis*.
- Shares held by the Company in the share capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is established in relation to the purchase of units or shares at the request of unitholders/shareholders exclusively on their behalf.

- (c) The Company may not purchase or invest directly in commodities, including precious metals, or in certificates that represent commodities.
- (d) The Company may not make investments in which the liability of the investor is unlimited.
- (e) The Company may not short-sell Transferable Securities, Money Market Instruments, undertakings for collective investment or any of the other financial instruments referred to in

3.1 (c), (e) and (f).

- (f) The Company may not purchase immovable property unless such a purchase is essential for the direct pursuit of its business.
- (g) The Company may not grant loans or act as guarantor for third parties.

The limits set forth in 3.2 and 3.3 above do not have to be complied with by the Company when it is exercising subscription rights attached to Transferable Securities or to Money Market Instruments forming part of its assets.

### **3.4 Cross sub-fund investments**

A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds (each, a "Target Sub-Fund") without the Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:

- the Target Sub-Fund does not, in turn, invest in the Investing Sub-Fund invested in this Target Sub-Fund(s); and
- no more than 10% of the net assets that the Target Sub-Fund whose acquisition is contemplated, may, according to its investment policy, be invested in shares of other Target Sub-Funds; and
- the Investing Sub-Fund may not invest more than 20% of its nets assets in shares of a single Target Sub-Fund.

Voting rights, if any, attached to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports;

In any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

### **3.5 Master-feeder structures**

Under the conditions and within the limits laid down by the 2010 Law, the Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Sub-Fund qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert any existing Sub-Fund into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

- (a) A Feeder UCITS shall invest at least 85% of its net assets in the units/shares of another Master UCITS.

- (b) A Feeder UCITS may hold up to 15% of its assets in one or more of the following:
- ancillary liquid assets in accordance with 3.2 (b);
  - financial derivative instruments, which may be used only for hedging purposes.
- (c) For the purposes of compliance with Article 42 (3) of the 2010 Law, the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent under (b) with either:
- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the Master UCITS; or
  - the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS.
- (d) A Master UCITS may not invest in a Feeder UCITS.

### **3.6 Newly authorised Sub-Fund**

Similarly, if a new Sub-Fund is created, while ensuring observance of the principle of risk-spreading, the limits set forth in Articles 43, 44, 45 and 46 of the 2010 Law do not have to be complied with by the newly created Sub-Fund for a period of six months after the date of its launch in accordance with article 49(1) of the 2010 Law.

### **3.7. Additional investment restrictions**

Unless provided for in the Appendix in relation to a Sub-Fund, the Company will not invest more than:

- 20% of a Sub-Fund's net assets in
  - ABS/MBS
  - contingent convertible fixed income instruments

### **3.8. General**

If these limits are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account the interests of its shareholders.

The Company reserves the right to introduce other investment restrictions at any time, provided that they are compatible with Part I of the 2010 Law and essential to compliance with laws and regulations in force in certain non-Member States where the shares of the Company may be offered or sold.

## **4. Financial Derivative Instruments**

Each Sub-Fund is authorised, in accordance with the investment restrictions and their relevant investment policy, as set out in the Appendix, to use financial derivative instruments for investment purposes as well as efficient portfolio management purposes. In addition, each Sub-Fund is entitled to use financial derivative instruments for currency, interest rate or other hedging purposes.

Under no circumstances may the use of financial derivative instruments result in an investment policy diverging from that set out for each Sub-Fund in this Prospectus.

The global exposure of each Sub-Fund relating to financial derivative instruments shall not exceed the net assets of the Sub-Fund. Exposure is calculated taking into account the current value of underlying assets, counterparty risk, foreseeable market movements and the time available to liquidate positions. This also applies to the following paragraphs.

As indicated above, Sub-Funds may, within the framework of their investment policies and within the limits laid down in section 3.1. (g) above, invest in financial derivative instruments provided that the overall risks to which the underlying assets are exposed do not exceed the investment limits set out in section 3.3 (a) above. When the Company invests in index-based financial derivative instruments, these investments do not necessarily have to be combined for the purpose of the limits set out above in section 3.3 (a).

When a financial derivative instrument is embedded in a transferable security or money market instrument, this must be taken into account for the purposes of complying with the provisions of this section.

Sub-Funds may use total return swap instruments. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of the Sub-Fund's investment portfolio or over the underlying of the total return swap.

The risk of counterparty default and the effect on investors returns are described under paragraph "c) Swaps" of section "IX Risk Factors".

### **4.1. Management of Collateral and Collateral Policy**

#### **General**

In the context of OTC financial derivative transactions and efficient portfolio management techniques, the Company may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Company in such case. All assets received by the Company in the context of efficient portfolio management techniques shall be considered as collateral for the purpose of this section.

#### **Eligible Collateral**

Collateral received by the Company may be used to reduce its counterparty risk exposure if it

complies with the criteria set out in applicable laws, regulations and CSSF-Circulars issued from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (i) Any collateral received other than cash should be of high quality (i.e. investment grade), 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;
- (ii) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (iii) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (iv) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the respective Sub-Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received; deviating from the aforementioned diversification requirement, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by an issuer as described under point vi. Investment Objectives, policies and restriction, 3.3 a), last paragraph. Such Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value. A Sub-Fund may accept as collateral for more than 20% of its Net Asset Value securities which are issued or guaranteed by an issuer as aforementioned;
- (v) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process;
- (vi) Where there is a title transfer, the collateral received should be held by the Depository Bank. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;
- (vii) It should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

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

- (i) Cash and cash equivalents, including short-term bank certificates and money market instruments of investment grade issuers;
- (ii) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope of any duration;

Where ownership of collateral is transferred to the Company, such collateral will be held with the Depository Bank. Where ownership is not transferred, collateral will be held by the institution appointed by the counterparty to hold such counterparty's assets.

#### **Reinvestment of Collateral**

Non-cash collateral received by the Company may not be sold, re-invested or pledged.

According to Luxembourg law and applicable regulations, especially ESMA Guidelines 2014/937 on ETFs and other UCITS issues, which have been implemented via CSSF Circular 14/592, cash collateral can only be invested in liquid assets. Cash collateral received by the Company can only be:

- (i) placed on deposit with credit institutions which have their registered office in Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (ii) invested in high-quality government bonds;
- (iii) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis; and/or
- (iv) invested in short-term money market funds as defined in the ESMA-Guidelines 2010/049 on a Common Definition of European Money Market Funds.

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

The Sub-Fund concerned may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Company on behalf of such Sub-Fund to the counterparty at the conclusion 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.

Furthermore, prospective investor's attention is drawn to the general risk factors applicable to the investments as described in Section "IX. Risk Factors" of this Prospectus.

#### **Level of Collateral**

The Management Company will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

The level of collateral required across all efficient portfolio management techniques or OTC derivatives will be at least 100% of the exposure to the relevant counterparty. This will be achieved by applying the haircut policy set out below.

#### **Haircut Policy**

Collateral will be valued, on a daily basis, using available market prices (i.e. mark to market method) and taking into account appropriate discounts which will be determined by the Management Company for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Management Company under normal and exceptional liquidity conditions. The valuation as described above of collateral may have an impact on margin calls of the Company's

counterparties in financial derivative transactions.

Given the liquid nature of accepted collateral, the mark to market valuation method is deemed the most appropriate.

In case of non-cash collateral, a haircut will be applied. The Management Company will only accept non-cash collateral which does not exhibit high price volatility. According to the Management Company’s haircut policy currently the following discounts will be made:

| Type of Collateral   | Discount |
|--|----------|
| Cash equivalents (only in currencies of G10 member states), including short-term bank certificates and money market instruments; a discount will only be made with regard to collateral not denominated in the reference currency of the relevant Sub-Fund | 20%      |
| Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope   | 20%      |

The Management Company reserves the right, at its sole discretion to amend the discounts applied. The actual discounts applies may be obtained free of charge from the Management Company.

**5. Techniques and Instruments**

The Company may, on behalf of each Sub-Fund and subject to the conditions and within the limits laid down in the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, employ techniques and instruments relating to transferable securities and money market instruments provided that such techniques and instruments are used for efficient portfolio management purposes, investment purposes or to provide protection against risk. Such techniques and instruments may include, but are not limited to, engaging in transactions in financial derivative instruments such as futures, forwards, options, swaps and swaptions. New techniques and instruments may be developed which may be suitable for use by the Company and the Company (subject as aforesaid) may employ such techniques and instruments in accordance with the applicable laws and regulations.

To the extent permitted by, and within the limits of, the 2010 Law and any related Luxembourg law or any other regulation in force, circulars and positions of the CSSF and, in particular, the provisions of (i) Article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the amended Law of 20 December 2002 relating to undertakings for collective investment and (ii) CSSF circular 08/356 relating to rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments and (iii) CSSF circular 14/592 relating to ESMA guidelines on ETFs and other UCITS issues (as amended or replaced from time to time), each Sub-Fund can, in order to generate capital or additional income or to reduce costs or risk (A) enter into repurchase transactions, either as a buyer



or a seller, and (B) engage in securities lending transactions.

Where applicable, cash received as guarantee by each Sub-Fund in relation to one of these operations can be reinvested in a manner compatible with the investment objectives of the Sub-Fund in (a) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and with a rating of AAA or equivalent, (b) short-term bank certificates, (c) money market instruments as defined within the Grand Ducal regulation mentioned above, (d) short-term bonds issued or guaranteed by a Member State, Switzerland, Canada, Japan or the United States or their local public authorities or supranational institutions and EU, regional or worldwide undertakings, (e) bonds issued or guaranteed by first class issuers offering adequate liquidity, and (f) reverse repurchase agreement transactions in accordance with the provisions described in section I.C. a) of the CSSF circular mentioned above. This reinvestment will be taken into account when calculating the overall risk of each Sub-Fund concerned, in particular if it creates leverage.

In particular, fees and cost may be paid to agents of the Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of such techniques.

Unless otherwise stipulated in the investment policy of a Sub-Fund, collateral received will not be reinvested.

## **6. Pooling**

For the purpose of effective management, and subject to the provisions of the Articles and to applicable laws and regulations, the Board of Directors may invest and manage all or any part of the portfolio of assets established for two or more Sub-Funds (for the purposes hereof "Participating Funds") on a pooled basis. Any such asset pool shall be formed by transferring to it cash or other assets (subject to such assets being appropriate with respect to the investment policy of the pool concerned) from each of the Participating Funds. Thereafter, the Board of Directors may from time to time make further transfers to each asset pool. Assets may also be transferred back to a Participating Fund up to the amount of the participation of the Class of Shares concerned. The share of a Participating Fund in an asset pool shall be measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the Board of Directors shall, in its discretion, determine the initial value of notional units (which shall be expressed in such currency as the Board of Directors consider appropriate) and shall allocate to each Participating Fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. Thereafter, the value of the notional unit shall be determined by dividing the net asset value of the asset pool by the number of notional units subsisting.

When additional cash or assets are contributed to or withdrawn from an asset pool, the allocation of units of the Participating Fund concerned will be increased or reduced, as the case may be, by a number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a contribution is made in cash, it will be treated for the purpose of this calculation as reduced by an amount which the Board of Directors considers appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in

investing the cash concerned; in the case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realising securities or other assets of the asset pool.

Dividends, interest and other distributions of an income nature received in respect of the assets in an asset pool will remain at the pool level and accrued in favour of the Participating Funds in proportion to their respective participation in the asset pool at the time of receipt. At any time, the assets in an asset pool are allocated to the Participating Funds in proportion to their respective participation in the asset pool.

## **7. Risk Management Process**

The Management Company, on behalf of the Company, will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund, in accordance with CSSF circular 11/512 or any other applicable circular of the Luxembourg supervisory authority. The Management Company, on behalf of the Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

## **8. Exposure to total return swaps, securities lending transactions, repurchase agreement and reverse repurchase agreements (SFT Transactions)**

Pursuant to Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, if the Company engages in any of: repurchase transactions, reverse repurchase agreements, securities lending or total return swaps, additional information must be provided to investors prior to their admission to the Company.

Unless prohibited for a Sub-Fund or unless other limits are disclosed in the relevant Appendix, the following provisions apply to SFT Transactions.

### **General**

#### *Total return swaps*

A maximum of 100% of the net assets of a Sub-Fund may be subject to total return swaps.

A total return swap is a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

#### *Securities lending*

A maximum of 100% of the net assets of a Sub-Fund may be subject to securities lending transactions.

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

#### *Repurchase and reverse repurchase agreements*

A maximum of 100% of the net assets of a Sub-Fund may be subject to repurchase agreements.

A maximum of 100% of the net assets of a Sub-Fund may be subject to reverse repurchase agreements.

A repurchase agreement is a transaction governed by an agreement by which a counterparty transfers securities, commodities, or guaranteed rights relating to title to securities or commodities where that guarantee is issued by a recognised exchange which holds the rights to the securities or commodities and the agreement does not allow a counterparty to transfer or pledge a particular security of commodity to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities or commodities and a reverse repurchase agreement for the counterparty buying them.

#### *General expenses, costs, risks and counterparties*

Generally, no more than 20% of the gross revenue arising from total return swaps, repurchase agreements transactions, securities lending transactions and efficient portfolio management transactions may be deducted from revenue delivered to the Company as direct and indirect operational expenses.

Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary Bank or the Investment Manager will be available in the annual report of the Company.

The selection of counterparties to such transactions will generally be financial institutions based in an OECD member state and have an investment grade credit rating. Details of the selection criteria and a list of approved counterparties are available from the registered office of the Management Company.

Prospective investors' attention is drawn to the fact that the use of SFT Transactions could lead to an increase of the risk profile of the Company.

#### **Total return swaps**

Sub-Funds may use total return swap instruments in order to generate capital or additional income or to reduce costs or risks. In such cases, the counterparty to the transaction will be a counterparty

approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of the Sub-Fund's investment portfolio or over the underlying of the total return swap.

The following types of assets can be subject to total return swaps: equity and equity-related instruments, forwards and options, OTC derivatives, fixed income instruments, shares/units of UCIs.

The risk of counterparty default and the effect on investors returns are described under section "IX. Risk Factors".

### **Securities lending transaction**

The Company may enter into securities lending transactions in order to generate capital or additional income or to reduce costs or risks and provided that the following rules are complied with in addition to the above mentioned conditions:

- (i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Company may only lend securities to a borrower either directly or 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;
- (iii) The Company 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 lent or to terminate the agreement;

The following types of assets can be subject to securities lending transactions: equities and equity-related instruments, fixed income instruments and (if possible) shares/units of UCIs.

The risks related to the use of securities lending transactions and the effect on investors returns are described under section " IX. Risk Factors ".

### **Repurchase and reverse repurchase transactions**

The Company may enter into repurchase and reverse repurchase agreements in order to generate capital or additional income or to reduce costs or risks. Repurchase agreements consist of forward transactions at the maturity of which the Company (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The Company may further enter into reverse repurchase agreements that consist of forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Company (buyer) the obligation to return the assets purchased under the transactions. The Company may also enter into transactions that consist in the purchase/sale of securities with a clause reserving for the counterparty/Company the right to repurchase the securities from the Company/counterparty at a price and term specified by the parties in their contractual arrangements.

The Company's involvement in such transactions is, however, subject to the additional following rules:

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Company may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

The following types of assets can be subject to repurchase and reverse repurchase transactions: equities and equity-related instruments, fixed income instruments and (if possible) shares/units of UCIs.

The risks related to the use of repurchase and reverse repurchase transactions and the effect on investors returns are described under section " IX. Risk Factors ".

**Conflict of interests**

Due to the various counterparties, there is a potential risk of conflict of interests when the Company enters into SFT Transactions and/or total return swaps. The Management Company has a policy in place in order to deal with such potential conflict of interests.

**VII. BENCHMARK REGULATION**

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 and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (also known as the "EU Benchmark Regulation") requires the Management Company to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulation) materially changes or ceases to be provided. The Management Company shall comply with this obligation. Further information on the plan is available on request, free of charge, from the registered office of the Management Company.

The following benchmarks are used by the Sub-Funds for the purposes indicated in the table below.

| Sub-Fund   | Benchmark                    | Benchmark Administration | Purpose         |
|--|------------------------------|--------------------------|-----------------|
| HBM UCITS (LUX) FUNDS – HBM GLOBAL BIOTECHNOLOGY | NASDAQ Biotechnology Index * | Nasdaq Global Indexes    | Performance fee |

|   |  |                                 |  |                 |
|---|--|---------------------------------|--|-----------------|
| FUND  |  |                                 |  |                 |
| HBM UCITS (LUX)<br>FUNDS – HBM<br>GLOBAL<br>HEALTHCARE FUND | 3 Months London Inter-Bank<br>Offered Rate (“LIBOR”) | ICE Benchmark<br>Administration |  | Performance fee |

The benchmarks marked with (\*) are provided by an administrator which is currently not included in the ESMA register of benchmark administrators. However, the use of this benchmark is permitted during the transitional period provided for in article 51 of the EU Benchmark Regulation (i.e. until 1 January 2020). The Prospectus will be updated without undue delay once further information on the benchmark administrator’s authorisation becomes available. The inclusion of any further administrator of a benchmark used by a Sub-Fund within the meaning of the EU Benchmark Regulation in the ESMA register of benchmark administrators will be reflected in the Prospectus at its next update.

### VIII. PROCESSING OF PERSONAL DATA

In the course of its business, the Company (and/or any of its delegates) collects, records, stores, adapts, transfers and otherwise processes information by which existing and prospective investors may be strictly identified.

The Company is a data controller (the "Controller") within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with Data Protection Legislation.

The Controller (as more specifically identified in the Privacy Notice) processes information relating to several categories of identified or identifiable natural persons (including, in particular but not limited to, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the “Data Subjects”. This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the “Data”.

Detailed and up-to-date information regarding the processing of Data by the Controller is contained in a privacy notice (the “Privacy Notice”). Investors and any persons contacting, or otherwise dealing directly or indirectly with the Controller or its service providers in relation to the Company are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to: HBM UCITS (LUX) FUNDS, 15, avenue JF Kennedy, L-1855 Luxembourg

#### Obtaining and accessing the Privacy Notice

The Privacy Notice is available at

<http://www.hbmpartners.com/en/investment-products/lux-privacy-notice.php>.

The Privacy Notice sets out and describes in more detail:

- the legal basis for processing the Data; and where applicable the categories of Data processed, from which source the Data originates, and the existence of automated decision-making, including profiling (if any);
- the fact that Data will be disclosed to several categories of recipients; that certain of these recipients (the “Processors”) are processing the Data on behalf of the Controller; that the Processors include most of the service providers of the Controller; and that the Processors will act as processors on behalf of the Controllers and may also process Data as controllers for their own purposes;
- the purposes for which Data will be processed by the Controller and the Processors and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Company, (ii) enabling the Controller and the Processors to perform their services for the Fund, and (iii) enabling the Controller and the Processors to comply with legal, regulatory and/or tax (including FATCA/CRS) obligations;
- the possibility that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- the fact that any communication (including telephone conversations) (i) may be recorded by the Controller and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;
- the retention periods with respect to Data, which will at all times be in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;
- how the failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Company;
- certain rights that Data Subjects have in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

All persons contacting, or otherwise dealing directly or indirectly with, any of the Controller, the Processors or other service providers in relation to the Company, will likely be requested to formally acknowledge, agree, accept, represent, warrant and/or undertake (where applicable) that they have obtained and/or have been able to access the Privacy Notice; that the Privacy Notice may be amended at the sole discretion of the Controller; that they may be notified of any change to or update of the Privacy Notice by any means that the Controller deems appropriate, including by public announcement; that they have authority to provide, or to cause or allow the provision, to the Controller any Data relating to third-party natural persons that they provide, or cause or allow the provision, to the Controller; that, if necessary and appropriate, they are required to obtain the (explicit) consent of the relevant third-party natural persons to such processing; that these third-party natural persons have been informed of the processing by the Controller of the Data as described herein and their related rights; that these third-party natural persons have been informed

of, and provided with, easy access to the Privacy Notice; that when notified of a change or update of the Privacy Notice they will continue this change or update to these third-party natural persons; that they and each of these third-party natural persons shall abide by any limitation of liability provision contained in the Privacy Notice; and that they shall indemnify and hold the Controller harmless from and against adverse consequences arising from any breach of the foregoing.

Certain Processors may collect Data as controllers in their own right. All persons dealing directly or indirectly with the Controller should also consult the privacy notices of the relevant Processors.

## **IX. RISK FACTORS**

### **1. Overview**

Investors are reminded that the value of shares in any Sub-Fund and income from the same can fall as well as rise, and that they may not recover all of their initial investment. Past performance is no guarantee of future results. Investments in Sub-Funds must be seen as medium- or long-term investments and are only suitable for investors who are capable of evaluating the merits and risks of such an investment and who (either alone or in conjunction with an appropriate financial or other advisor) have sufficient resources to be able to bear any losses that may result therefrom. When the currency of a Sub-Fund fluctuates against the currency in which an investment in this Sub-Fund is made or those of markets in which said Sub-Fund invests, the risk of an additional loss for the investor (or the possibility of a profit) is greater. Several of the risks described below deal with investments in other undertakings for collective investment in as much as Sub-Funds can carry out such investments. The descriptions below summarise certain risks. They are not exhaustive, and under no circumstances do they constitute advice on the suitability of investments.

#### **Regulatory provisions**

As the Company is domiciled in Luxembourg, the protection provided by the respective local supervisory authorities may not apply. To obtain more information on this, investors are invited to consult their financial advisors.

#### **Investment objective**

No guarantee can be given in relation to the achievement of the investment objectives of the Sub-Funds. Investors will also be aware of the investment objectives of the Sub-Funds, which can specify that Sub-Funds can invest limited amounts in sectors or areas that are not directly associated with their name. These other markets may be more or less volatile than the main investment sector or area, and performance will in part depend on these investments. Therefore, investors must ensure (prior to investment) that they are prepared to incur this type of risk to achieve the stated objectives.

### **2. Risk factors**

Prospective investors should consider the following risk factors before investing in the Company. However, the risk factors set out below do not purport to be an exhaustive list of risks related to investments in the Company. Prospective investors should read the entire Prospectus, and where appropriate consult with their legal, tax and investment advisers, in particular regarding the tax consequences of subscribing, holding, converting, redeeming or otherwise disposing of shares/units



under the law of their country of citizenship, residence or domicile.

Investors should be aware that the investments of the Company are subject to market fluctuations and other risks associated with investments in transferable securities and other financial instruments. The value of the investments and the resulting income may go up or down and it is possible that investors will not recoup the amount originally invested in the Company, including the risk of loss of the entire amount invested. There is no assurance that the investment objective of a particular Sub-Company will be achieved or that any increase in the value of the assets will occur. Past performance is not a reliable indicator of future results.

The net asset value of a Sub-Fund may vary as a result of fluctuations in the value of the underlying assets and the resulting income. Investors are reminded that in certain circumstances their right to redeem shares may be suspended.

Depending on the currency of the investor's domicile, exchange-rate fluctuations may adversely affect the value of an investment in one or more of the Sub-Funds. Moreover, in the case of an alternate currency class in which the currency risk is not hedged, the result of the associated foreign exchange transactions may have a negative influence on the performance of the corresponding Class of Shares.

#### **Market Risk**

Market risk is a general risk which may affect all investments to the effect that the value of a particular investment could change in a way that is detrimental to the Company's interests. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

#### **Interest Rate Risk**

Sub-Funds investing in fixed income securities may fall in value due to fluctuations in interest rates. Generally, the value of fixed income securities rises when interest rates fall. Conversely, when interest rates rise, the value of fixed income securities can generally be expected to decrease. Long term fixed income securities will normally have more price volatility than short term fixed income securities.

#### **Foreign Exchange Risk**

The Sub-Funds' investments may be made in other currencies than the relevant Reference Currency and therefore be subject to currency fluctuations, which may affect the net asset value of the relevant Sub-Funds favourably or unfavourably. Currencies of certain countries may be volatile and therefore may affect the value of securities denominated in such currencies. If the currency in which an investment is denominated appreciates against the Reference Currency of the relevant Sub-Fund, the value of the investment will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the investment. The Sub-Funds may enter into hedging transactions on currencies to protect against a decline in the value of investments denominated in currencies other than the Reference Currency, and against any increase in the cost of investments denominated in currencies other than the Reference Currency. However, there is no guarantee that the hedging will be successfully achieved. Although it is the policy of the Company to hedge the currency exposure of Sub-Funds against their respective Reference Currencies, hedging transactions

may not always be possible and currency risks cannot therefore be excluded.

### **Credit Risk**

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

### **Counterparty Risk**

Sub-Funds may enter into over-the-counter transactions which will expose the Sub-Funds to the risk that the counterparty may default on its obligation to perform under such contracts. In the event of bankruptcy of counterparty, the Sub-Funds could experience delays in liquidating the position and significant losses.

### **Liquidity Risk**

There is a risk that the Sub-Funds will suffer liquidity issues because of unusual market conditions, an unusually high volume of redemption requests or other reasons. In such case the Sub-Funds may not be able to pay redemption proceeds within the time period stated in this Sales Prospectus.

### **Inflation risk**

Inflation may diminish the value of the invested assets. The purchasing power of the invested capital decreases when the inflation rate exceeds the yield of the investments.

### **Cyclical risks**

These refer to the risk of price losses arising when at the time of the investment decision, the development of the economic cycle is not, or not correctly, taken into consideration, so that securities investments are made at the wrong time or securities are being held during an unfavorable phase of the economic cycle.

### **Country or transfer risk**

When a foreign borrower cannot meet obligations on time or fails to do so entirely despite solvency because of non-transferability or non-cooperation of the borrower's country of domicile (due to foreign exchange restrictions, transfer risks, moratoriums, embargos, etc.), this is referred to as a country risk. Thus, payments rightfully due to the Company may fail to be remitted or may be remitted in a currency that due to foreign exchange restrictions is no longer convertible.

### **Transaction risk**

Investments particularly in unlisted securities involve the risk that settlement through a transfer system cannot be executed as expected due to delayed or non-compliant payments or deliveries.

### **Management Risk**

The Company and the Sub-Funds are actively managed and therefore the Sub-Funds may be subject to management risks. The relevant Investment Manager will apply its investment strategy (including investment techniques and risk analysis) when making investment decisions for the Sub-Funds, however no assurance can be given that the investment decision will achieve the desired results. The

relevant Investment Manager may in certain cases decide not to use investment techniques, such as derivative instruments, or they may not be available, even under market conditions where their use could be beneficial for the relevant Sub-Fund.

### **Changes to the investment policy**

A modification of the investment policy within the scope of the legally and contractually permissible investment spectrum may change the risk exposure of the Company. The Company is entitled to make significant changes to the investment policy of the Company at any time by changing the Prospectus.

### **Possible investment spectrum**

Under consideration of the investment principles and limits specified by Company and by the Prospectus, which offers the Company a very broad spectrum, the actual investment policy may also be focused on the acquisition mainly of assets in only very few industries, markets, regions, or countries, for example. This focus on just a few specific sectors can be associated with special opportunities but also with corresponding risks (such as narrow markets, high fluctuation bandwidths with certain economic cycles). Investment policy details are disclosed in the annual report in retrospect for the financial year that it covers.

### **Psychological market risk**

Sentiment, opinions, and rumors may cause a significant price drop although the profit situation and future prospects of the companies under investment has not necessarily changed in any sustainable way. Equities are especially vulnerable to psychological market risks.

### **Settlement risk**

This refers to the Company's risk of loss due to the failure of settlement of concluded transactions because a counterparty fails to pay or deliver, or due to errors in the operational execution of a transaction.

### **Legal and fiscal risk**

Purchasing, holding, or selling of investments of the Company may be subject to fiscal regulations (e.g. source taxation) outside the country of domicile of the Company. Moreover, the legal and fiscal treatment of a Company may change in unexpected ways that cannot be influenced. The identification of an error in the tax appraisal of the Company for past financial years (for instance in conjunction with external tax audits) may, if the subsequent correction is basically to the disadvantage of the investor, force the investor to bear the tax burden arising from the correction for past financial years even though he may not have been invested in the Company during the periods of time involved. Conversely, if a correction that is basically to the advantage of the investor for the current and for those past fiscal years during which he was invested in the Company, the investor might no longer be able to benefit from the correction if the units were redeemed or sold prior to the implementation of the respective correction. Additionally, a correction of tax data may result in the recognition of taxable income or tax benefits in a fiscal assessment period other than the period actually involved, and this may have a negative impact on the individual investor.

### **Entrepreneurial risk**

Investments in equities represent a direct participation in the business success or failure of a

company. In the extreme case – bankruptcy – this may mean the total loss of value of such an investment.

#### **Risk of suspension of repurchase**

Basically, investors may request the Company to repurchase their shares according to the valuation interval of the Company. Under exceptional circumstances, however, the Company may temporarily suspend a repurchase of shares and redeem the shares at a later date at the then applicable price (see details in Section XVII). This price may be lower than the price prior to the suspension of repurchase.

#### **Key persons risk**

Among other factors, a UCITS whose investment result is highly positive in a certain period also owes this success to the suitability of the acting persons and thus to the correct decisions of its management. However, there may be changes as regards the persons who constitute the fund's management. New decision-makers may then act with less success.

### **3. Investment Risks**

#### **Investments in Equities**

The risks associated with investments in equity (and equity-type) securities include in particular significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity compared to debt securities issued by the same company. Investors should also consider the risk attached to fluctuations in exchange rates, possible imposition of exchange controls and other restrictions.

#### **Investments in Fixed Income Securities**

Investments in securities of issuers from different countries and denominated in different currencies offer potential benefits not available from investments solely in securities of issuers from a single country, but also involve certain significant risks that are not typically associated with investing in the securities of issuers located in a single country. Among the risks involved are fluctuations in interest rates as well as fluctuations in currency exchange rates (as further described above under Chapter "Interest Rate Risk" and "Foreign Exchange Risk") and the possible imposition of exchange control regulations or other laws or restrictions applicable to such investments. A decline in the value of a particular currency in comparison with the Reference Currency of the Sub-Fund would reduce the value of certain portfolio securities that are denominated in such a currency. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may fluctuate independently of each other. The performance of investments in fixed income securities denominated in a specific currency will also depend on the interest rate environment in the country issuing that currency. As the net asset value of a Sub-Fund is calculated in its Reference Currency, the performance of investments denominated in a currency other than the Reference Currency will depend on the strength of such currency against the Reference Currency and on the interest rate environment in the country issuing the currency. In the absence of other events that could otherwise affect the value of non-Reference Currency investments (such as a change in the political climate or an issuer's credit quality), an increase in the value of the non-Reference Currency can generally be expected to increase the value of a Sub-Fund's

non-Reference Currency investments in terms of the Reference Currency.

The Sub-Funds may invest in investment grade debt securities. Investment grade debt securities are assigned ratings within the top rating categories by rating agencies on the basis of the creditworthiness or risk of default. Rating agencies review, from time to time, such assigned ratings and debt securities may therefore be downgraded in rating if economic circumstances impact the relevant debt securities issues.

Moreover, the Sub-Funds may invest in debt instruments in the non investment grade sector (high yield debt securities). Compared to investment grade debt securities, high yield debt securities are generally lower-rated securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default attached to these debt instruments.

#### **Investments in Warrants**

The leveraged effect of investments in warrants and the volatility of warrant prices make the risks attached to investments in warrants higher than in the case of investment in equities. Because of the volatility of warrants, the volatility of the share price of any Sub-Fund investing in warrants may potentially increase.

#### **Investments in Target Companies**

Investors should note that investments in target fund may incur the same costs both at the Sub-Fund level and at the level of the target funds. Furthermore, the value of the units or shares in the target funds may be affected by currency fluctuations, currency exchange transactions, tax regulations (including the levying of withholding tax) and any other economic or political factors or changes in the countries in which the target Company is invested, along with the risks associated with exposure to the emerging markets. The investment of the Sub-Fund's assets in units or shares of target funds entails a risk that the redemption of the units or shares may be subject to restrictions, with the consequence that such investments may be less liquid than other types of investment.

#### **Use of Derivatives**

While the use of financial derivative instruments can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. Derivatives are highly specialized financial instruments. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without there being any opportunity to observe the performance of the derivative under all possible market conditions.

If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price. Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself.

The other risks associated with the use of derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives are complex and are often valued subjectively. Improper

valuations can result in increased cash payment requirements to counterparties or a loss of value to the relevant Sub-Fund. Consequently, the Company's use of derivatives may not always be an effective means to achieve the Sub-Fund's investment objective and may sometimes even have the contrary effect.

Derivative instruments also carry the risk that a loss may be sustained by the Company as a result of the failure of the counterparty to a derivative to comply with the terms of the contract (as further described under "Counterparty Risk" above). The default risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative, assumes a guarantee of performance. In addition, the use of credit derivatives (credit default swaps, credit linked notes) carries the risk of a loss arising for the relevant Sub-Fund if one of the entities underlying the credit derivative defaults.

Moreover, OTC derivatives may bear liquidity risks. The counterparties with which the Sub-Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such cases, the Sub-Fund might not be in a position to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position which might adversely affect its performance. Unlike exchange-traded derivatives, forward, spot and option contracts on currencies do not provide the Management Company or the Investment Manager with the possibility to offset the Sub-Fund's obligations through an equal and opposite transaction. Therefore, through entering into forward, spot or options contracts, the Sub-Fund may be required, and must be able, to perform its obligations under these contracts. The use of derivative instruments may or may not achieve its intended objective.

### **Collateral management**

If the Company transacts over-the-counter (OTC) trades, it may be exposed to risks in conjunction with the creditworthiness of the OTC counterparties: when concluding forward contracts, options, and swap transactions or otherwise using derivative techniques, the Company is exposed to the risk that an OTC counterparty does not (or cannot) meet its obligations from a certain contract or from several contracts. The counterparty risk can be reduced by a collateral deposit. If the Company is owed collateral under a given agreement, it shall be held in safekeeping for the account of the Company by or for the depositary. Cases of bankruptcy and insolvency or other credit default events involving the depositary or an entity of its subdepository/correspondent bank network can entail a shift or another type of restriction of the rights of the Company with respect to the collateral. If the UCITS owes the OTC counterparty collateral under a given agreement, then it shall be transferred to the OTC counterparty as agreed between the Company and the OTC counterparty. Cases of bankruptcy and insolvency or other credit default events involving the OTC counterparty, the depositary or an entity of its subdepository/correspondent bank network can entail a delay, a restriction or even the exclusion of the rights or of the recognition of the Company with respect to the collateral, which would force the Company to meet its obligations within the scope of the OTC transaction regardless of any collateral that may have been provided in advance to cover such obligations.

### **Small to medium-sized Companies**

Sub-Funds may invest in small and medium-sized companies. Investing in the securities of smaller, lesser-known companies involves greater risk and the possibility of price volatility due to the specific

growth prospects of smaller firms, the lower degree of liquidity of the markets for such stocks and the greater sensitivity of smaller companies to changing market conditions.

### **Hedged Class of Shares Risk**

The hedging strategy applied to a hedged Class of Shares may vary from one Sub-Fund to another. Each Sub-Fund will apply a hedging strategy which aims to reduce currency risk between the Reference Currency of the respective Sub-Fund and the nominal currency of the hedged Class of Shares while taking various practical considerations into account. The hedging strategy aims to reduce, however may not totally eliminate, currency exposure.

Investors should note that there is no segregation of liabilities between the individual Classes of Shares with a Sub-Fund. Hence, there is a risk that under certain circumstances, hedging transactions in relation to a hedged Class of Shares could result in liabilities affecting the net asset value of the other Classes of Shares of the same Sub-Fund. In such case assets of other Classes of Shares of such Sub-Fund may be used to cover the liabilities incurred by the hedged Class of Shares.

Classes of Shares issued in currencies with limited or non-convertibility could be subject to a higher volatility compared to hedged Classes of Shares issued in freely convertible currencies.

### **Clearing and Settlement Procedures**

Different markets also have different clearing and settlement procedures. Delays in settlement may result in temporary periods when a portion of the assets of a Sub-Fund is uninvested and no return is earned thereon. The inability of the Management Company and Investment Manager to make intended security purchases due to settlement problems could cause a Sub-Fund to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if a Sub-Fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

### **Investment Countries**

The issuers of fixed income securities and the companies, the shares of which are purchased, are generally subject to different accounting, auditing and financial reporting standards in the different countries of the world. The volume of trading, volatility of prices and liquidity of issuers may vary from one market or country to another. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the Sub-Fund's ability to invest in securities of certain issuers located in those countries.

### **Concentration in certain Countries**

Where a Sub-Fund restricts itself to investing in securities of issuers located in a particular country or group of countries, such concentration will expose the Sub-Fund to the risk of adverse social, political or economic events which may occur in that country or countries. The risk increases if the country in question is an emerging market. Investments in such Sub-Funds are exposed to the risks described below, which may be exacerbated by the special factors pertaining to this emerging market.

### **Investments in Emerging Countries**

Investors should note that certain Sub-Funds may invest in less developed or emerging markets. Investing in emerging markets may carry a higher risk than investing in developed markets. The securities markets of less developed or emerging markets are generally smaller, less developed, less liquid and more volatile than the securities markets of developed markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or emerging markets, which could affect the investments in those countries. The assets of Sub-Funds investing in such markets, as well as the income derived from the Sub-Fund, may also be effected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the net asset value of shares of these Sub-Funds may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure.

In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets. Moreover, settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the concerned Sub-Funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment shall be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or

bank through whom the relevant transaction is effected might result in a loss being suffered by the Sub-Funds investing in emerging market securities.

#### **Industry/Sector Risk**

Sub-Funds may invest in specific industries or sectors or a group of related industries. These industries or sectors may, however, be affected by market or economic factors, which could have a major effect on the value of the Sub-Fund's investments.



## **Swaps**

In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realised on particular pre-determined investments or instruments.

Swaps contracts can be individually traded and structured to include exposure to different types of investment or market factors. Depending on their structure, these swap operations can increase or decrease the exposure of the Sub-Fund to strategies, shares, short- or long-term interest rates, foreign currency values, borrowing rates or other factors. Swaps can be of different forms, and are known under different names; they can increase or decrease the overall volatility of the Sub-Fund, depending on how they are used. The main factor that determines the performance of a swap contract is the movement in the price of the underlying investment, specific interest rates, currencies and other factors used to calculate the payment due by and to the counterparty. If a swap contract requires payment by the Sub-Fund, the latter must at all times be able to honour said payment. Moreover, if the counterparty loses its creditworthiness, the value of the swap contract entered into with this counterparty can be expected to fall, entailing potential losses for the Sub-Fund.

### **Specific risks linked to securities lending and repurchase transactions**

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

In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by a Sub-Fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund, or (iii) yield a sum less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales

As regards securities lending transactions, investors must be aware in particular that (A) if the borrower of the securities lent by a Sub-Fund does not return them, there is a risk that the guarantee received will realise a value that is less than that of the securities lent, due to an inaccurate valuation of the guarantee, unfavourable fluctuations in the market, a deterioration in the credit rating of the issuers of the guarantee or the illiquidity of the market on which the guarantee is traded; and that (B)

delays in the return of securities lent can limit the ability of a Sub-Fund to honour delivery obligations by virtue of sales of securities.

### **Contingent Convertible Fixed Income Instruments**

Contingent convertible bonds are fixed income instruments that, when certain predefined events occur ("Trigger Event"), trigger their conversion from debt into equity. Such Trigger Events may occur when the issuer of the contingent convertible bonds is in crisis, as determined either by regulatory assessment or objective losses (e.g. measure of the issuer's core tier 1 capital ratio).

In addition to the liquidity risk mentioned above, investment in contingent convertible bonds may entail the following risks (non-exhaustive list):

Capital structure inversion risk: contrary to classical capital hierarchy, contingent convertible bonds' investors may suffer a loss of capital when equity holders do not.

Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager of the relevant Sub-Fund to anticipate the Trigger Events that would require the debt to convert into equity.

Conversion risk: it might be difficult for the Investment Manager of the relevant Sub-Fund to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might have to sell all or part of these new equity shares in order to ensure compliance with the investment policy of the Sub-Fund. This sale may itself lead to liquidity issue for these shares.

Coupon cancellation: for some contingent convertible bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

Call extension risk: some contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

Unknown risk: the structure of contingent convertible bonds is innovative yet untested.

Valuation and Write-down risks: the value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, a Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Industry concentration risk: investment in contingent convertible bonds may lead to an increased industry concentration risk as such securities are issued by a limited number of banks.

General: Contingent convertible instruments are currently still untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, it is uncertain whether the market will view the issue as an idiosyncratic event or systemic. In the latter case,

potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. Furthermore, activation of a trigger or suspension of coupon payments could cause a broader sell-off of contingent convertible instruments, thereby decreasing liquidity in the market. In an illiquid market, price formation may be increasingly stressed.

## **X. SHARES**

The Board of Directors may, for a single Sub-Fund, issue one or more Class of Shares distinguished either by a particular distribution policy, sales or redemptions commission structure, management and advisory commission structures, specific distribution commission structures, or by any other distinctive criteria.

The subscription price for shares in each Class of Shares is invested in the assets of the relevant Sub-Fund. In principle, all assets and liabilities related to a specific Class of Shares are allocated to that Class of Shares. To the extent that costs and expenses are not directly chargeable to a specific Class of Shares, they shall be shared proportionally among the various Classes of Shares according to their net asset values or, if circumstances warrant it, allocated equally among the Classes of Shares. The same applies *mutatis mutandis* to Sub-Funds. The assets of a specific Sub-Fund will only meet the liabilities, commitments and obligations relating or attributable to such Sub-Fund.

All shares, of whichever Sub-Fund or Class of Shares, will be issued in registered form only. No certificate will be issued. All holders of the shares will have their names entered into the shareholders' register which will be held at the Company's registered office. Investors subscribing through a nominee may, unless prevented by applicable rules and regulations, request to be inscribed directly in the shareholders' register.

Shareholders will only receive confirmation that their names have been recorded in the shareholders' register.

Fractions of shares up to three decimals will be issued.

Fractions of shares do not carry voting rights but entitle shareholders to the relevant fraction of the net assets attributable to the relevant Class of Shares.

All shares must be fully paid-up and do not confer any preferential or pre-emption rights. Each whole share of the Company carries one vote in all general meetings of shareholders, in accordance with Luxembourg law and the Articles.

## **XI. ISSUANCE OF SHARES**

The Company may for each Sub-Fund issue shares at a price calculated as of each Valuation Day (see section "Calculation and Publication of the Net Asset Value of shares and the Issue, Redemption and Conversion Prices of Shares").

For each Class of Shares, the subscription price shall be based on the Net Asset Value of a share as of

the relevant Valuation Day, plus any charges as described for each Sub-Fund in the Appendix.

The Board of Directors may impose a minimum subscription and minimum holding requirement for each registered shareholder in the different Sub-Funds and/or different Classes of Shares within each Sub-Fund as set out in the Appendix. The Board of Directors may also impose subsequent minimum subscription requirements. It may decide to waive, at its discretion, any such minimum subscription, minimum holding and subsequent minimum subscription amounts.

Shareholders wishing to subscribe for shares in the Company must make an irrevocable subscription request by sending such request to the Registrar and Transfer Agent.

Shares will be allotted as of the relevant Valuation Day.

The subscription price will be payable in the Reference Currency of the shares being subscribed.

Shares may be issued, at the discretion of the Board of Directors, against contributions in kind. However, assets so contributed have to comply with the investment policies of the Sub-Fund concerned as disclosed in the present Prospectus. The assets contributed to the Sub-Funds under the conditions mentioned above will be subject, if required by applicable laws and regulations, to a special report of the approved statutory auditor of the Company.

Any costs relating to such contributions in kind including the aforementioned report are borne by the relevant investor or by a third party, but will not be borne by the Company unless the Board of Directors considers that the subscription in kind is in the interest of the Company or made to protect the interests of the Company

Unless otherwise provided in the Appendix, the subscription price for each share must be available to the Company on an account of the Depositary Bank in cleared monies within three Business Days following the relevant Valuation Day applicable to such subscription (unless otherwise stated in the relevant Appendix), otherwise the subscription may be cancelled.

No shares of a given Sub-Fund will be issued in case the calculation of the Net Asset Value per share of this Sub-Fund is temporarily suspended by the Company.

The Company reserves the right to reject, in whole or in part, any subscription without giving any reason therefor.

### **Institutional Investors**

As detailed in the Appendix, the sale of shares of certain Classes of Shares may be restricted to Institutional Investors and the Company will not issue or give effect to any transfer of shares of such Classes of Shares to any investor who may not be considered an Institutional Investor.

The Company may, at its discretion, delay the acceptance of any subscription for shares of a class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor.

### **Ineligible Applicants**

The Company requires each prospective applicant for shares to represent and warrant to the Company that, among other things, he is able to acquire and hold shares without violating applicable laws and that he fulfils any eligibility requirements in relation to such shares as detailed in the Appendix for each Sub-Fund.

The shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Board of Directors, might result in the Company incurring any liability to taxation or suffering any other disadvantage which the Company might not otherwise incur or suffer, or would result in the Company being required to register under any applicable foreign (including US) securities laws.

As mentioned above, shares are freely transferable. The Board of Directors may refuse to register a transfer which would result in (i) a breach of the applicable sale and transfer restrictions (including not fulfilling the relevant eligibility requirements of a Class of Shares), or (ii) either the transferor or the transferee remaining or being registered (as the case may be) as the holder of shares in a Sub-Fund valued at less than the minimum holding requirement.

The Company will require from each registered shareholder acting on behalf of other investors that any assignment of rights to shares be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the applicable sale and transfer restrictions and minimum holding requirement.

### **Prevention of money laundering and terrorist financing**

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, relevant CSSF circulars concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations that have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from occurrences of money laundering and financing of terrorism. As a result of such provisions, the register and transfer agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The register and transfer agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the register and transfer agent, as delegate of the Company, may request any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined below) and FATCA.

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in the event of redemption, payment of redemption proceeds delayed. Neither the UCI nor the register and transfer agent will be held responsible for said delay or for failure to process deals resulting from not providing documentation or providing incomplete documentation.

From time to time, shareholders may be asked to supply additional or updated identification

documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations. The Administrative Agent in its capacity as register and transfer agent will undertake all filings required by the Luxembourg law of 13 January 2019 instituting a register of beneficial owners in strict compliance with applicable requirements and update such filings as necessary.

## **XII. REDEMPTION OF SHARES**

Pursuant to the Articles and as provided below, each shareholder of the Company has the right to request the Company to redeem all or some of the shares he/she/it holds as of any Valuation Day.

Shareholders who wish all or some of their shares to be redeemed by the Company must make an irrevocable redemption request by sending such request to the Registrar and Transfer Agent.

The Redemption Price for each Class of Shares is based on the Net Asset Value per share as of the applicable Valuation Day less any charges set forth in the Appendix for the relevant Sub-Fund.

Unless otherwise provided for in the Appendix, the Redemption Price will in principle be paid no later than three (3) Business Days after the relevant Valuation Day.

Payment will be made by bank transfer to the account previously communicated to the Company

The Redemption Price will be paid in the Reference Currency of the relevant Class of Shares.

With the consent of or upon request of the shareholder(s) concerned, the Board of Directors may (subject to the principle of equal treatment of shareholders) satisfy redemption requests in whole or in part in kind by allocating to the redeeming shareholders investments from the portfolio in value equal to the Net Asset Value attributable to the shares to be redeemed. Such redemption will, if required by law or regulation, be subject to a special audit report by the statutory approved auditor of the Company confirming the number, the denomination and the value of the assets which the Board of Directors will have determined to be allocated in counterpart of the redeemed shares. The costs for such redemptions in kind, in particular the costs of the special audit report, will be borne by the shareholder requesting the redemption in kind or by a third party, but will not be borne by the Company unless the Board of Directors considers that the redemption in kind is in the interest of the Company or made to protect the interests of the Company.

If, because of applications for redemption or conversion, it is necessary on a given Valuation Day to repurchase or convert more than 10% of the shares issued in a particular Sub-Fund, the Board of Directors may decide that redemptions or conversions exceeding such threshold have to be postponed to the next Valuation Day for that Sub-Fund. On that Valuation Day, applications for redemption or conversion which had been postponed shall be given priority over applications for redemption or conversion received in relation to that Valuation Day (and which had not been postponed).

### **Compulsory Redemptions**

The Board of Directors have the right to require the compulsory redemption of all shares held by or for the benefit of a shareholder if the Board of Directors determines that the shares are held by or for the benefit of any shareholder who is or becomes an Ineligible Applicant as described under "Subscriptions". The Company also reserves the right to require compulsory redemption of all shares held by a shareholder in a Sub-Fund if the Net Asset Value of the shares held in such Sub-Fund by the shareholder is less than the applicable minimum holding requirement, as specified in the Appendix.

Shareholders are required to notify the Company immediately if at any time they become US persons, hold shares for the account or benefit of US persons or otherwise become Ineligible Applicants.

When the Board of Directors become aware that a shareholder (A) is a US person or is holding shares for the account or benefit of a US person; (B) is holding shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Company or its shareholders; or (C) has failed to provide any information or declaration required by the Board of Directors within ten days of being requested to do so, the Board of Directors will either (i) direct such shareholders to redeem or to transfer the relevant shares to a person who is qualified or entitled to own or hold such shares or (ii) redeem the relevant shares.

If it appears at any time that a holder of shares of a Class of Shares restricted to Institutional Investors is not an Institutional Investor or that a holder of shares does not fulfil the eligibility requirements for the relevant Class of Shares, the Company will either redeem the relevant shares in accordance with the above provisions or convert such shares into shares of a Class of Shares which is not restricted to Institutional Investors or into a Class of Shares for which the holder of shares fulfils the eligibility requirements (provided there exists such a Class of Shares with similar characteristics) and notify the relevant shareholder of such conversion.

Any person who becomes aware that he is holding shares in contravention of any of the above provisions and who fails to transfer or redeem his shares pursuant to the above provisions shall indemnify and hold harmless the Management Company, each of the Directors, the Company, the Depositary Bank, the Administrative Agent, the Investment Adviser (if any), the Investment Manager and the shareholders of the Company (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

### **XIII. CONVERSION OF SHARES**

Pursuant to the Articles and the provisions below, each shareholder has the right to request the Company to convert the shares it holds in one given Class of Shares to shares of another Class of Shares within the same Sub-Fund or in another Sub-Fund, provided that the shareholder satisfies the conditions for subscription and holding of the relevant Class of Shares.

The rate at which the shares are converted is calculated by reference to the Net Asset Values of the

relevant shares, as determined on the relevant Valuation Day and pursuant to the following formula:

$$A = \frac{B \times C \times D}{E}$$

where:

A: Represents the number of shares to be allocated upon conversion.

B: Represents the number of shares to be converted.

C: Represents the Net Asset Value, as at the applicable Valuation Day, of the shares to be converted.

D: Represents, if appropriate, the average exchange rate, as at the applicable Valuation Day, between the reference currencies of the two relevant Classes of Shares or Sub-Funds.

E: Represents the Net Asset Value, as at the applicable Valuation Day, of the shares to be allotted upon conversion.

Shares may be converted as of each Valuation Day in the relevant Class of Shares or Sub-Fund.

The conditions and notice formalities applicable to the redemption of shares shall apply *mutatis mutandis* to the conversion of shares.

A conversion charge, at the rate disclosed in the Appendix for the relevant Sub-Fund may be charged to shareholders. In case the conversion charge shall be for the benefit of a Sub-Fund, the conversion fee shall be identical for all conversion requests received on the same Valuation Day of that Sub-Fund.

#### **XIV. PREVENTION OF MARKET TIMING AND LATE TRADING RISKS**

The Board of Directors will not knowingly authorise any practice associated with *market timing* and *late trading*, and reserves the right to reject any request for the subscription or conversion of shares received from investors that the Board of Directors suspects of employing these practices or practices associated with the same and, where applicable, to take any measures necessary to protect other investors in the Company.

*Market timing* refers to the arbitrage technique whereby an investor systematically subscribes to and redeems or converts shares in the Company over a short period of time by exploiting time differences and/or imperfections or deficiencies of a system for calculating the **Net Asset Value** of shares in the Company.

*Late trading* refers to the acceptance of an order for the subscription, conversion or redemption of shares received after the deadline for the acceptance of orders as of the applicable Valuation Day and its execution at the price based on the Net Asset Value of the shares as of the applicable Valuation Day.



## **XV. LISTING**

The shares of the Company may, at the sole discretion of the Directors of the Company, be listed on the Luxembourg Stock Exchange. A list of shares so listed is available upon request from the registered office of the Company.

## **XVI. CALCULATION AND PUBLICATION OF THE NET ASSET VALUE OF SHARES AND THE ISSUE, REDEMPTION AND CONVERSION PRICES OF SHARES**

The Net Asset Value per share for each Class of Shares is determined in each Sub-Fund under the responsibility of the Board of Directors, in the currency in which the Class of Shares is denominated.

The Net Asset Value of a share of a particular Class of Shares or from a particular Sub-Fund will be equal to the value obtained by dividing the net assets attributable to this Class of Shares or Sub-Fund by the total number of shares issued and in circulation in this Class of Shares or Sub-Fund.

The Net Asset Value per share is calculated as of each Valuation Day as determined for each Sub-Fund in the Appendix. The assets and liabilities of the Company will be determined according to the principles below:

- (a) The value of cash at hand and on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interest declared or due but not yet collected, shall be deemed to be the full value thereof. However, if it is unlikely that this value will be received in full, the value thereof will be determined deducting the amount the Company considers appropriate to reflect the true value thereof.
- (b) The value of all transferable securities listed or traded on a stock exchange will be determined based on the last available price published on the market considered to be the main market for trading the transferable securities in question.
- (c) The value of all transferable securities traded on another regulated market, operating regularly, recognised and open to the public shall be assessed based on the most recent price available.
- (d) Inasmuch as transferable securities in a portfolio are not traded or listed on a stock exchange or another Regulated Market or if, for securities listed or traded on such an exchange or other market, the price determined in accordance with (b) or (c) above is not representative of the real value of these transferable securities, these will be valued based on their probable realisation value, which will be estimated in a prudent manner and in good faith.
- (e) The liquidation value of financial derivative instruments not traded on stock exchanges will be determined in accordance with the rules set by the Board of Directors in a prudent manner and in good faith.
- (f) Undertakings for collective investment are valued at the latest known Net Asset Value or sale

price in the event that prices are listed.

- (g) All other securities and assets are valued at their probable realisation value estimated in a prudent manner and in good faith according to procedures established by the Board of Directors.

The value of all assets and commitments not denominated in the reference currency of the Sub-Fund will be converted into the reference currency of the Sub-Fund at the prevailing market rate of exchange as set by the Depositary Bank. If these prices are not available, the rate of exchange will be determined in a prudent manner and in good faith according to the procedures put in place by the Board of Directors.

The Board of Directors can, at its sole discretion, allow the use of any other valuation method if it considers that aforementioned valuation principles do not reflect the probable realisation value or fair value of an asset held by the Company.

### **Dilution**

A Sub-Fund may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and of the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Sub-Fund. This is known as "dilution". In order to counter this and to protect Shareholders' interests, the Board of Directors may apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Board of Directors may make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The Board of Directors may alternatively decide to charge a dilution levy on subscriptions or redemptions, as described below.

### **Dilution Levy**

The Company has the power to charge a "dilution levy" of up to 1% of the applicable NAV on individual subscriptions or redemptions, such "dilution levy" to accrue to the affected Sub-Fund. The Company will operate this measure in a fair and consistent manner to reduce dilution and only for that purpose and such dilution levy will not be applied if the swing pricing mechanism is used.

## **XVII. TEMPORARY SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE OF SHARES AND THE ISSUE, REDEMPTION AND CONVERSION PRICES OF SHARES**

The Company may suspend the calculation of the Net Asset Value per share of a given Sub-Fund or Class of Shares and, if necessary, the issue, redemption and conversion of shares of this Sub-Fund or Class of Shares under certain circumstances. These circumstances may include:

- a) during any period when any market or stock exchange, on which a material part of the investments of the relevant Sub-Fund for the time being is quoted, is closed, or during which dealings are substantially restricted or suspended;

- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to such Sub-Fund would be impracticable;
- c) during any breakdown or restriction in the use of the means of communication normally employed to determine the price or value of any of the investments attributable to such Sub-Fund or the current prices or values of any stock exchange;
- d) during any period when the Company is unable to repatriate monies for the purpose of making payments on the redemption of such shares or during which any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption of such shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- e) during any period when in the opinion of the Board of Directors there exist unusual circumstances where it would be impracticable or unfair towards the shareholders to continue dealing with shares of any Sub-Fund or any other circumstance where a failure to do so might result in the shareholders of the Company, a Sub-Fund or a Class of Shares incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment which the shareholders of the Company, a Sub-Fund or a Class of Shares might not otherwise have suffered;
- f) in the event of the publication (i) of the convening notice to a general meeting of shareholders at which a resolution to wind up the Company or a Sub-Fund is to be proposed, or of the decision of the Board of Directors to wind up one or more Sub-Funds, or (ii) to the extent that such a suspension is justified for the protection of the shareholders, of the notice of the general meeting of shareholders at which the merger of the Company or a Sub-Fund is to be proposed, or of the decision of the Board of Directors to merge one or more Sub-Funds;
- g) in the case of the suspension of the calculation of the net asset value of one or several funds in which a Sub-Fund has invested a substantial portion of assets.

Notice of any suspension will be published by the Company, if it considers it appropriate, and notified to shareholders that have made a request for subscription, redemption or conversion of shares in respect of which calculation of the Net Asset Value has been suspended.

During any suspension of the calculation of the Net Asset Value, requests for subscription, redemption or conversion of shares may be revoked provided such requests reach the Company prior to the lifting of the suspension period. Failing revocation, the issue, redemption or conversion price shall be based on the Net Asset Value calculated as of the first Valuation Day after the end of the suspension period.

Any suspension relating to a Sub-Fund shall have no effect on the calculation of the Net Asset Value, and, if applicable, the issue, redemption or conversion price of the shares of any other Sub-Fund.

#### **XVIII. GENERAL MEETINGS OF SHAREHOLDERS AND FINANCIAL YEAR**

The annual general shareholders' meeting is held at the registered office of the Company or any

other location in Luxembourg specified in the convening notice, on the third Tuesday of April or, if that day is not a Business Day, on the next following Business Day.

If permitted by and under the conditions set forth in Luxembourg laws and regulations, the annual general meeting of shareholders may be held at a date, time or place other than those set forth in the preceding paragraph, that date, time or place to be decided by the Board of Directors.

Shareholders will meet upon call by the Board of Directors or upon the written request of shareholders representing at least one tenth of the share capital of the Company, pursuant to a notice setting forth the agenda, sent in accordance with Luxembourg laws.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of shareholders may provide that the quorum and the majority at this general meeting shall be determined according to the shares issued and outstanding at a certain date and time preceding the general meeting (the "Record Date"), whereas the right of a shareholder to attend a general meeting of shareholders and to exercise the voting rights attaching to his/its/her shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

The financial year of the Company starts on January 1 and ends on December 31 of the same year.

#### **XIX. PERIODICAL REPORTS AND PUBLICATIONS**

The Company publishes an audited annual report and an unaudited semi-annual report. These reports include financial information relating to the various Sub-Funds of the Company as well as the composition and progression of the price of their assets. Each report also contains a consolidated statement of the assets of each Sub-Fund expressed in Dollars. Annual reports are published within four months following the close of the financial year. Semi-annual reports are published within two months of the end of the six month period ending on 30 June in each year.

All these reports will be made available to shareholders at the registered office of the Company, by the Administrative Agent and by any appointed distributor or intermediary.

The Net Asset Value per share of each Sub-Fund as well as the issue and redemption prices will be made public at the registered office of the Administrative Agent and of the Company.

The following documents may be consulted free of charge on each Business Day during normal business hours at the Company's registered office:

- The Articles;
- The Prospectus;
- The Key Investor Information Documents;
- The Depositary Bank agreement;
- The Central Administration Agreement;
- The Investment Management Agreements;
- The Management Company Services Agreement; and
- Annual and semi-annual reports.

A copy of the Articles, the Prospectus and copies of the annual and semi-annual reports of the Company may be requested free of charge from the registered office of the Company.

In addition, the Prospectus and the Key Investor Information Documents, as appropriate, are available under [www.fundinfo.com](http://www.fundinfo.com).

## **XX. DISTRIBUTION POLICY**

The Board of Directors may decide to issue capitalisation or distribution shares.

In principle, distribution shares give their owners the right to receive distributions. Following each distribution, the proportion of the net assets to be attributed to such distribution shares shall be reduced by an amount equal to the amount of the distribution, thus resulting in a reduction of the net assets attributable to such distribution shares. In principle, capitalisation shares will not make distributions.

Distributions may be composed of income (e.g. dividend income and interest income), realised and/or unrealised gains on investment, and capital.

To the extent that distributions are paid out of sources other than income, such payment of distributions amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that Class of Shares. Shareholders may receive a higher distribution than they would have otherwise received in a Class of Shares where fees and expenses are deducted from the distributable income.

Investors should note that the charging of fees and expenses to sources other than income as described above may constrain future capital growth for such shares together with the likelihood that the value of future returns would be diminished.

The payment of fees and expenses out of sources other than income may result in distributions paid effectively out of the capital of such shares. In these circumstances, distributions made in respect of such shares should be understood by investors as a form of capital reimbursement.

Investors in certain countries may be subject to higher tax rates on distributions than on capital gains from the sale of Company shares. Some investors may therefore prefer to subscribe to capitalising rather than distributing Classes of Shares. Investors are advised to consult their tax adviser on this matter.

At the annual general meeting, the shareholders of each Class of Shares shall decide, upon the proposal of the Board of Directors and subject to the limits imposed by this Prospectus and by law, the amount of distributions to be disbursed, if any, for such Class of Shares.

No distribution shall reduce the share capital of the Company to an amount less than the minimum provided by the 2010 Law.

The Board of Directors may decide to pay interim distributions.

Distributions shall be paid in the Reference Currency of the relevant Class of Shares.

In the event that a dividend is declared and is not claimed by the beneficiary within five years from the date of declaration, it may no longer be claimed and shall be returned to the relevant Sub-Fund for the benefit of the relevant Class of Shares. No interest will be payable on any dividend declared by the Company and held at the disposal of the beneficiary.

## **XXI. TAX TREATMENT OF THE COMPANY AND ITS SHAREHOLDERS**

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### **Taxation of the Company**

The Company is not subject to taxation in Luxembourg on its income, profits or gains.

The Company is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the shares of the Company.

The Company is, however, subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its net asset value at the end of the relevant quarter, calculated and paid quarterly.

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

Subscription tax exemption applies to:

- investments in a Luxembourg UCI, as well as individual compartments thereof, subject itself to the subscription tax;
- UCITS, as well as individual compartments thereof, (i) whose securities are reserved for institutional investors, and (ii) whose sole object is the collective investment in money market instruments and the placing of 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;

- UCITS, as well as individual compartments thereof, the shares of which are reserved to certain retirement pension schemes;
- UCITS, as well as individual compartments thereof, whose main objective is the investment in microfinance institutions; and
- UCITS, as well as individual compartments thereof, whose securities are listed or traded on a stock exchange and whose exclusive object is to replicate the performance of one or more indices.

### **Withholding tax**

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

### **Taxation of the Shareholders**

#### Luxembourg-resident individuals

Capital gains realised on the sale of the shares by Luxembourg-resident individual Investors who hold the shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the shares are sold within 6 months from their subscription or purchase; or
- (ii) if the shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the Company.

Distributions received from the Company will be subject to Luxembourg personal income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*).

#### Luxembourg-resident corporate

Luxembourg-resident corporate Investors will be subject to corporate taxation at the applicable rate on capital gains realised upon disposal of shares and on the distributions received from the Company.

Luxembourg-resident corporate Investors who benefit from a special tax regime, such as, for example, (i) a UCI subject to the 2010 Law, (ii) a specialised investment fund subject to Law of 13 February 2007 on specialised investment funds, as amended, (iii) a reserved alternative investment funds subject to the Law of 23 July 2016 on reserved alternative investment funds (to the extent they

have not opted to be subject to general corporation taxes), or (iv) a family wealth management company subject to the Law of 11 May 2007 related to family wealth management companies, as amended, are exempt from income tax in Luxembourg, but are instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The shares shall be part of the taxable net wealth of the Luxembourg-resident corporate Investors except if the holder of the shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the Law of 22 March 2004 on securitisation, as amended, (iii) an investment company in risk capital subject to the Law of 15 June 2004 on the investment company in risk capital, as amended, (iv) a specialised investment fund subject to the Law of 13 February 2007 on specialised investment funds, as amended, (v) a reserved alternative investment fund subject to the Law of 23 July 2016 on reserved alternative investment funds, or (vi) a family wealth management company subject to the Law of 11 May 2007 related to family wealth management companies, as amended. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

#### Non-Luxembourg residents

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the shares nor on the distribution received from the Company and the shares will not be subject to net wealth tax.

#### **Automatic Exchange of Information**

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive will apply for the first time by 30 September 2018 for the calendar year 2017, i.e. the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003, as amended (the "Savings Directive"), will apply for one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report the financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Company may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Company in accordance with applicable data protection law. Information regarding an Investor and his/her/its account will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such an account is deemed a CRS reportable account under the CRS Law. The Company is responsible for the treatment of the personal data provided for in the CRS Law. The Investors have a right of access to and rectification of the data communicated to



the Luxembourg tax authorities (*Administration des Contributions Directes*) which can be exercised by contacting the Company at its registered office.

The Company reserves the right to refuse any application for shares if the information, whether provided or not, does not satisfy the requirements under the CRS Law.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

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

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

#### **FATCA**

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes ("FATCA reportable accounts"). Any such information on FATCA reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the Convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The SICAV intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company. The Company will continually assess the extent of the requirements that FATCA, and notably the FATCA Law, place upon it.

To ensure the Company's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Management Company, in its capacity as the Company's management company, may:

- a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of an Investors FATCA registration with the IRS or a corresponding exemption, in order to ascertain that shareholder's FATCA status;

- b) report information concerning an Investor and his/her/its account holding in the Company to the Luxembourg tax authorities if such an account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Investors with FATCA status of a non-participating foreign financial institution;
- d) deduct applicable US withholding taxes from certain payments made to an Investor by or on behalf of the SICAV in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e) divulge any such personal information to any immediate payer of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

The Company is responsible for the treatment of the personal data provided for in the FATCA Law. The personal data obtained will be used for the purposes of the FATCA Law and such other purposes indicated by the Company in accordance with applicable data protection legislation, and may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*). Responding to FATCA-related questions is mandatory. The Investors have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and may contact the Company at its registered office to exercise their right.

The Company reserves the right to refuse any application for shares if the information provided by a potential investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

## **XXII. CHARGES AND EXPENSES**

The Company will pay all the expenses to be borne by it, including without limitation, expenses relating to the incorporation and subsequent amendment of the Articles, commissions payable to the Management Company, the Investment Managers and/or the Investment Adviser (if any) (as provided in the Prospectus), the Depositary Bank, the Administrative Agent and other agents of the Company, to the members of the Board of Directors and to representatives in those places where the Company is registered, expenses relating to legal advice and auditing of the Company's accounts, expenses in connection with the preparation, advertising, printing and publication of marketing documents, filing or registration expenses, all taxes and duties levied by governmental authorities and stock exchanges, expenses relating to the publication of issue, redemption and conversion prices, all other operating expenses, including finance, banking or brokerage fees incurred on the purchase or sale of assets or otherwise, and all other administrative expenses. In addition, directors may obtain reimbursement of travel, hotel and other expenses incurred in connection with their attendance at Board of Directors' meetings or general shareholders' meetings of the Company.

Expenses relating to the creation of a new Sub-Fund will be amortised over a period of no more than five years on the assets of this Sub-Fund.

Pictet & Cie (Europe) S.A. and FundPartner Solutions (Europe) S.A. will be paid a remuneration for their depositary bank and central administration services respectively as disclosed in the relevant Appendix. The depositary bank and central administration commissions are payable in arrears and

may vary from one Sub-Fund to another.

The fees payable to the Investment Managers and/or Investment Adviser (if any) are disclosed in the Appendix for each Sub-Fund.

### **XXIII. DISSOLUTION OF THE COMPANY**

The Company may be dissolved at any time by decision of the general meeting of shareholders deciding with the same quorum and majority requirements as for the amendment of the Articles.

The question of the dissolution of the Company must also be submitted to the general meeting of shareholders if the share capital falls below two-thirds of the minimum share capital required by the 2010 Law; in this case, the general meeting shall deliberate with no quorum requirement and shall decide by a simple majority of the votes cast.

The question of the dissolution of the Company must also be submitted to the general meeting of shareholders if the share capital falls below one quarter of the minimum share capital required by the 2010 Law; in this case, the general meeting shall deliberate with no quorum requirement and the dissolution may be resolved by shareholders holding a quarter of the shares at the meeting.

Such general meeting of shareholders shall be convened so that it is held within 40 days from the ascertainment that the net assets of the Company have fallen below two-thirds or one quarter of the minimum share capital, as the case may be.

### **XXIV. LIQUIDATION AND MERGER OF SUB-FUNDS**

#### **1. Liquidation of a Sub-Fund**

The Board of Directors may decide to close one or more Sub-Funds in the interests of the shareholders, if, in the opinion of the Board of Directors, significant changes in the political or economic situation render this decision necessary or if for any reason the value of the net assets of one or more Sub-Funds falls below an amount considered by the Board of Directors to be the minimum threshold for the Sub-Fund to be managed properly.

The Board of Directors may also decide to convene a general shareholders' meeting for a Sub-Fund for the purpose of deciding its dissolution. This general meeting will deliberate without any quorum requirement and the decision to dissolve the Sub-Fund will be taken by a majority of the votes cast.

In the event of the dissolution of a Sub-Fund or the Company, the liquidation will be carried out pursuant to the provisions of the 2010 Law, which sets out the procedures to enable shareholders to benefit from liquidation proceeds and in this context provides for the depositing of any amount that could not be distributed to shareholders when the liquidation is complete with the *Caisse de Consignation* in Luxembourg.

## **2. Merger with another Sub-Fund or with another undertaking for collective investment**

The Board of Directors may decide to merge any Sub-Fund with another undertaking for collective investment qualifying as a UCITS (whether subject to Luxembourg law or not) or with another Sub-Fund of the Company.

Any such merger shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of shareholders of the Sub-Fund concerned. No quorum is required for such a meeting and decisions are taken by a simple majority of the votes cast. In case of a merger of a Sub-Fund where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of shareholders resolving in accordance with the quorum and majority requirements for changing the Articles.

Any such merger will be undertaken in accordance with the 2010 Law which provides, inter alia, that shareholders will be informed of such mergers and have the possibility to redeem their shares free of charge during 30 days prior to the last day on which such redemptions will be accepted.

## **3. Consolidation / Split of Classes of Shares**

The Board of Directors may also decide to split or consolidate different Classes of Shares within a Sub-Fund. Such decision will be published in accordance with applicable laws and regulations.

## **4. Split of Sub-Funds**

The Board of Directors may decide the reorganisation of a Sub-Fund, by means of a division into two or more Sub-Funds. Such decision will be published in accordance with applicable laws and regulations. Such publication will normally be made one month before the date on which the reorganisation becomes effective in order to enable the shareholders to request redemption of their shares, free of charge, before the operation involving division into two or more Sub-Funds becomes effective.

## APPENDIX: THE SUB-FUNDS

### SCHEDULE 1: HBM UCITS (LUX) FUNDS – HBM GLOBAL BIOTECHNOLOGY FUND

#### 1. Reference currency

The reference currency of the Sub-Fund is the US Dollar (USD).

#### 2. Objectives of the Compartment

The investment objective of HBM Global Biotechnology Fund (hereafter the “Sub-Fund”) is to achieve long-term capital growth. The goal is to generate a value trend that exceeds the performance of the NASDAQ Biotechnology Index. No guarantee can be given that the investment objective will be achieved.

#### 3. Investment policy

To attain its investment objective, the Sub-Fund invests mainly in equities and equity-related securities (such as depositary receipts (ADR, GDR, etc.)) of companies worldwide that are mainly active in the biotechnology and (bio)pharmaceutical industries and/or whose principal activity is to hold or finance interest positions in such companies.

The biotechnology industry encompasses the entire biotechnology value chain in which companies produce, develop, exploit, market and/or sell methods, processes, technologies, products, or services. Biotechnology involves the implementation of insights in biology and biochemistry in the form of technical or technically leverageable elements that result in the development of new products and methods, particularly in the domains of healthcare, agriculture, ecology, food production or other industrial processes.

As regards market capitalisation, the Sub-Fund may invest in small-cap, mid-cap, and blue chip (large internationally known companies) companies.

Without being a constraint, the Investment Manager intends to mainly invest in North American and Western European companies. However, investments in other countries remain possible and may represent a large portion of the assets.

The Sub-Fund may also invest in instruments that are either issued by issuers in Emerging Markets and/or are denominated in currencies of Emerging Market or are economically coupled to the currencies of Emerging Market.

The Sub-Fund may also have an exposure to the biotechnology equities via investments in UCIs (UCITS and/or Other UCIs).

The Sub-Fund may invest, for cash management purposes and on an ancillary basis, in assets such as cash deposits, Money Market Instruments and/or UCIs whose principal investment objective is to invest in the foregoing instruments.

At least 51% of the value of each Sub-Fund will be invested in equity participations (“Kapitalbeteiligungen”) within the meaning of section 2 para. 8 of the German Investment Tax Act dated 16 July 2016 (German Federal Law Gazette 2016, p. 1730) as amended from time to time (Investmentsteuergesetz; InvStG 2018).

The Sub-Fund may not invest more than 10% of its net assets in any type of UCIs (UCITS and/or Other UCIs).

For hedging and investment purposes, the Sub-Fund may use all types of financial derivative instruments traded on a Regulated Market and/or OTC. In normal market conditions, the Investment Manager intends to focus on the use of listed options offering an exposure to equities.

If the Investment Manager considers this to be in the best interest of the Shareholders, on a temporary basis and for defensive purposes, the Sub-Fund may also hold up to 100% of its net assets in liquid assets such as, but not limited to, cash deposits, Money Market Instruments, highly rated fixed income instruments, treasury bills and/or UCIs whose principle objective is to invest in the foregoing.

The expected level of exposure to securities lending transactions amounts to 50% of the Sub-Fund’s net assets.

The Sub-Fund does not intend to gain exposure to total return swaps, repurchase agreements or reverse repurchase agreements.

#### **4. Investment Manager of the Sub-Fund**

The Management Company has appointed HBM Partners AG, Bundesplatz 1, CH-6300 Zug, Switzerland as Investment Manager of the Sub-Fund. For this purpose, an agreement was signed which may be terminated at any time by either party subject to a three months' notice.

#### **5. Valuation Day and Calculation Day**

A Valuation Day is each Wednesday that is a Business Day. If such day is a banking holiday in Luxembourg, the following Business Day will be the Valuation Day. Additionally, the last Business Day of each month will also be a Valuation Day.

The Net Asset Value of every Class of Shares in the Sub-Fund will be determined as of each Valuation Day, and calculated the Business Day after the Valuation Day (the “Calculation Day”).

#### **6. Deadline for receipt of subscription, redemption and conversion orders**

16:00 (Luxembourg time) one Business Day before the relevant Valuation Day.

#### **7. Value date for receipt of the subscription price and payment of the redemption price for shares**

The subscription price for each share must reach the Depository Bank three (3) Business Days

following the applicable Valuation Day.

The redemption price for each share will, in principle, be paid to the shareholder within three (3) Business Days from the applicable Valuation Day.

All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

|                             |   |
|-----------------------------|---|
| Cut-off                     | Subscription: 16:00 Lux time, 1 Business Day before the Valuation Day<br>Redemption: 16:00 Lux time, 1 Business Day before the Valuation Day<br>Conversion(*): 16:00 Lux time, 1 Business Day before the Valuation Day              |
| Valuation Day (Pricing Day) | As of each Wednesday that is a Business Day. If such day is a banking holiday in Luxembourg, the following Business Day will be the Valuation Day<br>Additionally, the last Business Day of each month will also be a Valuation Day |
| Calculation Day             | The Business Day following the relevant Valuation Day   |
| Settlement Day              | Subscription: within 3 Business Days after the relevant Valuation Day<br>Redemption: within 3 Business Days after the relevant Valuation Day<br>Conversion(*): within 3 Business Days after the relevant Valuation Day              |

(\*) Conversion: conversion orders between sub-funds with a different Valuation Day are not allowed.

## 8. Classes of Shares

The following Classes of Shares are available for subscription in the Sub-fund with the following characteristics:

| Class of Shares | ISIN                     | Minimum Subscription | Subscription Fee       | Redemption Fee | Conversion Fee | Investment Management Fee (up to)           |
|-----------------|--------------------------|----------------------|------------------------|----------------|----------------|---|
| A cap USD       | LU1540961759<br>35003342 | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.5% p.a plus Performance Fee <sup>2)</sup> |
| A cap CHF       | LU1540961833<br>35004488 | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.5% p.a plus Performance Fee <sup>2)</sup> |
| A cap EUR       | LU1540961916<br>35004487 | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.5% p.a plus Performance Fee <sup>2)</sup> |
| A cap GBP       | LU2036509490             | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.5% p.a plus Performance Fee <sup>2)</sup> |
| P cap USD       | LU1540962054<br>35004489 | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.1% p.a plus Performance Fee <sup>2)</sup> |
| P cap CHF       | LU1540962138<br>35004491 | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.1% p.a plus Performance Fee <sup>2)</sup> |
| P cap EUR       | LU1540962211<br>35004490 | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.1% p.a plus Performance Fee <sup>2)</sup> |
| P cap GBP       | LU2036509573             | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.1% p.a plus Performance Fee <sup>2)</sup> |

<sup>1)</sup> see point 10 for details

<sup>2)</sup> see point 12 for details

All Classes of Shares denominated in a currency other than the reference currency of the Sub-Fund will, at the discretion of the Investment Manager, be fully or partially hedged against this reference currency.

## **9. Distribution policy**

It is anticipated that the capitalisation shares issued in this Sub-Fund will not distribute any dividends.

## **10. Subscription, redemption and conversion fees**

A subscription fee of up to 3% of the Net Asset Value per share subscribed may be charged in relation to the Classes of Shares of this Sub-Fund for the benefit of the financial intermediaries and other persons involved in the distribution of shares.

No redemption or conversion fee shall be charged for Class A or Class P Shares.

## **11. Management Fee, Investment Management Fee, Administrative Agent Fee and Depositary Bank Fee:**

The Management Company is entitled to receive a Management Fee paid out of the assets of the Sub-Fund for its services at a rate of up to 0.20% p.a. calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares. The Management Company is in any case entitled to a minimum Management Fee of up to USD 90,000.

The Investment Manager is entitled to receive an Investment Management Fee paid out of the assets of the Sub-Fund for its services at a rate of up to up to 1.5 % p.a. (plus any applicable taxes, if any) for shares of Class A and up to 1.1 % p.a. (plus any applicable taxes, if any) for shares of Class P calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares.

The Administrative Agent is entitled to receive a central administration fee paid out of the assets of the Sub-Fund for its central administration services up to 0.20% p.a. calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares. The Administrative Agent is in any case entitled to a minimum central administration fee of USD 30,000.

The Depositary Bank is entitled to receive an annual depositary bank fee paid out of the assets of the Sub-Fund for its depositary bank services which is calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares and amounts to up to 0.20% p.a. The Depositary Bank is in any case entitled to a minimum depositary bank fee of USD 25,000.



The actual fees that are charged shall be disclosed in the respective annual or semi-annual report.

## 12. Performance Fee

The performance fee for each share class will be calculated and accrued on each valuation day during each financial period ending on 31 December (each a “**Calculation Period**”).

The performance fee shall be payable on the following dates (each a “**Payment Date**”):

- a) the last valuation day in each Calculation Period; or
- b) the date of termination of the Investment Management Agreement; or
- c) if the relevant share class is terminated before the end of a Calculation Period, the valuation day on which the final redemption of the share class takes place; or
- d) in the case of shares redeemed during a Calculation Period, the portion of the performance fee accrued in respect of those shares shall be payable within 20 business days after the end of the Calculation Period.

The performance fee is based on the Net Asset Value (NAV), equivalent to 15 % of the NAV per share performance over the Reference NAV, calculated over the Calculation Period.

The Reference NAV is defined as the greater of the two following figures:

- The High Water Mark which is the highest NAV per share at the last valuation date of any previous Calculation Period.
- Benchmark NAV which is the NAV per share on the last valuation day of the preceding Calculation Period adjusted by the NASDAQ Biotechnology Index (NBI) (the “**Benchmark**” return over the current Calculation Period. The calculation of the Benchmark return is reset at the beginning of each Calculation Period.

The High Watermark principle is used as a basis for calculations. If the fund sustains a value loss, the performance fee will not be owed until the value of the respective share class, less all costs, has reached a new high.

If applicable, the dividend per share paid to the shareholders will be deducted from both the High Water Mark and the Benchmark NAV.

The performance fee is calculated on the basis of the NAV per share, after deduction of all expenses, liabilities, and management fee (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is based on the NAV per share outperformance multiplied by the outstanding number of shares at the valuation date. No performance fee will be due if, (i) the NAV per share is inferior to the highest NAV per share at the last valuation date of any previous Calculation Period or if (ii) the return of the NAV per share is inferior to the return of the Benchmark over the Calculation Period.

Accruals will be booked for this performance fee on each valuation date. If the NAV per share underperforms the Reference NAV, the provisions made in respect of the performance fee will be reduced accordingly. If these accruals fall to zero, no performance fee will be payable.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription

impacts the amount of performance fee accruals. To perform the adjustment in relation with the subscribed shares, the outperformance of the NAV per share against the Reference NAV before the subscription date is not taken into account in the performance fee calculation. This adjustment amount is based on the product of the number of subscribed shares by the positive difference between the subscription price and the Reference NAV at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the next performance fee payment and is adjusted in case of subsequent redemptions during the period.

The performance fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fee may be paid on unrealised gains which may subsequently never be realised.

Investors have to be aware that the performance fee is not calculated on a share by share basis and that there is no equalisation mechanism or series of shares in order to allocate the performance fee amongst different investors. The performance fee may not correspond to the individual performance of the shares held by the investors.

### **13. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the Commitment Approach.

### **14. Other Information**

This Sub-Fund was launched on 16 August 2017 following the merger of the pre-existing Liechtenstein-domiciled fund “HBM Global Biotechnology Fund” with the Sub-Fund. HBM Global Biotechnology Fund pursued a similar strategy as the Sub-Fund and was managed by HBM Partners AG.

### **15. SFT Transactions disclosures**

This Sub-Fund will not enter into SFT Transactions except securities lending transactions (for more details please consult section VI, point 8 of the main part of the Prospectus).

No more than 100% of the net assets of the Sub-Fund are expected to be subject to securities lending transactions.

A maximum of 100% of the net assets of a Sub-Fund may be subject to securities lending transactions.

The Sub-Fund is not expected to have exposure to total return swaps, repurchase agreements and reverse repurchase agreements.

## SCHEDULE 2: HBM UCITS (LUX) FUNDS – HBM GLOBAL HEALTHCARE FUND

### 1. Reference currency

The reference currency of the Sub-Fund is the US Dollar (USD).

### 2. Objectives of the compartment

The investment objective of HBM Global Healthcare Fund (hereafter the “Sub-Fund”) is to achieve long-term capital gains, by pursuing a long/short strategy in the "healthcare" market. No guarantee can be given that the investment objective will be achieved.

### 3. Investment policy

With the long/short strategy (long and/or short positions), the Sub-Fund will mainly be exposed to equities and equity-related securities (such as depositary receipts (ADR, GDR, etc.)) of companies worldwide in the fields of pharmaceutical, biotechnological, and medical technologies and of companies engaged in medical services, equipment, and accessories worldwide and/or of companies whose principal activity is to hold interest positions in or finance such companies.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (such as contracts for difference).

As regards market capitalisation, the Sub-Fund may invest in small caps, mid-caps, and blue chips (large internationally known companies).

In order to achieve its objective, the Sub-Fund will mainly invest:

- directly in the above-mentioned equities and equity-related securities; and/or
- in financial derivative instruments having as underlying or offering an exposure to the above-mentioned securities.

Due to the use of financial derivative instruments, the Sub-Fund may hold a substantial part of its assets in the form of cash deposits, money market UCIs and Money Market Instruments.

The choice of investments will neither be limited by geographical area (including Emerging Markets) nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or a limited number of countries) and/or in a single currency.

The Sub-Fund may also gain exposure to the aforementioned instruments that are either issued by issuers in Emerging Market countries and/or are denominated in currencies of Emerging Markets or are economically coupled to the currencies of Emerging Market countries.

The Sub-Fund may also have an exposure to the healthcare equities via investments in UCIs (UCITS and/or Other UCIs).

At least 51% of the value of each Sub-Fund will be invested in equity participations (“Kapitalbeteiligungen”) within the meaning of section 2 para. 8 of the German Investment Tax Act dated 16 July 2016 (German Federal Law Gazette 2016, p. 1730) as amended from time to time (Investmentsteuergesetz; InvStG 2018).

The Sub-Fund may not invest more than 10% of its net assets in any type of UCIs (UCITS and/or

Other UCIs).

For hedging and investment purposes, the Sub-Fund may use all types of financial derivative instruments traded on a Regulated Market and/or OTC.

In normal market conditions, the Investment Manager intends to focus on the use of the following financial derivative instruments offering an exposure to equities: listed options, listed futures or contracts for difference.

If the Investment Manager considers this to be in the best interest of the Shareholders, on a temporary basis and for defensive purposes, the Sub-Fund may also hold up to 100% of its net assets in liquid assets such as but not limited to cash deposits, Money Market Instruments, highly rated fixed income instruments, treasury bills and/or UCIs whose principle objective is to invest in the foregoing.

The expected level of exposure to securities lending transactions amounts to 50% of the Sub-Fund's net assets.

The Sub-Fund does not intend to gain exposure to total return swaps, repurchase agreements or reverse repurchase agreements.

#### **4. Investment Manager of the Sub-Fund**

The Management Company has appointed HBM Partners AG, Bundesplatz 1, CH-6300 Zug, as Investment Manager of the Sub-Fund. For this purpose, an agreement was signed which may be terminated at any time by either party subject to a three months' notice.

#### **5. Valuation Day and Calculation Day**

A Valuation Day is each Wednesday that is a Business Day. If such day is a banking holiday in Luxembourg, the following Business Day will be the Valuation Day. Additionally, the last Business Day of each month will also be a Valuation Day.

The Net Asset Value will be determined as of each Valuation Day, and calculated the Business Day after the Valuation Day (the "Calculation Day").

#### **6. Deadline for receipt of subscription, redemption and conversion orders**

16:00 (Luxembourg time) one Business Day before the relevant Valuation Day.

#### **7. Value date for receipt of the subscription price and payment of the redemption price for shares**

The subscription price for each share must reach the Depository Bank three (3) Business Days following the applicable Valuation Day.

The redemption price for each share will, in principle, be paid to the shareholder within three (3) Business Days from the applicable Valuation Day.

All relevant dates and deadlines relating to subscription, redemption and conversion orders are

summarized in the table below:

|                             |   |
|-----------------------------|---|
| Cut-off                     | Subscription: 16:00 Lux time, 1 Business Day before the Valuation Day<br>Redemption: 16:00 Lux time, 1 Business Day before the Valuation Day<br>Conversion(*): 16:00 Lux time, 1 Business Day before the Valuation Day              |
| Valuation Day (Pricing Day) | As of each Wednesday that is a Business Day. If such day is a banking holiday in Luxembourg, the following Business Day will be the Valuation Day<br>Additionally, the last Business Day of each month will also be a Valuation Day |
| Calculation Day             | The Business Day following the relevant Valuation Day   |
| Settlement Day              | Subscription: within 3 Business Days after the relevant Valuation Day<br>Redemption: within 3 Business Days after the relevant Valuation Day<br>Conversion(*): within 3 Business Days after the relevant Valuation Day              |

(\*) Conversion: conversion orders between sub-funds with different Valuation Day are not allowed.

## 8. Classes of Shares

The following Classes of Shares are available for subscription in the Sub-fund with the following characteristics:

| Class of Shares | ISIN                     | Minimum Subscription | Subscription Fee       | Redemption Fee | Conversion Fee | Investment Management Fee (up to)           |
|-----------------|--------------------------|----------------------|------------------------|----------------|----------------|---|
| A cap USD       | LU1540960942<br>35006892 | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.6% p.a plus Performance Fee <sup>2)</sup> |
| A cap CHF       | LU1540961080<br>35006955 | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.6% p.a plus Performance Fee <sup>2)</sup> |
| A cap EUR       | LU1540961163<br>35006954 | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.6% p.a plus Performance Fee <sup>2)</sup> |
| A cap GBP       | LU2036509656             | none                 | Up to 3% <sup>1)</sup> | none           | none           | 1.6% p.a plus Performance Fee <sup>2)</sup> |
| P cap USD       | LU1540961247<br>35006956 | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.2% p.a plus Performance Fee <sup>2)</sup> |
| P cap CHF       | LU1540961320<br>35006958 | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.2% p.a plus Performance Fee <sup>2)</sup> |
| P cap EUR       | LU1540961676<br>35006957 | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.2% p.a plus Performance Fee <sup>2)</sup> |
| P cap GBP       | LU2036518566             | 500'000.-            | Up to 3% <sup>1)</sup> | none           | none           | 1.2% p.a plus Performance Fee <sup>2)</sup> |

<sup>1)</sup> see point 10 for details

<sup>2)</sup> see point 12 for details

All Classes of Shares denominated in a currency other than the reference currency of the Sub-Fund will, at the discretion of the Investment Manager, be fully or partially hedged against this reference currency.

## **9. Distribution policy**

It is anticipated that the capitalisation shares issued in this Sub-Fund will not distribute any dividends.

## **10. Subscription, redemption and conversion fees**

A subscription fee of up to 3% of the Net Asset Value per share subscribed may be charged in relation to the Classes of Shares of this Sub-Fund for the benefit of the financial intermediaries and other persons involved in the distribution of shares.

No redemption or conversion fee shall be charged for the Classes of Shares of this Sub-Fund.

## **11. Management Fee, Investment Management Fee, Administrative Agent Fee and Depository Bank Fee**

The Management Company is entitled to receive a Management Fee paid out of the assets of the Sub-Fund for its services at a rate of up to 0.20% p.a. calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares. The Management Company is in any case entitled to a minimum Management Fee of up to USD 90,000.

The Investment Manager is entitled to receive an Investment Management Fee paid out of the assets of the Sub-Fund for its services at a rate of up to up to 1.60% p.a. (plus any applicable taxes, if any) for shares of Class A and up to 1.2 % p.a. (plus any applicable taxes, if any) for shares of Class P, calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares.

The Administrative Agent is entitled to receive a central administration fee paid out of the assets of the Sub-Fund for its central administration services up to 0.20% p.a. calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares. The Administrative Agent is in any case entitled to a minimum central administration fee of USD 30,000.

The Depository Bank is entitled to receive an annual depository bank fee paid out of the assets of the Sub-Fund for its depository bank services which is calculated monthly on the basis of the average Net Asset Value of the respective Class of Shares and amounts to up to 0.20% p.a. The Depository Bank is in any case entitled to a minimum depository bank fee of USD 25,000.

The actual fees that are charged shall be disclosed in the respective annual or semi-annual report.

## **12. Performance Fee**

The performance fee for each share class will be calculated and accrued on each valuation day during each financial period ending on 31 December (each a “**Calculation Period**”).

The performance fee shall be payable on the following dates (each a “**Payment Date**”):

- a) the last valuation day in each Calculation Period; or
- b) the date of termination of the Investment Management Agreement; or
- c) if the relevant share class is terminated before the end of a Calculation Period, the valuation day on which the final redemption of the share class takes place; or
- d) in the case of shares redeemed during a Calculation Period, the portion of the performance fee accrued in respect of those shares shall be payable within 20 business days after the end of the Calculation Period.

The performance fee is based on the Net Asset Value (NAV), equivalent to 15 % of the NAV per share performance over the Reference NAV, calculated over the Calculation Period.

The Reference NAV is defined as the greater of the two following figures:

- The High Water Mark which is the highest NAV per share at the last valuation date of any previous Calculation Period.
- Benchmark NAV which is the NAV per share on the last valuation day of the preceding Calculation Period adjusted by the 3 months LIBOR in the respective currency of the class of shares, calculated pro rata temporis (the “**Benchmark**”) return over the current Calculation Period. The calculation of the Benchmark return is reset at the beginning of each Calculation Period.

The High Watermark principle is used as a basis for calculations. If the fund sustains a value loss, the performance fee will not be owed until the value of the respective share class, less all costs, has reached a new high.

If applicable, the dividend per share paid to the shareholders will be deducted from both the High Water Mark and the Benchmark NAV.

The performance fee is calculated on the basis of the NAV per share, after deduction of all expenses, liabilities, and management fee (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is based on the NAV per share outperformance multiplied by the outstanding number of shares at the valuation date. No performance fee will be due if, (i) the NAV per share is inferior to the highest NAV per share at the last valuation date of any previous Calculation period or if (ii) the return of the NAV per share is inferior to the return of the Benchmark over the Calculation Period.

Accruals will be booked for this performance fee on each valuation date. If the NAV per share underperforms the Reference NAV, the provisions made in respect of the performance fee will be reduced accordingly. If these accruals fall to zero, no performance fee will be payable.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform the adjustment in relation with the subscribed shares, the outperformance of the NAV per share against the Reference NAV before the subscription date is not taken into account in the performance fee calculation. This adjustment amount is based on the product of the number of subscribed shares by the positive difference between the subscription price and the Reference NAV at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the next performance

fee payment and is adjusted in case of subsequent redemptions during the period.

The performance fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fee may be paid on unrealised gains which may subsequently never be realised.

Investors have to be aware that the performance fee is not calculated on a share by share basis and that there is no equalisation mechanism or series of shares in order to allocate the performance fee amongst different investors. The performance fee may not correspond to the individual performance of the shares held by the investors.

### **13. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the Commitment Approach.

### **14. Other Information**

This Sub-Fund was launched on 16 August 2017 following the merger of the pre-existing Liechtenstein-domiciled fund “HBM Global Healthcare Fund” with the Sub-Fund. HBM Global Healthcare Fund pursued a similar strategy as the Sub-Fund and was managed by HBM Partners AG.

### **15. SFT Transactions disclosures**

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No more than 100% of the net assets of the Sub-Fund are expected to be subject to securities lending transactions.

A maximum of 100% of the net assets of a Sub-Fund may be subject to securities lending transactions.

The Sub-Fund is not expected to have exposure to total return swaps, repurchase agreements and reverse repurchase agreements.