

# **VTB Capital IM RUSSIA EQUITY UCITS FUND**

an investment company with variable capital  
*(société d'investissement à capital variable)*

organised as an undertakings for collective investment in transferable securities  
*(organisme de placement collectif en valeurs mobilières)*

incorporated in and under the laws of the Grand Duchy of Luxembourg

Registered Office: 106, route d'Arlon, L-8210 Mamer  
R.C.S. Luxembourg: B 54765  
VAT Registration No: LU21668963

## **PROSPECTUS**

**15 December 2021**

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VTB Capital IM Russia Equity UCITS Fund is a public limited liability company (*société anonyme*) which was incorporated under the laws of Luxembourg as an investment company with variable capital (*société d'investissement à capital variable*) and under the name "The MC Russian Market Fund" (the "**Fund**"). The Fund changed its name first from "The MC Russian Market Fund" into "Valartis Russian Market Fund" at the extraordinary general meeting of Shareholders held on 25 September 2012 and from "Valartis Russian Market Fund" into "VTB Capital IM Russian Market Fund" at the extraordinary general meeting of Shareholders held on 11 November 2015 and then from "VTB Capital IM Russian Market Fund" to "VTB Capital IM Russia Equity UCITS Fund" at the extraordinary general meeting of Shareholders on 28 October 2021.

The Fund is a UCITS subject to Part I of the 2010 Law. Its Shares may be offered for sale in other member states of the European Union subject to registration in such member states.

### **Documents available and accuracy of the information**

This Prospectus aims to give information on the Fund and its Shares. Subscriptions can be accepted only on the basis of the Prospectus in force, the relevant KIIDs and a copy of the latest annual report and semi-annual report of the Fund if the latter was published after the Fund's latest annual report. These reports form an integral part of the Prospectus.

A KIID must be provided to investors free of charge prior to any subscription for Shares. Prospective investors must consult the KIID pertaining to the relevant Class of Shares in which they intend to invest. Requests for subscription or conversion of Shares may only be accepted if the (prospective) Shareholder confirms having received the relevant KIID. KIIDs are available on the website of the initiator at and free of charge at the registered office of the Fund during normal business hours on any Luxembourg Business Day.

The Board of Directors is responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that it is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Shares 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 Fund or its Directors. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof. No person is authorised to give any information or to make any representation other than those contained in this Prospectus, or in the documents referred to herein and which can be consulted by the public.

Prospective investors should read this Prospectus and the relevant KIID in their entirety. In particular their attention is drawn to the risks factors listed in Clause 16.

If you are in doubt about the content of this Prospectus or about your position in relation to the acquisition, holding, disposal or receipt of distributions in respect of Shares, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

## **Selling 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 distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus comes are required to inform themselves about, and to observe, such restrictions. Prospective investors should inform themselves as to (i) the legal requirements within their own jurisdictions for the purchase, holding or disposal of Shares, (ii) any foreign exchange restrictions which may affect them, and (iii) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Shares.

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the **1933 Act**), the United States Investment Company Act of 1940, as amended (the **1940 Act**) or under any other laws of any state of the United States and, therefore, the Shares may neither be offered, sold or transferred in the United States of America (included its territories and possessions), nor benefit directly or indirectly to a US Person. The Shares being offered hereby have not been approved or recommended by the United States Securities Exchange Commission (the **SEC**) or any state of the United States or other governmental authority and neither the SEC nor any such authority has passed upon the accuracy or adequacy of this Prospectus. The non-US financial institutions not participating to the FATCA program or to similar program set up by partner countries having signed an agreement with the United States of America, may be subject to compulsory redemption of their Shares at the entry in force and following the terms of such program.

The Investment Manager will not be registered under the 1940 Act. The attention of US Persons is drawn to the compulsory redemption powers mentioned in Clause 10 of this Prospectus.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the 1933 Act, and the applicable state securities laws, pursuant to registration or exemption therefrom (for example, to qualified institutional buyers in reliance on Regulation 144A or to non-US Persons in offshore transactions in reliance on Regulation S under the 1933 Act). Investors should be aware that they could be required to bear the financial risks of this investment until the Fund is wound up.

The Shares will not be offered in Russia to Russian residents as such offer may require the authorization of the relevant Russian authorities for the transfer of capital and neither the Shares in the Fund nor this Prospectus have been registered in Russia under Russian federal or local laws for the purposes of selling Shares in Russia to Russian residents.

The registration of the Fund pursuant to the 2010 Law does not require any Luxembourg authority to approve or disapprove either the adequacy of this Prospectus or the portfolio of securities held by the Fund. Any representation to the contrary is unauthorised and unlawful. The above information is for general guidance only. Prospective applicants for Shares should inform themselves as to the legal requirements applying, any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

## **Data Protection**

For the purposes of this clause, the terms “Personal Data”, “Controller”, “Processor” and “Data Subject” shall all be defined as set out in the applicable Data Protection Laws. “Data Protection Laws” means the Luxembourg Act of 1st August 2018 concerning the organisation of the CNPD and the General Data Protection Regulation or any applicable national data protection legislation together with the protection of privacy in the electronic communications sector and the EU Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereby referred to as “GDPR”).

### *Categories of Personal Data and Data Subjects*

The Company acting as data controller (the “Controller”) collects, stores and processes by electronic or other means personal data (i.e. any information relating to an identified or identifiable natural person, hereafter, the “Personal Data”) supplied by the Investors at the time of their subscription and their representative(s) (including, without limitation, legal representatives and authorized signatories), employees, directors, officers and/or unitholders for, nominees and/or ultimate beneficial owner(s) (as applicable) (the “Data Subjects”) for the purposes of fulfilling the services required by the Investors.

Personal Data may include, without limitation:

- identifying data and identifying electronic data (such as name, address, e-mail address, identity documents, specimen of signature);
- banking and financial data (such as identification of the bank account, payslip/proceeds of remuneration, account balance...);
- data concerning personal characteristics (such as age, sex, date of birth, criminal records,...);
- data concerning profession and employment (such as current employment data);
- data concerning source of wealth (such as assets of the data subject);
- and any other Personal Data that is necessary to Controller and Processors for the purposes described below.

Personal Data is collected directly from Data Subjects or may be collected through publicly accessible sources, social media, subscription services, or other third party data sources.

For the sake of clarity, this means inter alia that all Personal Data provided by the Investors should be stored, collected, processed and used in compliance with the principles set out in the Data Protection Laws.

*Purpose of the processing of the Personal Data and the legal basis for the processing of the Personal Data*

Personal Data may be processed for the purposes of (i) offering investment in Shares and performing the related services as contemplated under this Prospectus, the subscription agreement, the Depositary Bank Agreement, the Management Company Services Agreement, the Investment Management Agreement and, the Central Administration Agreement, including, but not limited to, processing subscriptions and redemptions and providing financial and other information to Investors (ii) direct or indirect marketing activities and, (iii) other related services resulting from any agreement entered into between Controller and a service provider that is communicated or made available to the Investors (hereafter the "Investment Services"). Personal Data may also be processed to comply with legal or regulatory obligations including, but not limited to, legal obligations under applicable fund and company law (such as maintenance of the register of Investors and recording orders), prevention of terrorism financing law, anti-money laundering law (such as carrying out customer due diligence), prevention and detection of crime, and tax law (such as reporting under the FATCA and CRS Laws as defined above and in the Taxation section 14 as applicable).

Personal Data will be used by the Company as Controller, and by the Management Company, the Paying Agent, the Depositary, the Registrar and, Transfer Agent for maintaining the Register, processing transactions for Shareholders or payment of dividends, and complying with legal and regulatory obligations and other service providers of the Company (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns, acting as data processor on behalf of the Company (i.e. the "Processors"). The Processors may act as data processor on behalf of the Controller or, in certain circumstances, as data controller, in particular for compliance with their legal obligations in accordance with applicable laws and regulations (such as anti-money laundering identification) and/or order of competent jurisdiction.

The Controller and Processors may collect, use, store, retain, transfer and/or otherwise process Personal Data: (i) on the basis of Investors' consent and/or; (ii) for the Processors to perform their services rendered in connection with the Investment Services, (iii) as a result of the subscription of Investors to the subscription agreement where necessary to perform the Investment Services or to take steps at the request of Investors prior to such subscription, including the holding of Shares in general and/or; (iv) to comply with a legal or regulatory obligation of the Controller or the Processors and/or; (v) in the event the subscription agreement is not entered into directly by the concerned Data Subject, Personal Data may be processed for the purposes of the legitimate interests pursued by Controller or by Processors, which mainly consist in the performance of the Investment Services, or direct or indirect marketing activities, or compliance with foreign laws and regulations and/or any order of a foreign court, government, supervisory, regulatory or tax authority, including when providing such Investment Services to any beneficial owner and any person holding shares directly or indirectly in the Company.

*The recipients and categories of recipients of the Personal Data including transfer of Personal Data to third countries (including safeguards)*

Personal Data may be disclosed to and/or transferred to and otherwise accessed or processed by Processors, auditors or accountants, as well as any (foreign) court, governmental or regulatory bodies including tax authorities (i.e. the "Authorised Recipients"). The Authorised Recipients may act as data processor on behalf of Controller or, in certain circumstances, as data controller for pursuing their own purposes, in particular for performing their services or for compliance with their legal obligations in

accordance with applicable laws and regulations and/or order of court, government or regulatory body, including tax authority. Investors acknowledge that the Authorised Recipients, including the Processors, may be located outside of the European Economic Area (“EEA”) in countries which do not ensure an adequate level of protection according to the European Commission and where data protection laws might not exist or be of a lower standard than in the EEA. In case personal data are transferred outside the EEA, necessary steps are undertaken to ensure that appropriate safeguards required by GDPR and other applicable laws and regulations, are put in place to protect the privacy and integrity of such personal data, such as the implementation of EU model contract clauses.

The Controller undertakes not to transfer Personal Data to any third parties other than the Authorised Recipients, except as disclosed to Investors from time to time or if required or permitted by applicable laws and regulations, including Data Protection Law, or by any order from a court, governmental, supervisory or regulatory body, including tax authorities.

By purchasing Shares in the Company, Investors acknowledge and accept that Personal Data may be processed for the purposes described above and in particular, that the transfer and disclosure of Personal Data may take place to countries which do not have equivalent data protection laws to those of the EEA, including the Data Protection Law, or that are not subject to an adequacy decision of the European Commission. The Controller may only transfer Personal Data for the purposes of performing the Investment Services, marketing purposes or for compliance with applicable laws and regulations as contemplated under this Prospectus.

The Controller or the Processors on behalf of the Controller shall transfer Personal Data to the Authorised Recipients located outside European Economic Area (“EEA”) in countries which do not ensure an adequate level of protection according to the European Commission on the basis of appropriate safeguards according to Data Protection Law, such as standard contractual clauses, binding corporate rules, an approved code of conduct, or an approved certification mechanism.

#### *Right of Data Subjects to withdraw consent*

In the event the processing of Personal Data or transfer of Personal Data outside of the EEA take place on the basis of the consent of Investors, Data Subjects are entitled to withdraw their consent at any time without prejudice to the lawfulness of the processing and/or data transfers carried out before the withdrawal of such consent. In case of withdrawal of consent, Controller will accordingly cease such processing or transfers. However, Investors acknowledge that, notwithstanding any withdrawal of their consent, Controller may still continue to process and/or transfer Personal Data outside the EEA if permitted by Data Protection Law or if required by applicable laws and regulations. Any change to, or withdrawal of, Data Subjects’ consent can be communicated in writing to the Company.

#### *Source of the Personal Data*

Insofar as Personal Data provided by Investors include Personal Data concerning Data Subjects. Investors represent that they have authority to provide Personal Data of Data Subjects to Controller. If Investors are not natural persons, they confirm that they have undertaken to (i) inform any Data Subject about the processing of their Personal Data and their rights as described under this Prospectus, in accordance with the information requirements under the Data Protection Law and (ii) where necessary and appropriate,

obtained in advance any consent that may be required for the processing of Personal Data as described under this Prospectus in accordance with the requirement of Data Protection Law with regard to the validity of consent, in particular, for the transfer of Personal Data to the Authorised Recipients located outside of the EEA. The Controller may assume, where applicable, that Data Subjects have, where necessary, given such consent and have been informed of the processing and transfer of their Personal Data and of their rights as contemplated under this Prospectus.

#### *Consequence of refusal to provide Personal Data processed under statutory obligation*

Answering questions and requests with respect to (i) Data Subjects' identification, (ii) Shares held in the Company and (iii) FATCA is mandatory. Investors acknowledge and accept that failure to provide relevant personal data requested by the Company, the Management Company, the Investment Manager and/or the Administrative Agent in the course of their relationship with the Company may prevent them from maintaining their Shares in the Company and may be reported by the Company, the Management Company, the Investment Manager and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Company, the Management Company, the Investment Manager and/or the Administrative Agent will report any relevant information in relation to their investments in the Company to the Luxembourg tax authorities (Administration des contributions directes) which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, at OECD and EU levels or equivalent Luxembourg legislation.

#### *Rights of Data Subjects*

Each Data Subject may request (i) access to, rectification, or deletion of, any incorrect Personal Data concerning him, (ii) a restriction of processing of Personal Data concerning him and, (iii) to receive Personal Data concerning him in a structured, commonly used and machine readable format or to transmit those Personal Data to another controller in accordance with Data Protection Law and (iv) to obtain a copy of or access to the appropriate or suitable safeguards which have been implemented for transferring the Personal Data outside of the EEA, in the manner and subject to the limitations prescribed in accordance with Data Protection Law. In particular, Data Subjects may at any time object, on request and free of charge, to the processing of Personal Data concerning them for marketing purposes or for any other processing carried out on the basis of the legitimate interests of Controller or Processors. Each Data Subject should address such requests to the Company. For any additional information related to the processing of their Personal Data, Data Subjects can contact the Controller via post mail.

#### *Right to lodge a complaint with the supervisory authority*

Investors are entitled to address any claim relating to the processing of their Personal Data carried out by Controller and the Processors in relation with the Investment Services to the relevant data protection supervisory authority (i.e. in Luxembourg, the Commission Nationale pour la Protection des Données).

The Controller and Processors processing Personal Data on behalf of Controller will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to Personal Data, except in the event of proved negligence or willful misconduct of Controller or such Processors.

### *Storage limitation of the Personal Data*

Personal Data of Data Subjects will not be retained for longer than necessary with regard to the Purposes and compliance obligations, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods.

### **Nominee warning**

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

### **Official Language**

The official version of this Prospectus and of the Articles is in English. However, the Board of Directors may translate these documents into other languages as may be required in certain jurisdiction where Shares are distributed. Unless contrary to local law in the concerned jurisdiction, in the event of any discrepancy between the English text and its translation in another language or ambiguity in relation to the meaning of any word or sentence in any translation, the English version shall prevail.

## 1. MANAGEMENT AND ADMINISTRATION

<b>Board of Directors</b>	Patrick Lehnert Chairman	VTB Bank (Europe) SE Rusterstrasse 7-9, 60325, Frankfurt am Main Germany
	John David BREIT Director	Independent Director 544 First Street, Brooklyn 11215 New York United States of America
	André SCHMIT Director	Independent Director 28, rue Lehberg L – 9124 Schieren
<b>Management Company and Domiciliary Agent</b>	Lemanik Asset Management S.A.	106, route d’Arlon L-8210 Mamer
<b>Directors of the Management Company</b>	Gianluigi Sagramoso Carlo Sagramoso Philippe Meloni	Chairman Director Director
<b>Conducting officers of the Management Company</b>	Jean Philippe Claessens Alexandre Dumont Philippe Meloni Gilles Roland Armelle Moulin	
<b>Delegated Registrar and Transfer Agent and Administrative Agent</b>	Kredietrust Luxembourg S.A.	88, Grand Rue L-1660 Luxembourg
<b>Sub-Delegated Registrar and Transfer Agent and Administrative Agent</b>	European Fund Administration	2 rue d’Alsace - P.O. Box 1725 L-1122 Luxembourg
<b>Investment Manager</b>	VTBC Asset Management International Limited	Four Floor, West Wing Trafalgar Court Admiral Park St Peter Port Guernsey, GY13RL Channel Islands

<b>Distributor</b>	VTBC Asset Management International Limited	Four Floor, West Wing Trafalgar Court Admiral Park St Peter Port Guernsey, GY13RL Channel Islands
<b>Depository and Paying Agent</b>	Quintet Private Bank (Europe) S.A.	43, boulevard Royal L-2955 Luxembourg
<b>Auditor</b>	Ernst & Young <i>Société Anonyme</i>	35E, avenue John F. Kennedy L-1855 Luxembourg

## 2. DEFINITIONS

<b>1915 Law</b>	The Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time.
<b>2010 Law</b>	The Luxembourg law of 17 December 2010 on undertakings for collective investments, as amended from time to time.
<b>Articles</b>	The articles of incorporation of the Fund, as amended from time to time.
<b>Board of Directors</b>	The board of directors of the Fund.
<b>Business Day</b>	A day other than Saturdays and Sundays on which banks are open for business in Luxembourg, and in either London or Moscow.
<b>Class of Shares</b>	A class or category of shares which may be differentiated by <i>inter alia</i> its fee structure, minimum investment level, eligible investors, distribution policy and/or reference currency.
<b>CSSF</b>	The <i>Commission de Surveillance du Secteur Financier</i> , regulatory authority of the financial sector in Luxembourg.
<b>CSSF Circular 18/698</b>	The circular 18/698 issued by the CSSF dated 23 August 2018 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law.
<b>Directive 2009/65/EC</b>	The directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to UCITS, as amended from time to time.
<b>Directors</b>	A director of the Fund from time to time.
<b>EUR</b>	The currency of the European Union Member States who have adopted the Single Currency.
<b>Euroclear System</b>	Clearing system for subscriptions and redemptions orders.
<b>FATCA</b>	The US Foreign Tax Compliance Act.
<b>Fund</b>	VTB Capital IM Russia Equity UCITS Fund.
<b>Hire Act</b>	The US "Hiring Incentives to Restore Employment Act" of 18 April 2010, as amended from time to time.
<b>Issue Price</b>	The price at which Shares in the Fund are subscribed, calculated as described in Clause 10.3.

<b>KIID</b>	A key investor information document pertaining to the Shares of a Class of Shares, as the case may be, and as defined by the 2010 Law.
<b>Luxembourg</b>	The Grand Duchy of Luxembourg.
<b>Luxembourg Business Day</b>	A day other than Saturday and Sunday on which banks are open for business in Luxembourg.
<b>Member State</b>	A member state of the European Union. The States that are contracting parties to the agreement creating the European Economic Area, other than the member States of the European Union, within the limits set forth by this agreement and related acts, are considered as equivalent to members states of the European Union.
<b>Net Asset Value or NAV</b>	The net asset value per Share calculated in accordance with the provisions of the Articles.
<b>OECD</b>	The Organisation for Economic Co-operation and Development.
<b>Redemption Price</b>	The price at which Shares in the Fund are redeemed, calculated as described in Clause 10.4.
<b>Reference Currency</b>	The reference currency in which the Net Asset Value per Share in a Class of Shares or Sub-Fund is expressed.
<b>Regulated Market</b>	A market functioning regularly, which is regulated, recognized and open to the public, as defined in the Directive 2004/39/EC on markets in financial instruments.
<b>Russian Federation or Russia</b>	Those regions, territories, republics, areas and cities which from time to time constitute the geographic area recognised as "Russia".
<b>Russian Companies</b>	Those corporations, joint stock companies, economic societies, trusts and other entities created, registered and otherwise established in the Russian Federation and those created, registered and otherwise established outside the Russian Federation operating or investing primarily in the Russian Federation or deriving a preponderant part of their income from the Russian Federation.
<b>Savings Directive</b>	The Council Directive 2003/48/EC of 3 June 2003 concerning the taxation of savings income in the form of interest payments.
<b>Shares</b>	Shares in the Fund of no par value.
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the

Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, and each technical implementing measure issued by the Commission thereunder, as and when applicable;

<b>Shareholder</b>	A holder of Shares as recorded in the Fund's register of Shares.
<b>Sustainability Risks</b>	Environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment, as defined in SFDR.
<b>UCI</b>	Undertaking for collective investments within the meaning of the 2010 Law.
<b>UCITS</b>	An undertaking for collective investment in transferable securities within the meaning of the 2010 Law.
<b>United States</b>	The United States of America, any state, territory, or possession thereof, any area subject to its jurisdiction, the District of Columbia, or any enclave of the United States Government or its agencies or instrumentalities.
<b>USD</b>	The currency of the United States.
<b>US Person</b>	Has the meaning ascribed to such term in the Regulation S of the 1933 Act and include US entities and US resident individuals as construed under the Hire Act and FATCA.
<b>Valuation Day</b>	A day other than Saturdays and Sundays, on which banks are open for business in Luxembourg and in either London or Moscow.

Reference to words in singular shall import the plural and vice versa.

### 3. PRINCIPAL FEATURES

The following is a summary of the principal features of the Fund and should be read in conjunction with the full text of this Prospectus from which it is derived.

<b>The Fund</b>	The Fund is an open-ended investment company incorporated in Luxembourg on 13 May 1996. It qualifies as a UCITS under Part I of the 2010 Law.
<b>Investment Objective</b>	The investment objective of the Fund is to achieve long-term capital appreciation through investments in Russian Companies, as well as companies in Eastern Europe, the C.I.S. and elsewhere within the investment restrictions set forth in Part I, Clause 6.
<b>Valuation Day and Price</b>	Shares may be offered and redeemed at their Net Asset Values on any Valuation Day at the Issue Price respectively at the Redemption Price.
<b>Minimum subscription amount</b>	<p>The minimum subscription amounts of the Classes of Shares are fixed in section 10.</p> <p>This minimum amount may be waived at the discretion of the Board of Directors.</p>
<b>Dividend Policy</b>	Capital gains, interest, dividends and other income received will be automatically reinvested, and no dividend will be paid to shareholders, as it is the Fund's objective to achieve long term capital appreciation. Nonetheless, the Board of Directors may decide to propose a dividend to the general meeting of the Shareholders if the Board of Directors deems this to be in their best interest, due for example to changes in the macroeconomic or fiscal environment.
<b>Taxation</b>	Under current Luxembourg law, the Fund is not liable to taxation in Luxembourg on its net income or capital gains, nor are dividends paid by the Fund liable to any Luxembourg withholding tax. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum of its net assets (see further in Clause 15).
<b>Risk Factors</b>	An investment in the Fund carries substantial risks. The risks inherent in investment in the Russian Federation are of a nature and degree not typically encountered in investing in securities of companies listed on major security markets worldwide. There can be no assurance that the Fund's investment objective will be achieved and investors should be aware that investment results may vary substantially over time. An investment in the Fund is not intended to be a complete investment program for any investor. Prospective investors should carefully consider whether an investment in the Fund is suitable for them in light of their circumstances and financial resources (see further in Clause 16).

#### 4. INTRODUCTION

The Fund was incorporated on 13 May 1996 in Luxembourg as an investment company with variable capital (*société d'investissement à capital variable*) under the name The MC Russian Market Fund and authorized by the CSSF on 17 May 1996.

On 30 September 2011, an extraordinary general meeting of the Shareholders decided to amend the Articles in order to convert the Fund from a UCI governed by Part II of the 2010 Law to a UCITS governed by Part I of the 2010 Law.

The Shareholders then resolved at the extraordinary general meeting held on 25 September 2012 to rename the Fund "Valartis Russian Market Fund" and at the extraordinary general meeting held on 11 November 2015 to rename the Fund "VTB Capital IM Russian Market Fund". The Shareholders further resolved at the extraordinary general meeting held on 28 October 2021 to rename the Fund "VTB Capital IM Russia Equity UCITS Fund". The consolidated Articles have been deposited with the Luxembourg Register of Commerce and Companies.

The Fund was incorporated for an indefinite duration.

The Fund is registered with the Luxembourg Register of Commerce and Companies under number B 54765.

The Reference Currency of the Fund is USD.

The Fund is a mono-compartment structure with a unique investment policy. However the Fund may create different Classes of Shares having different features in terms of for instance fee structure, eligibility, minimum holding and/or reference currency but pertaining to the same portfolio of assets.

The share capital of the Fund will be equal at any time, to the total value of the Fund's net assets. The minimum capital legally required is EUR 1,250,000 or the equivalent in another currency.

## 5. INVESTMENT OBJECTIVES AND POLICY

### 5.1. Investment Objectives and Policy

The objective of the Fund is to achieve long-term capital appreciation through investing at least two thirds (2/3) of its net assets in Russian companies or companies exercising their predominant economic activity in Russia. The Fund may also invest in companies in Eastern Europe, the Commonwealth of Independent States and elsewhere up to a maximum of one third (1/3) of its total net assets.

In order to achieve its objectives, the Fund may also invest up to 10% of its net assets in shares/units of UCIs (investing their assets or a part of them according to the investment policy of the Fund, the Investment Manager committing that on a consolidated basis at least two thirds (2/3) of the net assets of the Fund will be invested in Russian companies or companies exercising their predominant economic activity in Russia).

The Fund will not invest in any company where the Investment Manager considers such investment would not be in the best interests of the Shareholders.

The Fund should not hold large cash positions but may do so if it believes that the investment climate requires such a decision, meaning if substantial unfavourable changes of the social, political or economic situation in countries where investments for the Fund are made, or Shares are distributed.

The Fund may use derivatives for the purpose of hedging or for an efficient portfolio management, to complete or to get such exposure to the Russian equity market. Please refer to Clause 7.

#### **WARNING:**

As the portfolio of the Fund is subject to market fluctuations and to the risks inherent in any investment, Share prices may vary as a result and the Fund cannot give any guarantee that its objectives will be achieved.

The Fund may for hedging and/or efficient portfolio management purposes, also use of derivative instruments within the limits set forth in Clause 6 and employ techniques and instruments relating to transferable securities and money market instruments described in Clause 7.

### 5.2. Typical investors' Profile

An investment in this Fund is only suitable for investors who are able to accept significant losses and a high level of volatility.

### **5.3. Risk Factors and Investment Restrictions**

There are a number of risks associated with an investment in the Shares. Potential Investors' attention is drawn to the risk factors set out in Clause 16.

If Russian domestic shares are bought, these must be listed on the "Russian Trading System Stock Exchange" or the "Moscow Interbank Currency Exchange".

No more than 25% of the Fund's assets may be invested in securities whose return represents "savings income" pursuant to the Savings Directive.

### **5.4. Temporary Or Defensive Investments**

During periods when the Investment Manager believes that conditions, whether political or economic, are unfavourable, the Fund may, for temporary or defensive purposes (and subject to the principle of risk diversification) invest up to 100% (by way of exception to Clause 6.2) the available liquid assets in short-term (less than 12 months to maturity) debt securities or hold cash or deposit. These securities in which the Fund can invest will consist of:

- a) obligations of governments of OECD countries and their respective agencies;
- b) bank deposits and bank obligations (including overnight paper, certificates of deposit, time deposits and bankers' acceptances) denominated in any OECD currency;
- c) floating rate securities and other instruments denominated in any currency issued by OECD governments or international or supra-national organisations;
- d) corporate commercial paper and other short-term corporate debt obligations; and

The Fund intends to invest in such short-term debt securities rated, at the time of investment, "A" or higher by Moody's Investor Services, Inc. or Standard & Poor's Ratings Group or, if unrated by either rating agency, in the opinion of the Investment Manager, of equivalent credit quality.

### **5.5. Sustainability**

The Investment Manager integrates Environmental, Social and Governance ("ESG") criteria into its investment process through utilization of external and internal resources and ESG analysis.

The Investment Manager integrates Sustainability Risks into its investment process by analyzing the impact of Sustainability Risks as components of qualitative and quantitative assessment and valuation.

The impact of Sustainability Risks can be positive or negative, reflecting risks or opportunities, and risk premia are added or subtracted from the discount factor used in our discounted cash flow analysis (DCF) of the Investment Manager's equity valuation models, and added or subtracted from bond yields for relative value analysis in the Investment Manager's bond strategies.

Some Sustainability Risks are less easily quantified, and therefore better left to a qualitative assessment. Typically, these types of qualitative risk factors can shape a view or opinion

expressed by analysts in their research and valuation reports, and by portfolio managers while making investment decisions.

Significant Sustainability Risks will have a stronger influence on valuation and outlook for inclusion, weighting, or exclusion from the Fund's investments.

In addition to ESG integration, the Investment Manager also conducts proxy voting, and engagement activities when possible and practicable, in order to improve an investment target company's sustainability profile, and thereby improve the value of its investments in the best interest of the Shareholders.

The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities. The Fund is subject to article 6 of SFDR.

## 6. INVESTMENT RESTRICTIONS

The Fund shall comply with the following investment restrictions.

### 6.1. Eligible Investments

The Fund will only invest in:

- a) transferable securities and money market instruments admitted to or dealt in on a Regulated Market;
- b) transferable securities and money market instruments dealt in on another market in a Member State which operates regularly and is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or dealt in on another market in a non-Member State which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been foreseen in the Articles of the Fund;
- d) recently issued transferable securities and money market instruments, provided that:
  - (i) the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another Regulated Market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market has been foreseen in the Articles;
  - (ii) such admission is secured within one (1) year of issue.
- e) units/shares of UCITS authorised according to Directive 2009/65/EC and/or other UCIs within the meaning of article 1 paragraph (2) points a) and b) of the Directive 2009/65/EC, whether established or not in a Member State provided that:
  - (i) such other UCIs are authorised under laws which provide that they are subject to a supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - (ii) the level of protection for unit-holders/shareholders in such other UCIs is equivalent to that provided for unit-holders/shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - (iii) the business of the other UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;

- (iv) no more than 10% of the UCITS' or the other UCIs' assets, whose acquisition is contemplated, can, according to their management regulations or constitutional documents, be invested in aggregate in units/shares of other UCITS or other UCIs;
- f) deposits with a credit institution which are repayable on demand or may be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in Clause 6.1. a), b) and c) above; and/or financial derivative instruments dealt in over-the-counter (**OTC Derivatives**), provided that:
  - (i) the underlying consists of instruments covered by Clause 6.1, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives as stated in the Articles;
  - (ii) the counterparties to OTC Derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (iii) the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative; and
  - (iv) the exposure to the underlying assets does not exceed the investment restrictions set out in Clause 6.7

Under no circumstances shall these operations cause the Fund to diverge from its investment objectives.

- h) money market instruments other than those dealt in on a Regulated Market, which fall under article 1 of the Law 2010, if the issuer or issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
  - (i) issued or guaranteed by a central, regional or local authority, or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - (ii) issued by an undertaking the securities of which are dealt in on regulated markets referred to in Clause 3.1 a), b) or c) above, or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or

- (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount at least to ten million Euros (EUR 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 several listed companies, is dedicated to the financing of the group finance or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

## **6.2. Ancillary Eligible Assets**

In addition, the Fund may:

- a) invest no more than 10% of its net assets in transferable securities and money market instruments other than those referred to in Clause 3.1 a) to d), and (h); and
- b) hold cash and cash equivalent on an ancillary basis; the Fund may exceptionally and temporarily hold cash and cash equivalent on an principal basis if Board of Directors considers it to be in the best interest of the Shareholders.

## **6.3. Non-Eligible Investments**

The Fund may not acquire or invest in:

- a) commodities or precious metals or certificates representative thereof ;
- b) movable or immovable properties other than those necessary for its business. However, the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

## **6.4. Transactions Restricted or prohibited**

Restricted transactions

The Fund may borrow up to 10% of its net assets, provided that such borrowings are:

- a) made only on a temporary basis; or
- b) enable the acquisition of immovable property essential for the direct pursuit of its business.

However the Fund may acquire foreign currency by means of a back-to-back loan.

When authorized to borrow under a) and b) above, the aggregate amount of such borrowings shall not exceed 15% of its net assets in total. Collateral arrangements with respect to the writing of

options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.

#### 6.4.2. Prohibited transactions

The Fund shall not:

- a) issue warrants or other rights to subscribe for its Shares ;
- b) grant loans or guarantees in favour of a third party, but it shall not prevent the Fund from investing in non-fully paid-up transferable securities, money market instruments or other financial instruments, as mentioned under Clause 3.1. (e), (g) and (h); and
- c) enter into short sales of transferable securities, money market instruments or other financial instruments as listed under Clause 3.1. (e), (g) and (h).

### **6.5. Limitations to transferable securities and money market instruments**

6.5.1. The Fund may not purchase additional transferable securities and money market instruments of any single issuer if:

- (i) upon such purchase more than 10% of its assets would consist of transferable securities or money market instruments of one single issuer; or
- (ii) the total value of all transferable securities and money market instruments of issuers in each of which it invests more than 5% of its assets would exceed 40% of the value of its assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

6.5.2. The Fund may invest on a cumulative basis up to 20% of its assets in transferable securities and money market instruments issued by the same group of companies.

6.5.3. The limit of 10% set forth above under Clause 6.5.1 (i) is increased to 35% in respect of transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities, by any another state or by a public international body of which one or more Member State(s) are member(s).

6.5.4. The limit of 10% set forth above under Clause 6.5.1 (i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public supervision in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that the Fund invests more than 5% of its assets in qualifying debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the assets of the Fund.

- 6.5.5. The securities specified above under Clauses 6.5.3 and 6.5.5 are not to be included for purposes of computing the ceiling of 40% set forth above under Clause 6.5.1 (ii).
- 6.5.6. Notwithstanding the ceilings set forth above, the Fund is authorized to invest, in accordance with the principle of risk spreading, up to 100% of its assets in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities, by any other member state of the OECD or by a public international body of which one or more Member States are members, provided that (i) such securities are part of at least six (6) different issues and (ii) the securities from any such issue do not account for more than 30% of the total assets of the Fund.
- 6.5.7. Without prejudice to the limits set forth hereunder under Clause 6.10, the limits set forth in Clause 6.5.1 are raised to a maximum of 20% for investments in stocks and/or debt securities issued by the same body when the aim of the Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognized 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,
  - (iii) it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

## **6.6. Limitations on Bank Deposits**

The Fund may not invest more than 20% of its net assets in deposits made with the same body.

## **6.7. limitations on Derivative Instruments**

- 6.7.1. The risk exposure to a counterparty of the Fund in an OTC Derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in Clause 3.1 f), or 5% of its net assets in the other cases.
- 6.7.2. Investment in financial derivative instruments shall only be made, and within the limits set forth in Clauses 6.5.2, 6.5.6 and 6.9.1, provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in Clauses 6.5.1 to 6.5.6, 6.6, 6.7 and 6.9. When the Fund invests in index-based financial derivative instruments, these investments do not necessarily have to be combined to the limits set forth in Clauses 6.5.1 to 6.5.6, 6.6, 6.7 and 6.9..

- 6.7.3. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this Clause 6.7 as well as with the risk exposure and information requirements laid down in the Prospectus.

## **6.8. Limitations to units and shares of UCITS and UCI**

The Fund may not invest more than 10% of its assets in units/shares of UCITS and/or other UCIs referred to in under Clause 3.1.e).

For the purpose of applying this investment limit, each sub-fund of a UCI with multiple sub-funds, within the meaning of article 181 of the 2010 Law, shall be considered as a separate entity, provided that the principle of segregation of commitments of the different sub-funds is ensured towards third parties.

When the Fund acquires units or shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purpose of the limits laid down in Clause Clauses 6.5.1 to 6.5.6, 6.6, 6.7.1 and 6.9.

When the Fund invests in the units/shares of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company to which it is linked by common management or control or by a direct or indirect substantial holding of the capital or of the voting rights, that management company or other company may not charge subscription or redemption fees on account of the Fund's investment in the units/shares of other UCITS and/or UCI.

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

## **6.9. Combined limits**

- 6.9.1. Notwithstanding the individual limits laid down in Clauses 6.5, 6.6 and 6.7.1, above, the Fund investing more than 20% of its assets in a single body shall not combine any of the following:
- (i) investments in transferable securities or money market instruments issued by that body,
  - (ii) deposits made with that body and/or,
  - (iii) exposures arising from OTC Derivatives transactions undertaken with that body.
- 6.9.2. The limits set out in Clauses 6.5.1, 6.5.3, 6.5.4, 6.6, 6.7.1 and 6.9.1 above may not be combined, and thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with Clauses 6.5.1, 6.5.3, 6.5.4, 6.6, 6.7.1 and 6.9.1 above may not exceed a total of 35% of the assets of the Fund.

## **6.10. Limitations on Control**

- 6.10.1. The Fund may not acquire such amount of shares carrying voting rights which would enable the Fund to exercise legal or management control or a significant influence over the management of the issuer.
- 6.10.2. The Fund may not acquire (i) more than 10% of the outstanding non-voting shares of the same issuer; (ii) more than 10% of the outstanding debt securities of the same issuer; (iii) more than 10% of the Money Market Instruments of any single issuer; or (iv) more than 25% of the outstanding shares or units of the same UCITS and/or UCI.

The limits set forth above in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above under Clauses 6.10 do not apply in respect of:

- a) transferable securities and money market instruments issued or guaranteed by a Member State or by its public local authorities;
- b) transferable securities and money market instruments issued or guaranteed by any non-Member State;
- c) transferable securities and money market instruments issued by a public international body of which one or more Member State(s) are member(s);
- d) shares in the capital of a company which is incorporated under or organized pursuant to the laws of a third country of the European Union provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investment policy the restrictions set forth under Clauses 6.5.1, 6.5.3, 6.5.4, 6.6, 6.7.1 and 6.8 to 6.10.1; and
- e) shares in the capital of subsidiary companies which, exclusively on behalf of the Fund carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of Shares at the request of Shareholders.

## **6.11. Exceptions**

Notwithstanding anything to the contrary herein contained:

- a) the ceilings set forth above may be disregarded by the Fund when exercising subscription rights attaching to transferable securities and money market instruments in the Fund's portfolio.

- b) if such ceilings are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders.

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

## **6.12. Global Risk Exposure and Risk Management**

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

In relation to financial derivative instruments the Fund must employ a process (or processes) for accurate and independent assessment of the value of OTC derivatives and the Fund shall ensure that its global risk exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

The global risk exposure to derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

In the framework of the risk management process, either the commitments approach, or relative or absolute value-at-risk approach (the **VaR**) may be used to manage and measure the global risk exposure of the Fund. The choice of the approach used is based on the investment strategy of the Fund and on the type and on the complexity of the financial derivative instruments in which the relevant Fund may invest, and also the proportion of financial derivative instruments held by the Fund.

For the calculation of the global exposure in connection with the use of derivatives the Fund uses the commitment approach.

The commitments approach measures the overall risk exposure linked to investment in financial derivative instruments and other investment techniques (taking into account the netting and hedging effects). Pursuant to this approach, each financial derivative instrument is in principle converted to the market value of an equivalent investment in the underlying asset of this financial derivative instrument.

The Fund may invest, according to its investment policy and within the limits laid down in Clause 6 and 7, in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Clause 6.

When the Fund invests in index-based financial derivative instruments, these investments do not necessarily have to be combined to the limits laid down in Clauses 6.5.1 to 6.5.6, 6.6, 6.7.1 and 6.9.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this Clause.

Whenever risk management processes, adequate to perform the functions described above are employed on behalf of the Fund by the Investment Manager, they are deemed to be employed by the Fund.

## 7. TECHNIQUES AND INSTRUMENTS

The Fund may employ techniques and instruments relating to transferable securities and other financial liquid assets for efficient portfolio management, investment, hedging or other risk management purposes.

When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in Clause 6.

These techniques and instruments entail specific risks which are listed in Clause 0.

### 7.1. Financial Futures, Options and Contract For Difference on transferable securities, currencies or financial instruments

To ensure that the portfolio is managed effectively and for hedging purposes, the Fund may buy and sell call and put options, futures contracts and CFDs (**Contract For Difference**) involving transferable securities, currencies or any other type of financial instrument, provided that these derivative instruments are traded on a regulated market, operating regularly, that is recognized and open to the public, on the understanding, however, that these derivative instruments may also be traded over-the-counter (**OTC**), provided they are contracted with leading financial institutions subject to prudential supervision in accordance with criteria defined by community law specializing in this type of transaction.

#### 7.1.1. Hedging of Market Risks

As a global hedge against the risk of unfavourable stock market movements, the Fund may sell stock index futures and call options on stock indices or purchase put options thereon. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Fund's portfolio. In principle, the total commitment resulting from futures contracts and stock index options may not exceed the aggregate estimated market value of the securities held by the Fund in the corresponding market.

#### 7.1.2. Hedging of Interest Rate Risks

As a global hedge against interest rate fluctuations, the Fund may sell interest rate futures contracts. For the same purpose, it can also write call options or purchase put options on interest rates or enter into interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of operations. In principle the total commitment on futures contracts, options and swap contracts may not exceed the aggregate estimated market value of the assets to be hedged and held by the Fund in the currency corresponding to those contracts.

#### 7.1.3. Hedging of Currency Risks

In order to protect its assets against the fluctuation of currencies, the Fund may enter into transactions the purpose of which is the sale of currency futures contracts, sale of call options or

the purchase of put options in respect of currencies. The transactions referred to herein may only concern contracts which are traded on a regulated market, operating regularly, recognised and open to the public.

For the same purpose the Fund may also sell currencies forward or exchange currencies on a mutual agreement basis with first class financial institutions specialising in this type of transactions.

The hedging objective of the transactions referred to above presupposes the existence of a direct relationship between these transactions and the assets which are being hedged and implies that, in principle, transactions in a given currency cannot exceed the total valuation of assets denominated in that currency nor may the duration of these transactions exceed the period for which the respective assets are held.

## **7.2. Direct and indirect operational costs and Fees**

The Fund may encounter direct or indirect operational costs and fees arising from the use of the techniques described above. Such cost or fees may be calculated as a percentage of gross revenues earned by the Fund through the use of these techniques and shall not exceed 50% of such gross revenue earned. Information relating to the identity of any third party to which the direct or indirect costs and fees are paid shall be disclosed in the annual reports of the Fund and indicated if these are related parties to the Fund or the Depositary.

## **7.3. Collateral Policy For OTC Derivative Transactions And Efficient Portfolio Management Techniques**

To limit the counterparty risks linked to OTC Derivatives transactions and efficient portfolio management techniques, the Fund must require that their counterparties grant and maintain during the lifetime of the transaction, collateral which complies with the requirements of this clause 7.5.

### **7.3.1. Level and valuation of collateral**

**Level:** the collateral received by the Fund must represent at any time, during the lifetime of the agreement, at least 100% of the total value of the OTC Derivatives transactions.

**Valuation:** The amount of collateral is valued daily to ensure that this level is maintained. The valuation of collateral is based on the available stock market prices taking into account the appropriate haircut policy applied by the Fund.

### **7.3.2. Permitted collateral**

The assets eligible as collateral are (i) liquid assets (ii) bonds issued by supranational issuers and agencies rated at least AA by Standard & Poor's (S&P) or the equivalent, (iii) sovereign bonds

issued by OECD member states rated at least A by S&P or the equivalent, (iv) corporate bonds rated at least A by S&P or the equivalent.

In addition, collateral received should meet the following criteria:

**Liquidity:** Collateral must be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.

**Issuer credit quality:** Collateral received should be of high quality.

**Non- Correlation:** Collateral should be issued by an entity independent from the counterparty and should not display a high correlation with the performance of the counterparty.

**Collateral diversification (asset concentration):** Collateral should be sufficiently diversified in terms of country, markets and issuers. In particular it should not expose the Fund to a given issuer for more than 20% of its Net Asset Value. For this calculation, the Fund should aggregate all collateral received from all counterparties.

**Risk management process:** Risks linked to the management of the collateral, such as operational and legal risks are identified, managed and mitigated by the risk management process.

**Full ownership:** Collateral received in full ownership, by transfer of title, should be held by the Depository. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

**Enforceability:** Collateral received must be enforceable by the Fund at any time without reference to or approval from the counterparty.

### 7.3.3. Haircut policy

The Management Company has set up a haircut policy adapted to the characteristics of the class of assets received as collateral, such as the credit standing, the price volatility, the outcome of the stress tests performed (if any).

The following haircuts are applied by the Fund to the eligible assets received as collateral:

<b>Eligible collateral</b>	<b>Haircut</b>
Cash and liquid assets	0%
Bonds issued by supranational issuers and agencies ( $\geq$ AA)	3%
Bonds issued by OECD member states ( $\geq$ BBB)	3%
Corporate bonds ( $\geq$ A)	5%

### 7.3.4. Reinvestment policy

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

Reinvestments of cash collateral received by the Fund may only be:

- (i) placed on deposit with credit institutions having their registered office (x) in a Member State or (y) in a third country, provided that they are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (ii) invested in high-quality government bonds;
- (iii) invested in short-term money market funds, as defined in the CESR's (former ESMA) guidelines on a common definition of European Money Market Fund of 19 May 2010.

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

Risks arising from the reinvestment of cash collateral are listed in Clause 0.

#### **7.4. Securities financing transactions and total return swaps**

The Fund will not use securities financing transactions and total return swaps as defined in 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. However, should the Fund start using those operations/products, the present prospectus shall be updated according to the aforementioned Regulation.

## **8. PREVENTION OF MONEY LAUNDERING AND AGAINST TERRORISM FINANCING REGULATIONS**

Under the Luxembourg law of 12 November 2004, as amended, professional obligations have been outlined to prevent the use of UCIs for money laundering or terrorism financing purposes. As a result, the Fund must ascertain the identity of the investors, unless the subscription order has come through a credit institution, professional of the financial sector or insurance company resident in an EU, EEA or FATF member country having an identification obligation equivalent to that required by Luxembourg law.

Investors must thus enclose to their application form certain documents, including without limitation:

- (i) in the case of individuals, a copy of his passport, identification card or any other identification document; and/or
- (ii) in the case of legal entities, a copy of the articles of association, memorandum of association or equivalent and an extract from the commercial register.

These documents must be certified to be a true copy by a competent authority (such as for example, an ambassador, consulate, notary, local police or other public officer in accordance with local law).

The Fund reserves the right to request such information and documents as deemed necessary to verify the identity of a prospective investor or of a transferee of Shares. In the event of delay or failure by the prospective investor or transferee to produce the information and documents required for verification purposes, the Fund may refuse to accept the application for subscriptions to Shares or to register the relevant transfer of Shares (as the case may be).

The Fund also reserves the right to refuse to make any redemption payment to a Shareholder if the Fund suspects or is advised that the payment of any redemption moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure compliance with any applicable laws or regulations.

The Fund is required to report any suspension or act of money laundering or terrorism financing to the relevant authorities and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

The Fund has delegated (i) its identification duties in respect of Shareholders to the Registrar and Transfer Agent which in turns delegated them to EFA and (ii) its control of money laundering to the Depositary.

## **9. LATE TRADING AND MARKET TIMING**

The Fund will not knowingly allow investments associated with market timing or late trading practices or other excessive trading practices as such practices may adversely affect the interests of the Shareholders. The Fund shall refuse subscriptions, conversions or redemptions from Shareholders suspected of such practices and take, as the case may be any other decisions as it may think fit to protect the interests of other Shareholders.

Market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or share of the same UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the Fund.

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

## 10. SHARES

### 10.1. Registered Shares

Shares will be in registered form only and no certificates will be issued in respect thereof. The register of Shares will be kept at the offices of the Registrar and Transfer Agent or his sub-contractor.

A maximum of four (4) names may be entered in the Shares register as joint holders of any Shares. Joint Shareholders must designate a common representative for the exercise of all rights attaching to the Shares.

### 10.2. Main Characteristics

	USD CLASSES OF SHARES					
	RUI	RUA	RUIDY	RUADY	RUIDM	RUADM
<b>Eligible Investors</b>	Institutional	Retail	Institutional	Retail	Institutional	Retail
<b>Type</b>	Capitalization	Capitalization	Distribution	Distribution	Distribution	Distribution
<b>Hedged</b>	No	No	No	No	No	No
<b>Minimum Initial Subscription</b>	USD1,000,000	USD 1	USD 1,000,000	USD 1	USD 1,000,000	USD 1
<b>Minimum Subsequent Subscription</b>	USD 1	USD 1	USD 1	USD 1	USD 1	USD 1
<b>Subscription Fee</b>	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%
<b>Investment Management Fee</b>	Max. 1%*	Max. 2.25%*	Max. 1%*	Max. 2.25%*	Max. 1%*	Max. 2.25%*
<b>Cap TER</b>	1.80%	3.05%	1.80%	3.05%	1.80%	3.05%
<b>ISIN Code</b>	LU0066480616	LU0208183011	LU0376699384	LU2400938044	LU2400938127	LU2400938390
<b>Listing on the LuxSE</b>	Yes	No	No	No	No	No

	EUR CLASSES OF SHARES							
	REI	REIH	REA	REAH	REIDY	REIHDY	READY	REAHDY
<b>Eligible Investors</b>	Institutional	Institutional	Retail	Retail	Institutional	Institutional	Retail	Retail
<b>Hedged</b>	No	YES	No	YES	No	YES	no	YES
<b>Type</b>	Capitalization	Capitalization	Capitalization	Capitalization	Distribution	Distribution	Distribution	Distribution
<b>Minimum Initial Subscription</b>	EUR 1,000,000	EUR 1,000,000	EUR 1	EUR 1	EUR 1,000,000	EUR 1,000,000	EUR 1	EUR 1
<b>Minimum Subsequent Subscription</b>	EUR 1	EUR 1	EUR 1	EUR 1	EUR 1	EUR 1	EUR 1	EUR 1
<b>Subscription Fee</b>	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%
<b>Investment Management Fee</b>	Max. 1%*	Max. 1%*	Max. 2.25%*	Max. 2.25%*	Max. 1%*	Max. 1%*	Max. 2.25%*	Max. 2.25%*
<b>Cap TER</b>	1.80%	1.80%	3.05%	3.05%	1.80%	1.80%	3.05%	3.05%

<b>ISIN Code</b>	LU0376698907	LU2400938473	LU2400938556	LU2400938630	LU2400938713	LU2400938804	LU2400938986	LU2400939018
<b>Listing on the LuxSE</b>	No							

	CHF CLASSES OF SHARES				
	RCI	RCIH	RCIHDY	RCAH	RCAHDY
<b>Eligible Investors</b>	Institutional	Institutional	Institutional	Retail	Retail
<b>Hedged</b>	No	YES	YES	YES	YES
<b>Type</b>	Capitalization	Capitalization	Distribution	Capitalization	Distribution
<b>Minimum Initial Subscription</b>	CHF 1,000,000	CHF 1,000,000	CHF 1,000,000	CHF 1	CHF 1
<b>Minimum Subsequent Subscription</b>	CHF 1	CHF 1	CHF 1	CHF 1	CHF 1
<b>Subscription Fee</b>	Up to 4%	Up to 4%	Up to 4%	Up to 4%	Up to 4%
<b>Investment Management Fee</b>	Max. 1%*	Max. 1%*	Max. 1%*	Max. 2.25%*	Max. 2.25%*
<b>Cap TER</b>	1.80%	1.80%	1.80%	3.05%	3.05%
<b>ISIN Code</b>	LU2400939109	LU2400939281	LU2400939364	LU2400939448	LU2400939521
<b>Listing on the LuxSE</b>	No	No	No	No	No

\* percentage of NAV per Share per annum

\*\* percentage on the progression of the NAV per Share during the calculation period

In the above tables, the Classes of Shares naming has to be read as follows:

The first letter of any Class of Shares is a "R".

The second letter corresponds to the currency ("E" for Euro, "U" for USD and "D" for Dollar).

The third letter identifies the type of eligible investors ("I" for Institutional and "A" for Retail).

For distributing Classes of Shares, the fourth letter will be a "D", the fifth letter corresponding to the dividend frequency ("M" for monthly and "Y" for yearly).

### 10.3. Subscriptions

Shares may be issued on each Valuation Day at the prevailing Issue Price. Applications must be received by the Fund no later than 11:30 a.m. Luxembourg time on the applicable Valuation Day. Requests for subscription received after such deadline will be deferred to the next Valuation Day.

Applications should in principle be made through an application form available upon request, in writing, which should be sent to the Delegated Transfer Agent or the Distributor at their registered office (set forth in Clause 1).

Furthermore, Shares are eligible for purchase through the Euroclear System provided the investor has an established account with Euroclear. Investors wishing to purchase Shares through the Euroclear System should send a formatted instruction in the form used by the Euroclear System directly to Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System, quoting *inter alia* (i) the participant's name and account number with Euroclear, (ii) referencing the name of the Fund, and (iii) the relevant securities ISIN number.

All purchases and redemptions of Shares made through the Euroclear System are subject to the terms and conditions governing the use of the System, the related operating procedures of the clearing system and applicable law. All securities in the Euroclear System are held on a fungible basis without attribution of specific securities to special securities clearance accounts.

The Euroclear Operator is authorised to disclose to the Fund, or its designated agent, the positions held by the various participants effecting investments in the Fund through the Euroclear System.

No fractions of Shares will be issued. Subscriptions will be rounded down to the nearest whole Share and that part of the subscription monies relating to such rounding down will be retained for the benefit of the Fund.

Minimum subscription amounts and a subscription fee may apply for each Class of Shares, as disclosed in Clause 10.2. Subscription fee (if any) will be payable to the Investment Manager or intermediaries who agree to subscribe for or arrange for the subscription of Shares.

Applications are subject to the terms of this Prospectus, the Articles and the Application Form. The Fund reserves the right to refuse any application without having to give any explanation.

Payment net of charges, is due in cleared funds within two (2) Business Days following the applicable Valuation Day, unless otherwise agreed. Payments should be made in the Reference Currency of the concerned Class of Shares.

Where subscription monies are not received on the due date, the Fund is not obliged to issue the Shares on the relevant Valuation Day. Proceedings may be taken to recover such sums and charge interest on the overdue monies on a daily basis until payment is received in full at such rate as the Board of Directors considers appropriate.

The Board of Directors may from time to time at its discretion determine that no further Shares will be issued by the Fund if to do so is considered impractical for the efficient operation of the Fund in accordance with its investment policy.

The Fund may agree to issue Shares as consideration for a contribution in kind of securities, in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from an approved independent auditor ("*réviseur d'entreprises agréé*") which shall be available for inspection. The securities contributed will be valued by the approved independent auditor and shall comply with the investment policy and restrictions of the Fund. Any costs incurred in connection with a contribution in kind shall be borne by the contributing Shareholder(s).

Any taxes and duties levied in connection with the subscription of shares of the Fund in certain countries (if any) shall be charged to the Shareholder concerned.

#### 10.4. Redemptions

Shares may be redeemed on each Valuation Day at the Redemption Price. Redemption applications must be received by the Fund no later than 11:30 a.m. Luxembourg time on the applicable Valuation Day. Requests for redemptions received after such deadline will be deferred to the next Valuation Day.

Redemption notice should in principle be made in writing and sent to the registered office of the Delegated Transfer Agent or Distributor.

Once given, a redemption notice may not be revoked by Shareholders save where determination of the Redemption Price is suspended.

Payment of the Redemption Price must be made in cleared funds within five (5) Business Days after the relevant Valuation Day.

Payment of redemption proceeds will be made in the Reference Currency of the Class of Shares. The cost of any administrative expenses will be borne by the Fund. No redemption fee applies.

Shareholders are hereby informed that the fees of the Depositary relating to the settlement of the redemption proceed will be supported by the Fund but the redeeming Shareholders may be required to pay any additional fees charged by their bank or other intermediaries.

#### 10.5. conversions between classes of shares

Unless the calculation of the Net Asset Value has been suspended, Shareholders may convert all or part of their Shares into Shares of another Class of Shares at a price equal to the respective Issue Price, provided that the requirements to subscribe to such Shares are complied with (eg. minimum holding amount, eligibility).

Application for conversion must be accompanied by a form, duly completed, or any other document as may be agreed with the Fund.

Conversion of Shares may be requested on any Valuation Day.

All Shares tendered for conversion will be converted, in the case of applications are received by the Fund before 11:30 pm (Luxembourg time) on the same Valuation Day.

Conversion applications received after 11:30 pm (Luxembourg time) on the same Valuation Day will be dealt with at the respective Net Assets Values calculated on the following Valuation Day.

The Shares in a Class of Shares (the **Converted Shares**) are converted into Shares of another Class of Shares (the **New Shares**) according to the following formula:

<b>New Shares = (Converted Shares x NAV of the Converted Shares x exchange rate between the currency of the New Shares and Converted Shares) / NAV per Share of the New Shares</b>
--

The Net Asset Values and exchange rate taken into account for the conversion are those determined on the relevant Valuation Day.

If a residual balance of Shares remains after a conversion, such Shares are compulsory redeemed and the proceeds are paid to the Shareholder in the Reference Currency of such Shares.

No conversion fees apply.

#### **10.6. Transfer of Shares**

Shares are transferable by written instrument of transfer signed by the transferor and the transferee and containing the name and address of the transferor and the transferee. The instrument of transfer shall be in such form as the Board of Directors approves.

Shareholders wishing to transfer Shares must sign the transfer instrument in the exact name in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The transfer shall take effect upon the registration of the transferee in the Share register unless the Board of Directors decides to prevent the transfer.

The Board of Directors may suspend the registration of transfers for no more than a total of thirty (30) days in any year.

#### **10.7. Suspension of Orders and Compulsory Redemption of Shares**

The Articles allows the Board Directors in certain circumstances, including those where it may be detrimental to the Fund, to force the redemption of Shares in order to restrict or prevent the ownership of its Shares by any person, firm or corporate body including, without limitation, any US person. The Articles provide that the price to be paid for any Shares so purchased will be the Net Asset Value attributable to those Shares.

A US Person shall have the meaning ascribed to such term in the 1933 Act and shall include any other person as the Board of Directors may decide pursuant to any other US regulations and laws or applicable law, including without limitation the FATCA.

#### **10.8. Listing**

Shares may be listed on the Luxembourg Stock Exchange and quoted in the Reference Currency of the Class of Shares.

## 10.9. Rights attached to the Shares

### 10.9.1. No preferential or other special rights

No Shares carry any preference or pre-emption rights. There are no outstanding options or any special rights relating to any of the Shares.

### 10.9.2. Voting rights

Each Share carries the right to one vote on resolutions proposed at general meetings exercisable in person or by proxy. On a winding up, the Shares are entitled to the net assets of the Fund. All Shares will rank *pari passu* amongst themselves.

The annual general meeting of Shareholders of the Fund will be held within six (6) months of the end of the financial year

Shareholders of any Class of Shares may hold, at any time, meetings to decide on any matters which relate exclusively to such Class of Shares.

Notices of general meetings and other notices are given in accordance with Luxembourg law. Such convening notices will specify the place and time of the meeting, the conditions of admission, the agenda, the quorum and voting requirements.

The notice of any general meeting of Shareholders may provide that the quorum and the majority at a general meeting shall be determined according to the Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the general meeting of Shareholders (the **Record Date**) and the right of a Shareholder to attend a general meeting of Shareholders and exercise the voting rights attached to his Shares shall be determined by reference to the Shares held by this Shareholder at the Record Date.

### 10.9.3. Dividend policy

Shares carry an equal right to dividends and other distributions as the Board of Directors may agree to.

The general meeting of Shareholders will decide every year, upon a proposal from the Board of Directors, as to the use of the balance of the net annual investment revenues of the Fund. The objective of the Fund is to obtain a maximum increase in capital value. Therefore, capital gains, interest, dividends and other income received will be automatically reinvested, and no dividend will be paid to Shareholders.

Nonetheless, the Board of Directors may decide to propose the distributions of dividends to the annual general meeting of Shareholders if the Board of Directors deems it to be in the interest of the Shareholders, due for example to changes in the macroeconomic or tax environment. If a dividend distribution is proposed, such dividends can be distributed independently of any realized net profits.

Subject to certain Luxembourg legal requirements, the Board of Directors may, from time to time, decide to distribute interim dividends.

Dividends will be distributed in cash, unless the Shareholders elect to receive, instead, Shares together with, if appropriate, a cash dividend in respect of any fractional entitlement to a Share.

## 11. NET ASSET VALUE

### 11.1. Valuations

The Net Asset Value per Share is calculated on each Valuation Day and is expressed in the Reference Currency of the relevant Class of Shares. The Net Asset Value per Share is determined by dividing the net assets of the Class of Shares by the total number of Shares then outstanding taking into account the allocation of the net assets between Classes of Shares and shall be rounded up or down to the nearest whole hundredth.

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

- (i) the value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, shall be equal to the entire amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof;
- (ii) the value of all portfolio securities and money market instruments or derivatives that are listed on an official stock exchange or traded on any other regulated market will be based on the last available price on the principal market on which such securities, money market instruments or derivatives are traded, as supplied by a recognized pricing service approved by the Board of Directors. If such prices are not representative of the fair value, such securities, money market instruments or derivatives as well as other permitted assets may be valued at the latest available bid price. If such price is not representative of the fair value, such securities, money market instruments or derivatives may be valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board of Directors;
- (iii) the value of securities and money market instruments which are not quoted or traded on a regulated market will be valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board of Directors; investments in private equity securities other than the securities mentioned herein will be valued with the assistance of one or several independent valuer(s) designated by the Board of Directors on the basis of the reasonably foreseeable sales price of the assets concerned, as determined by the relevant independent valuer in accordance with the standards of the valuers' profession, such as the most recent Valuation Guidelines published by the European Venture Capital Association (**EVCA**);
- (iv) transferable debt securities with a remaining maturity of 90 (ninety) days or less in the Fund will be valued by the amortized cost method which approximates market value;
- (v) the value of the participations in investment funds shall be based on the last available valuation. Generally, participations in investment funds will be valued in accordance with the methods provided by the instruments governing such investment funds. These

valuations shall normally be provided by the fund administrator or valuation agent of an investment fund. To ensure consistency within the valuation of the Fund, if the time at which the valuation of an investment fund was calculated does not coincide with the valuation time of the Fund, and such valuation is determined to have changed materially since it was calculated, then the net asset value may be adjusted to reflect the change as determined in good faith by and under the direction of the Board of Directors;

- (vi) the valuation of swaps will be based on their market value, which itself depends on various factors (e.g. level and volatility of the underlying asset, market interest rates, residual term of the swap). Any adjustments required as a result of issues and redemptions are carried out by means of an increase or decrease in the nominal of the swaps, traded at their market value;
- (vii) the valuation of derivatives traded over-the-counter (**OTC**), such as futures, forward or option contracts not traded on exchanges or on other recognized markets, will be based on their net liquidating value determined, pursuant to the policies established by the Board of Directors on the basis of recognized financial models in the market and in a consistent manner for each category of contracts. The net liquidating value of a derivative position is to be understood as being equal to the net unrealized profit/loss with respect to the relevant position;
- (viii) the value of other assets will be determined prudently and in good faith by and under the direction of the Board of Directors in accordance with generally accepted valuation principles and procedures.

The Board of Directors, at its discretion, may authorize the use of other methods of valuation if it considers that such methods would enable the fair value of any asset of the Fund to be determined more accurately.

Where necessary, the fair value of an asset is determined by the Board of Directors, or by a committee appointed by the Board of Directors, or by a designee of the Board of Directors.

The valuation of the assets and liabilities expressed in foreign currencies shall be converted into the relevant Reference Currency, based on the latest known exchange rates.

All valuation regulations and determinations shall be interpreted and made in accordance with generally accepted accounting principles.

For each Class of Shares, adequate provisions will be made for expenses incurred and due account will be taken of any off-balance sheet liabilities in accordance with fair and prudent criteria.

For each Class of Shares, the Net Asset Value shall be calculated in the relevant Reference Currency with respect to each Valuation Day by dividing the net assets attributable to such Class of Shares (which shall be equal to the assets minus the liabilities attributable to such Class of Shares) by the number of Shares issued and in circulation in such Class of Shares.

The Fund's net assets shall be equal to the sum of the net assets of all its Classes of Shares.

In the absence of bad faith, gross negligence or manifest error, every decision to determine the net asset value taken by the Board of Directors or by any bank, company or other organization which the Board of Directors may appoint for such purpose, shall be final and binding on the Fund and present, past or future shareholders.

#### **11.2. Temporary Suspension of The Calculation of the Net Asset Value and of the Issue, Conversion and Redemption of Shares**

The Board of Directors may suspend the calculation of the NAV and may suspend the issue, conversion and redemption of Shares, in the interests of the Shareholders, due to any of the following situations or a combination thereof:

- (i) a stock exchange or another regulated and recognized market (that is a market which is operating regularly and is open to the public), which is a source of pricing information for a significant part of the assets of the Fund, is closed, otherwise than for ordinary holidays, or in the event that transactions on such a market are suspended, or are subject to restrictions, or are impossible to execute in volumes allowing the determination of fair prices;
- (ii) exchange or capital transfer restrictions prevent the execution of transactions of the Fund or if purchase or sale transactions of the Fund cannot be executed at normal rates;
- (iii) the political, economic, military or monetary environment, or an event of force majeure, prevent the Fund from being able to manage normally its assets or its liabilities and prevent the determination of their value in a reasonable manner;
- (iv) when, for any other reason, the prices of any significant investments owned by the Fund cannot be promptly or accurately ascertained;
- (v) the Fund is in the process of establishing exchange parities in the context of a merger or a contribution of assets;
- (vi) when there is a suspension of redemption or withdrawal rights by several companies investment funds in which the Fund is significantly invested; and
- (vii) in case of a decision to liquidate the Fund, on or after notification convening the general meeting of Shareholders for this purpose.

In the event of exceptional circumstances which could adversely affect the interest of the Shareholders or insufficient market liquidity, the Board of Directors reserves its right to determine the Net Asset Value per Share only after having completed the necessary purchases and sales of assets on behalf of the Fund.

If any application for redemption is received in respect of any relevant Valuation Day (the **First Valuation Day**) which either singly or when aggregated with other applications so received, is

20% or more of the Net Asset Value of the Fund, the Board of Directors reserves the right in its sole and absolute discretion (and in the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such First Valuation Day so that not more than 20% of the Net Asset Value of the Fund be redeemed on such First Valuation Day. To the extent that any application is not given full effect on such First Valuation Day by virtue of the exercise of the power to pro-rate applications, it shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the shareholder in respect of the next Valuation Day and, if necessary, subsequent Valuation Days, until such application shall have been satisfied in full. With respect to any application received in respect of the First Valuation Day, to the extent that subsequent applications shall be received in respect of following Valuation Days, such later applications shall be postponed in priority to the satisfaction of applications relating to the First Valuation Day, but subject thereto shall be dealt with as set out in the preceding sentence.

The suspension of the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares, shall be notified to the relevant Shareholders through all means reasonably available to the Fund, unless the Board of Directors is of the opinion that a publication is not necessary considering the short period of the suspension.

Such a suspension decision shall be notified to any Shareholders requesting subscription to, redemption or conversion of, Shares.

### **11.3. Publication of Net Asset Values**

The most recent Issue and Redemption Price will be available at the registered office of the Fund upon request and for Shares listed on the Luxembourg Stock Exchange on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

## 12. OPERATING EXPENSES

### 12.1. Expenses supported by the Fund:

The Fund will bear the commission and other costs of all transactions carried out by it or on its behalf including:

- (i) the charges and expenses of legal advisers and independent auditors,
- (ii) brokers' commissions (if any) and any issue or transfer taxes chargeable in connection with its securities transactions,
- (iii) all taxes and corporate fees payable to governmental agencies,
- (iv) communications expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses, KIIDs and ancillary documents,
- (v) the cost of insurance (if any),
- (vi) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- (vii) the cost of obtaining and maintaining the listing of Shares on the Luxembourg Stock Exchange or any other stock exchanges;
- (viii) all organizational and operating expenses;
- (ix) the fees of the Directors, the Management Company, the Investment Manager, the Depositary, the Paying Agent, the Domiciliary Agent, the Registrar and Transfer Agent, the Administrative Agent and other service providers;
- (x) the costs and expenses incurred in connection with the incorporation of the Fund;
- (xi) the fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agency/authority;
- (xii) the cost of publication of prices; and
- (xiii) the custody charges of banks and clearing houses to whom custody of assets are entrusted.

The costs and expenses incurred in connection with the incorporation of the Fund including those incurred in the preparation and publication of the Prospectus and ancillary documents, all legal and printing costs, certain launch expenses (including advertising costs) and preliminary expenses, were borne by the Fund, charged to the Classes of Shares then existing on a *pro-rata* basis of their Net Asset Values at the end of the initial subscription period and amortised over the first five (5) years.

Each new Class of Shares will bear its own formation expenses which will be amortised over a five (5) years' period starting on the day of opening of the Class of Shares concerned.

Each of the Directors is entitled to remuneration for the services he renders at the rate determined by the Fund in general meeting from time to time. Each of the Directors will be reimbursed for any expenses incurred during the performance of his duties.

Each Class of Shares is charged with all costs or expenses directly attributable to it plus a proportion of the costs and expenses not attributable to a particular Class of Shares, based on

their respective Net Asset Values. All recurring charges will be charged first against current income, then against capital gains, then against assets.

## 12.2. Total Expense Ratio Cap

The Total Expenses Ratio (the “**TER**”) is the ratio of the gross amount of the expenses of the UCITS to its average net assets. Such TER is expressed as a percentage of the Net Asset Value. It is calculated at the level of each Class of Shares.

The TER **will include** all the charges paid by the Fund in accordance with the signed agreements, namely the audit fees, Management Company fees, the Administrative, Registrar and Transfer Agent fees, Depository Bank fees, Domiciliary Agency fees, as well as all other fees, taxes and operating expenses attributable to that Share Class and to the Fund.

The TER **will exclude** the subscription or redemption fees paid directly by the investor, the Investment Management fee, the portfolio transaction costs which means the fees on the number of transactions charged by the Transfer Agent of the Fund and the charges on the trades and on investment returns.

However, the Fund has decided to set a limit to the TER (the “**TER Cap**”) that will be charged to the Shareholders. Such TER Cap is fixed for each Class of Shares. This means that:

- if the TER is lower than the TER Cap, the Shareholders pay the TER; and
- if the TER is higher than the TER Cap, the Shareholders pay the TER Cap.

If the TER is higher than the TER Cap, the Investment Manager, in order to favour the attractiveness of the Fund, is willing to bear the amounts in excess, netted with its own Investment management fee (the “**TER Netting**”) and until the other service providers have been paid based on the aggregated detailed three (3) months TER breakdown calculation per share class. In other words, the TER Cap is accrued daily and is booked as a receivable for a three (3) month period maximum until the Investment Manager has paid the TER Netting.

In the case where the TER Netting amount is greater than the Investment Management Fees, the Investment Manager will compensate the Share Class with the incurred difference based on the attestation prepared on a quarterly basis and provided by the Fund.

Subject to the prior approval from the CSSF and a three (3) months prior notice to the shareholders, the Investment Manager may stop bearing the amounts in excess of the TER Cap.

As the Sub-Fund is composed of different classes of shares with different levels of Investment management fee, a different TER Cap will be calculated and disclosed for each share class in the table under section 10. For the classes of shares where the Investment Management Fees are up to 1.00%, the TER Cap will be 1.80%, whereas for the classes of shares where the Investment management fee is up to 2.25%, the TER Cap will be up to 3.05%.

The Shareholders are informed that the TER and the TER Cap are reviewed by the Management Company and the Investment Manager on a monthly basis.

In case of major characteristic changes in a Sub-Fund or a Class of Shares, both TER are subject to amendments.

Any increase of the TER Cap will be subject to a one month prior notice during which the Shareholders can redeem their participation free of charge.

## 13. MANAGEMENT AND OTHER SERVICE PROVIDERS

### 13.1. Board of Directors

The Board of Directors is responsible for the overall management and control of the Fund and will monitor the activities of the entities to which the Fund has delegated its functions.

The Board of Directors will review the operations of the Fund at regular meetings and for this purpose will receive periodic reports from the Conducting Officers.

#### 13.1.1. Directors' Interests

No qualified shareholding for Directors is required under Luxembourg law. The Directors or companies in which they are officers or employees may, however, subscribe for Shares. Their applications will rank *pari passu* with all other applications.

#### 13.1.2. Directors' Remuneration

Remuneration of the Directors in respect of services rendered or to be rendered to the Fund shall be determined by a decision of the general meeting of Shareholders. Total fees and expenses are not expected to exceed USD 100,000 per year. The Directors may also be repaid for all traveling, hotel and other reasonable out of pocket expenses properly incurred by them in attending and returning from meetings of the Board of Directors, of any other committee, of Shareholders of the Fund or in connection with the business of the Fund.

#### 13.1.3. Director's Indemnification

The Fund may reimburse any Director and other officer for expenses reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of their capacity as a Director or officer of the Fund or, at the request of the Fund, for having been a director or officer of any other company of which the Fund is a shareholder or a creditor and by which they are not entitled to be reimbursed, except in relation to matters as to which they shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct.

#### 13.1.4. Transactions with Directors

No contract or other transaction between the Fund and any other company or firm shall be affected or invalidated by the fact that any one or more of the Directors or officers of the Fund is interested in, or is a director, associate, officer or employee of, such other company or firm. Any Director or officer of the Fund who serves as a director, officer or employee of any company or firm with which the Fund shall contract or otherwise engage in business shall not, by reason of such affiliation with such other company or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

In the event that any Director or officer of the Fund may have in any transaction of the Fund an interest opposite to the interests of the Fund, such director or officer shall make known to the Board of Directors such opposite interest and shall not consider or vote on any such transaction, and such transaction and such Director's or officer's interest therein shall be recorded in the minutes of the Board of Directors and reported to the next succeeding general meeting of Shareholders, unless the decision of the Board of Directors related to ordinary operations entered into under normal conditions.

## **13.2. Management Company**

### 13.2.1. Description

The Company is managed by Lemanik Asset Management S.A. (the "Management Company") which is subject to the provisions of Chapter 15 of the 2010 Law and CSSF Circular 18/698 of the Commission de Surveillance du Secteur Financier ("CSSF"). The Management Company is also a fully authorized and fully licensed alternative investment fund manager with the CSSF.

Lemanik Asset Management S.A. was incorporated on 1 September 1993 as a public limited company (société anonyme) under Luxembourg law, for an indefinite period.

Its share capital currently stands at two million euros (EUR 2,000,000).

The relationship between the Company and the Management Company is subject to the terms of the Management Company Services Agreement. Under the terms of the Management Company Services Agreement, the Management Company is responsible for the investment management and administration of the Company as well as the marketing of the Shares (i.e. principal distributor of the Company), subject to the overall supervision of the Board of Directors. The Management Company is in charge of the day-to-day business activities of the Company.

The Company has appointed the Management Company to provide assistance to the Company for the supervision and due diligence duties on the Depositary.

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

In its capacity as principal distributor, the Management Company has the authority to appoint distributors and sales agents on behalf of the Company to market and distribute the Shares.

The Management Company Services Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than three (3) months prior written notice. The Management Company Services Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The

Management Company Services Agreement contains provisions exempting the Management Company from liability and indemnifying the Management Company in certain circumstances. However, the liability of the Management Company towards the Company will not be affected by any delegation of functions by the Management Company.

The Management Company also manages other Luxembourg or foreign UCITS a list of which is made available at the registered office of the Management Company.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Company (the "Remuneration Policy").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Company or the Sub-Funds.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website:

[http://www.lemanigroup.com/management-company-service\\_substance\\_governance.cfm](http://www.lemanigroup.com/management-company-service_substance_governance.cfm)

- 1) A paper copy of the Remuneration Policy is available free of charge to the shareholders upon request.
- 2) The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the shareholders and includes measures to avoid conflicts of interest.
- 3) In particular, the Remuneration Policy will ensure that:
  - a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
  - b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
  - c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

d) the assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on the longer-term performance of the Company and its employees and that the actual payment of performance-based components of remuneration is spread over the same period;

e) the variable remuneration to individuals is paid in a manner that does not facilitate avoidance of the requirement of the 2010 Law; and

f) the remuneration in relation to the cancellation of a contract will be defined to the extent of the duties performed and avoiding the reward of failure or bad performance.

In context of delegation, the Management Company will ensure that the delegate has in place in place a remuneration policy and practices which are consistent with the requirements of articles 111bis and 111ter of the 2010 Law, article 14a of Directive 2009/65/EC as amended by Directive 2014/91/EU.

### 13.2.2. Fees

For the general services of Management Company (which do not include the fees in respect of services of central administration), the Management Company is entitled to a fee amounting to a maximum of 0.30% of the Fund's Net Asset Value per annum payable on a monthly basis with a minimum of EUR 25,000 per annum (the “**Management Company Fee**”).

### 13.3. Administrative, Registrar and Transfer Agent

The Management Company has, by means of an Administrative Agency Agreement and a Registrar and Transfer Agency Agreement all dated 20 July 2020, appointed Kredietrust Luxembourg S.A. as the Fund's delegated administrative, registrar and transfer agent (respectively the “**Administrative Agent**” and the “**Registrar and Transfer Agent**”).

Those agreements may be terminated by either party upon giving 90 calendar days' prior written notice.

Kredietrust Luxembourg S.A has sub-delegated under its entire responsibility the execution of its duties as Administrative Agent and as Registrar and Transfer Agent to European Fund Administration in Luxembourg, 2, rue d'Alsace, L-1122 Luxembourg.

In this capacity, the Administrative Agent will carry out all administrative duties related to the administration of the Fund, including the calculation of the Net Asset Value of the Shares and the provision of accounting services to the Fund.

As Registrar and Transfer Agent, it will process all subscriptions, redemptions and transfers of Shares and will register these transactions in the register of the Fund.

Kredietrust Luxembourg S.A shall receive from the Fund, for the performance of its functions of Administrative Agent a maximum fee, payable monthly, of 0,12% p.a. of the average Net Assets Value of the Fund of the preceding month with a minimum of EUR 29,500.- per annum.

With respect to the registrar and transfer agency services, Kredietrust Luxembourg S.A is entitled to a fixed fee of EUR 3,000 per annum per sub-fund up to three (3) Classes of Shares and of an additional EUR 500 per annum per additional Class of Shares. Kredietrust Luxembourg S.A also receives a commission per transaction.

These agents shall be entitled to be reimbursed by the Fund of their costs, expenses and reasonable out-of-pocket expenses for the performance of these services..

#### **13.4. Investment Manager**

##### 13.4.1. Description

By way of an investment management agreement dated 20 July 2020, the Management Company has delegated to VTBC Asset Management International Limited the management portfolio the Fund. The Investment Manager shall have full discretion and authority to manage the accounts of the Fund on a day-to-day basis by investing, reinvesting, trading and supervising the Fund's assets in a manner consistent with the investment objectives, policies and restrictions described in this Prospectus.

The appointment of the Investment Manager was made for an unlimited duration and may be terminated by either party giving the other three (3) months written notice.

VTBC Asset Management International Limited is a company incorporated under the laws of Guernsey with registered office situated in PO Box 287, 4th Floor, West Wing, Trafalgar Court, Admiral Park, Guernsey, GY1 3RK. The company was incorporated for an indeterminate period in September 2010 in the form of a limited liability company.

The Investment Manager obtained from the Guernsey Financial Services Commission the authorisation to exercise the restricted activities of promotion, subscription, registration, dealing, management, administration and advising in connection with the following category of controlled investment:

- (1) Category 1: Collective Investment Scheme; and
- (2) Category 2: General Securities and Derivatives.

##### 13.4.2. Fees

The Investment Manager is entitled to fees disclosed for each Class of Shares in Clause 10.2. Such fees are based and calculated on the average daily Net Asset Value of the relevant Class of Shares and payable quarterly in arrears (the "**Investment Management Fees**").

## 13.5. Distributor

### 13.5.1. Description

The Management Company has delegated the distribution of the Shares to VTBC Asset Management International Limited is a company incorporated under the laws of Guernsey with registered office situated in PO Box 287, 4th Floor, West Wing, Trafalgar Court, Admiral Park, Guernsey, GY1 3RK, which shall act as the exclusive distributor of the Fund (the **Distributor**). The Distributor is entitled to delegate its functions to one or more other persons but shall remain liable for any such person's actions.

**It should be noted that prospective and current investors are under no obligation to place subscription or redemption orders through the Distributor and may place such orders directly with the Fund or the Delegated Registrar and Transfer Agent.**

### 13.5.2. Fees

In consideration for its services as distributor, the Distributor is entitled to a subscription commission in respect of each Share for which it procures investors. Such subscription fee is disclosed for each Class of Shares.

## 13.6. Depositary and Paying Agent

### 13.6.1. Description

The Fund has appointed Quintet Private Bank (Europe) S.A. (formerly known as KBL European Private Bankers S.A.) as Depositary of the assets of the Fund pursuant to a depositary agreement (the "Depositary Agreement").

The Depositary is a bank organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg for an unlimited duration. Its registered office is at 43, Boulevard Royal, L-2955 Luxembourg. At 31<sup>st</sup> December 2019, its capital and reserves amounted at EUR 1,285,125,738.

As Depositary, Quintet Private Bank (Europe) S.A. will carry out its functions and responsibilities in accordance with the provisions of the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Directive 2014/91/EU of 23 July 2014 on the coordination of laws, regulations and administrative provisions relating to UCITS as regards depositary functions, remuneration policies and sanctions (the "UCITS Directive") and with the 2010 Law. The Depositary will further, in accordance with the UCITS Directive:

- (a) ensure that the sale, issue, repurchase, redemption and cancellation of shares of the Fund are carried out in accordance with the applicable Luxembourg law and the

Articles;

- (b) ensure that the value of the shares of the Fund is calculated in accordance with the applicable Luxembourg law and the Articles;
- (c) carry out the instructions of the Management Company or the Fund, unless they conflict with the applicable Luxembourg law, or with the Articles;
- (d) ensure that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits;
- (e) ensure that the income of the Fund is applied in accordance with the applicable Luxembourg law and the Articles.

The Depositary shall ensure that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of shares of the Fund have been received, and that all cash of the Fund has been booked in cash accounts that are:

- (a) opened in the name of the Fund or of the Depositary acting on behalf of the Fund;
- (b) opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC; and
- (c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

The assets of the Fund shall be entrusted to the Depositary for safekeeping as follows:

- (a) for financial instruments that may be held in custody, the Depositary shall:
  - (i) hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
  - (ii) ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within segregated accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the name of the Fund, so that they can be clearly identified as belonging to the Fund in accordance with the applicable law at all times;
- (b) for other assets, the Depositary shall:
  - (i) verify the ownership by the Fund of such assets by assessing whether the

Fund holds the ownership based on information or documents provided by the Fund and, where available, on external evidence;

- (ii) maintain a record of those assets for which it is satisfied that the Fund holds the ownership and keep that record up to date.

The assets held in custody by the Depositary may be reused only under certain circumstances, as provided for in the UCITS Directive.

In order to effectively conduct its duties, the Depositary may delegate to third parties the functions referred to in the above paragraph, provided that the conditions set out in the UCITS Directive are fulfilled. When selecting and appointing a delegate, the Depositary shall exercise all due skill, care and diligence as required by the UCITS Directive and with the relevant CSSF regulations, to ensure that it entrusts the Fund's assets only to a delegate who may provide an adequate standard of protection.

The list of such delegates is available on <https://www.quintet.com/en-LU/Pages/Regulatory-affairs> and is made available to investors free of charge upon request.

**Conflicts of interests:**

In carrying out its duties and obligations as depositary of the Fund, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the investors of the Fund.

As a multi-service bank, the Depositary may provide the Fund, directly or indirectly, through parties related or unrelated to the Depositary, with a wide range of banking services in addition to the depositary services.

The provision of additional banking services and/or the links between the Depositary and key service providers to the Fund, may lead to potential conflicts of interests with the Depositary's duties and obligations to the Fund.

In order to identify different types of conflict of interest and the main sources of potential conflicts of interests, the Depositary shall take into account, at the very least, situations in which the Depositary, one of its employees or an individual associated with it is involved and any entity and employee over which it has direct or indirect control.

The Depositary is responsible for taking all reasonable steps to avoid those conflicts of interest, or if not possible, to mitigate them. Where, despite the aforementioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary will at all times have regard to its duties and obligations under the depositary agreement with the Fund and act accordingly. If, despite all measures taken, a conflict of interest that bears the risk to significantly and adversely affect the Fund or the investors of the Fund, may not be solved by the Depositary having regard to its duties and obligations under the depositary agreement with the Fund, the Depositary will

notify the conflicts of interests and/or its source to the Fund which shall take appropriate action. Furthermore the Depositary shall maintain and operate effective organizational and administrative arrangements with a view to take all reasonable steps designed to properly (i) avoid them prejudicing the interests of its clients, (ii) manage and resolve such conflicts according to the Fund decision and (iii) monitor them.

As the financial landscape and the organizational scheme of the Fund may evolve over time, the nature and scope of possible conflicts of interests as well as the circumstances under which conflicts of interests may arise at the level of the Depositary may also evolve.

In case the organizational scheme of the Fund or the scope of Depositary's services to the Fund is subject to a material change, such change will be submitted to the Depositary's internal acceptance committee for assessment and approval. The Depositary's internal acceptance committee will assess, among others, the impact of such change on the nature and scope of possible conflicts of interests with the Depositary's duties and obligations to the Fund and assess appropriate mitigation actions.

Situations which could cause a conflict of interest have been identified as at the date of this Prospectus as follows (in case new conflicts of interests are identified, the list will be updated accordingly):

- Conflicts of interests between the Depositary and the Sub-Custodian:
  - The selection and monitoring process of Sub-Custodians is handled in accordance with the 2010 Law and is functionally and hierarchically separated from possible other business relationships that exceed the sub-custody of the Fund's financial instruments and that might bias the performance of the Depositary's selection and monitoring process. The risk of occurrence and the impact of conflicts of interests is further mitigated by the fact that none of the Sub-Custodians used by the Depositary for the custody of the Fund's financial instruments is part of the Quintet Group.
  
- The Depositary has a significant shareholder stake in EFA and some members of the staff of the Depositary are members of EFA's board of directors.
  - The staff members of the Depositary in EFA's board of directors do not interfere in the day-to-day management of EFA which rests with EFA's management board and staff. EFA, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.
  
- The Depositary may act as depositary to other UCITS funds and may provide additional banking services beyond the depositary services and/or act as counterparty of the Fund for over-the-counter derivative transactions (maybe over services within Quintet).
  - The Depositary will do its utmost to perform its services with objectivity and to treat all its clients fairly, in accordance with its best execution policy.
  
- The Depositary and the Management Company are part of the Quintet Group and some members of the staff of other Quintet Group entities (not acting as depositaries) are members of the Management Company's board of directors.

As a consequence, potential conflicts of interest would be notably:

- The possibility that the Depositary would favor the interests of the Management Company over one UCI or group of UCIs, or over the interests of their unitholders/investors or group of unitholders/investors, for financial or other reasons.
- The possibility that the Depositary would obtain a benefit from the Management Company or a third party in relation to the services provided, to the detriment of the interests of the Fund or its investors.
  - The Depositary will act in accordance with the standards applicable to credit institutions, in accordance with the 2010 Law and in the best interest of the Fund and its investors, without being influenced by the interests of other parties.
  - The Depositary will do its utmost to perform its services with objectivity.
  - The Depositary and the Management Company are two separate entities with different purposes and employees, and ensuring a clear separation of tasks and functions.

The Depositary shall be liable to the Fund and its investors for the loss by the Depositary or a third party to with whom the custody of financial instruments are held in custody in accordance with the UCITS Directive. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

For other assets, the Depositary shall be liable only in case of negligence, intentional failure to properly fulfil its obligations.

The rights and duties of the Depositary are governed by the Depositary Agreement entered into for an unlimited period of time from the date of its signature. The Fund and the Depositary may terminate the Depositary Agreement on ninety (90) calendar days' prior written notice; provided, inter alia, that a new depositary assumes the responsibilities and functions of the Depositary and that the prior approval of the home regulator of the Fund has been obtained, being understood that such appointment shall happen within two months. The Depositary shall, if terminated by the Fund, however continue thereafter for such period as may be necessary for the complete delivery or transfer of all assets held by it.

The Depositary shall not be liable for the contents of this Prospectus and will not be liable for any insufficient, misleading or unfair information contained herein.

The rights and duties of Quintet Private Bank (Europe) S.A. as Paying Agent are governed by the Paying Agency Agreement entered into for an unlimited period of time from the date of its signature. As principal paying agent Quintet Private Bank (Europe) S.A. will be responsible for distributing income and dividends, if applicable, to the Shareholders.

#### 13.6.2. Fees

Pursuant to the aforesaid custodian agreement and usual banking practices in Luxembourg, the Depositary is entitled to a commission up to 0,05 % p.a. (with an annual minimum of EUR 6,200

for the whole Fund) calculated on the basis of the Net Asset Value of the Fund payable each month, plus a fixed commission per transaction. Such commissions as well as any brokerage fees, correspondent's fee and taxes incurred by the Custodian will be borne by the Fund. The Depository is also entitled to a supplementary Depository Control Fee of 0.005% of the net assets with a minimum of EUR 2,500 per year.

### **13.7. Domiciliary Agent**

Pursuant to the Management Company Services Agreement dated 20 July 2020 Lemanik Asset Management S.A. was appointed as Domiciliary Agent of the Fund. This agreement was made for an unlimited duration and may be terminated by either party giving the other three (3) months prior written notice. The Domiciliary Agent receives, for the performance of its services, a fixed fee payable at the end of each year by the Fund.

## 14. CONFLICTS OF INTEREST

The service providers listed in Clause 13 and their respective affiliates, directors, officers and shareholders (collectively the **Parties**) are or may be involved in other financial, investment and professional activities which may cause conflict of interest with the management and administration of the Fund.

These include the management of other collective investment schemes, purchase and sale of securities, brokerage services, custody and safekeeping services and serving as directors, officers, advisers, distributors or agents of other collective investment schemes or other companies, including companies and investment funds in which the Fund may invest.

The Investment Manager may be remunerated by portfolio managers, distributors or sponsors of investment funds, in which the Fund invests, for providing to such portfolio managers, distributors or sponsors of investment funds, its infrastructure and networks.

Shareholders of the Fund should be aware that the terms of the placing arrangements with such trading portfolio managers may provide for the payment of fees up to a significant portion of an investment manager's total management fees or of a portion of the brokerage commissions generated by the underlying investment funds, calculated by reference to the amounts invested in such underlying investment funds through the Investment Manager or its affiliate companies.

Although such arrangements, when they exist, may create potential conflicts of interest for the Investment Manager between its duties to select portfolio managers based solely on their merits and its interest in assuring revenue in the context of the placing arrangements if this issue is not properly dealt with, Shareholders should note that the Investment Manager shall at all time (i) act in the best interest of the Fund in the due diligence process carried out prior to the selection of any relevant underlying investment fund and (ii) ensure that all investment/disinvestment decisions in the management of the assets of the Fund are never influenced or affected by any of the terms of such placing arrangements.

Each of the Parties will ensure that the performance of their respective duties will not be impaired by any involvement they might have. In the event that a conflict of interest does arise, the Board of Directors and the relevant Parties shall endeavour to ensure that it is resolved fairly within reasonable time and in the interest of the Shareholders.

## 15. TAXATION

It is expected that Shareholders will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with its circumstances. Before an investment in the Fund, investors should inform themselves and if necessary consult their tax adviser on the possible tax consequences of subscribing, holding, transferring and redeeming Shares.

### 15.1. Taxation of the Fund

According to the law and practice currently in force, the Fund is not subject to any Luxembourg tax on profits or income, nor are any dividends paid by the Fund subject to any Luxembourg withholding tax.

The Fund is, however, subject in Luxembourg to a tax of either (i) 0.01% per annum of the Net Asset Value of Classes of Shares reserved to institutional investors or (ii) 0.05% per annum (*taxe d'abonnement*) of the Net Asset Value of any other Classes of Shares. Such tax is payable quarterly on the basis of the value of the Net Asset Value of the Fund at the end relevant calendar quarter.

Income received by the Fund on its investments may be subject to different non-recoverable withholding taxes in the countries of origin.

### 15.2. Luxembourg taxation of individual resident shareholders

Shareholders are currently and in principle not subject to any Luxembourg income tax on capital gains, income, or withholding tax, or other tax in Luxembourg with respect to their Shares.

Nevertheless, exceptions should be noted for:

- (i) a resident Shareholder holding or having held (together with his spouse and minor children, directly or indirectly, at any time during a period of five (5) years preceding the sale) 10% or more of the share capital of the Fund may be subject to tax on capital gains in Luxembourg if either a disposal takes place less than six (6) months following the acquisition;
- (ii) certain former Luxembourg residents holding 10% or more of Shares may be subject to tax on capital gains in Luxembourg;
- (iii) Shareholders who receive dividend or redemption payments within the scope of the Luxembourg law of 21 June 2005, transposing the Savings Directive, may be subject to a withholding tax.

Under present Luxembourg tax law, in the case where an individual resident shareholder is a resident for tax purposes of Luxembourg at the time of his death, the Shares are included in his

taxable estate, for inheritance tax purposes. In addition, gift tax may be due on a gift or donation of Shares, if the gift is recorded in a Luxembourg deed.

### **15.3. Luxembourg taxation of corporate resident shareholders**

Unless a tax allowance or exemption applies, the capital gains realised and the dividends received in connection with Shares by a corporate shareholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Shares are attributable, are subject to taxation in Luxembourg.

### **15.4. Taxation of non-resident shareholders**

Except as provided under the Luxembourg law of 21 June 2005 implementing the Savings Directive, a non-resident shareholder is not subject to any income, withholding, estate, inheritance or other taxes in Luxembourg.

Income received by an individual, resident in a country of the European Union or certain dependent or associated territories, may, depending on the investment strategy of the Fund fall within the scope of the Savings Directive and be subject to a 35% withholding tax.

A Shareholder may also be subject to taxation in his country of residence under the laws and regulations applicable to him and with which he must comply. Potential investors are advised to check the tax obligations in force in their country of residence.

Prospective Shareholders should inform themselves of, and where appropriate take advice on, the law and regulations (such as those relating to taxation and exchange controls) applicable to the subscription, purchase, holding and realisation of Shares in the country of their citizenship, residence or domicile.

### **15.5. FATCA**

Under the FATCA provisions of the Hire Act, where the Fund invests directly or indirectly in US assets, payments to the Fund of US-source income after 31 December 2013, gross proceeds of sales of US property to the Fund after 31 December 2014 and certain other payments received by the Fund after 31 December 2016 will be subject to 30% US withholding tax unless the Fund complies with FATCA. FATCA compliance can be achieved by entering into an agreement with the US Secretary of the Treasury under which the Fund agrees to certain US tax reporting and withholding requirements as regards holdings of and payments to certain investors in the Fund or, if the Fund is eligible, by becoming a deemed compliant fund. However, the form of the agreement has not been provided by the US Government, US regulations which set out the detailed rules have not been finalised and there may be agreements reached between certain governments (and in particular Luxembourg) and the United States that could impact upon compliance with FATCA. Any amounts of US tax withheld may not be refundable by the Internal Revenue Service (**IRS**). The Fund may become FATCA compliant.

This is a complex area and therefore potential investors should consult their advisers regarding the application of the withholding rules and the information that may be required to be provided and disclosed to the Fund's Paying Agent and Distributors, and in certain circumstances to the IRS as will be set out in the final FATCA regulations. Investors are also recommended to check with their Distributors and custodians as to their intention to comply with FATCA. The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change.

## 15.6. Common Reporting Standard

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "**Standard**") and its Common Reporting Standard (the "CRS") as set out in the Luxembourg Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation law (the "**CRS Law**").

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the Luxembourg tax authority (the "**LTA**") personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain investors as per the CRS Law (the "**Reportable Persons**") and (ii) Controlling Persons of certain non-financial entities ("**NFEs**") which are themselves Reportable Persons. This information, as exhaustively set out in Chapter 1 Article 4 of the CRS Law (the "**Information**"), will include personal data related to the Reportable Persons.

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

The investors are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

Similarly, the investors undertake to inform the Fund within thirty (30) days of receipt of these statements should any included personal data not be accurate. The investors further undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any investor that fails to comply with the Fund's Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor's failure to provide the Information or subject to disclosure of the Information by the Fund to the LTA. Such investor

failure to comply with the Fund's Information or documentation requests shall be an obstacle to the entry into or to the continuation of the relationship between the Fund and the investor.

## 16. RISK FACTORS

The list of risk factors set out below does not purport to be a complete explanation of the risks involved in investing in Shares. Before making any decision to subscribe for or buy Shares, prospective investors should carefully read the entire Prospectus and consult with their professional advisers regarding the tax and other consequences of an investment in the Shares in light of their personal circumstances.

An investment in the Shares involves a high degree of risk, including the risk of loss of the entire amount invested, as a result of both (i) the types of investments to be made by the Fund and (ii) the structure and operations of the Fund. There can be no assurance that the Fund will achieve its investment objective or that there will be any return of capital to Shareholders. Before investing in the Shares, prospective investors should carefully consider the inherent risks, including the following:

### 16.1. Risk Warning regarding the general operation of the Fund

#### 16.1.1. Loss of principal

Investors should note that the price of Shares in the Fund and income arising therefrom can fluctuate and is not guaranteed. The price of Shares may go down as well as up and an investor may not get back the amount he has invested. Past performance is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value in terms of any currency of Shares denominated in a different currency to diminish or increase. The levels and bases of, and reliefs from, taxation may change. There can be no assurance that the collective performance of underlying investments will be profitable. In the case, the Fund in respect of which an initial charge is payable as described in this Prospectus, a redemption request at an early stage of holding the investment may result in the investor receiving less than the amount of his initial investment.

#### 16.1.2. Regulatory

The Fund is a Luxembourg domiciled UCITS governed by Luxembourg law. Investors should note that the regulatory protections provided by their local regulatory authorities may differ or may not apply. Investors should consult their financial or other professional advisers for further information.

#### 16.1.3. Conflicts of Interest

The Investment Manager may, from time to time, act as manager, corporate directors, investment manager or adviser to other funds or sub-funds which follow similar investment objectives to those of the portfolios of the Fund. It is therefore possible that the Investment Manager may in the course of its business have potential conflicts of interest with the Fund. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management Agreement and, in particular, to its obligation to act in the best interests of the Fund so far as obligations to other clients are concerned when undertaking investment where potential conflicts of interest may arise.

#### 16.1.4. Effects of Redemptions

Large redemptions of Shares within a limited period of time could require the Fund to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in the Fund's net asset value could make it more difficult for the Investment Manager to generate profits or recover losses.

#### 16.1.5. Dependence on the Investment Manager

All allocation or investment decisions with respect to the Fund's assets will be made by the Investment Manager and Shareholders will not have the ability to take part in the day-to-day management or investment operations of the Fund. As a result, the success of the Fund will depend largely upon the abilities of the Investment Manager and its personnel.

#### 16.1.6. Institutional Risk

All assets of the Fund will be held under the custody or supervision of the Depositary. The Depositary is authorised to use correspondent banks and nominees. The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which portfolio securities have been entrusted for custody purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. The Fund intends to limit its securities transactions to well-capitalised and established banks and brokerage firms in an effort to mitigate such risks.

#### 16.1.7. Legal Restrictions on the Fund's Investments

The Fund is subject to regulations in Luxembourg and its portfolio investments may be subject to regulations (including tax and exchange control regulations) in other countries. The Fund may also be subject to regulations in countries where its Shares may be registered for distribution. In addition, possible changes to the laws and regulations governing permissible activities of the Fund, the Investment Manager and their affiliates could restrict or prevent the Fund or the Investment Manager from continuing to pursue the Fund's investment objectives or operate in the manner currently contemplated.

#### 16.1.8. Possible Adverse Tax Consequences

No assurance may be given that the manner in which the Fund will be managed and operated, or that the composition of its portfolio investments, will not result in possible adverse tax consequences for any particular Shareholder or group of Shareholders. The Fund does not intend to provide its Shareholders with information regarding the percentage ownership of its Shares held by residents of any country.

#### 16.1.9. Reserve for Liabilities

Under certain circumstances, the Fund may find it necessary, upon redemption by a Shareholder, to set up a reserve for contingent or future liabilities or valuation difficulties and withhold a certain portion of that Shareholder's net redemption proceeds. This could happen, for example, if the Fund, or an issuer of a security held in the Fund, were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the redemption request is accepted.

#### 16.1.10. Future Returns

No assurance can be given that the strategies employed by the Investment Manager in the past to achieve attractive returns will continue to be successful or that the return on the Fund's investments will be similar to that achieved by the Investment Manager in the past.

#### 16.1.11. Investment Objective

Investors should be fully aware of the investment objectives of the Fund as these may state that the Fund can invest on a limited basis in areas which are not naturally associated with the name of the Fund. These other markets and/or assets may act with more or less volatility than the core investments and performance will, in part, be dependent on these investments. All investments involve risks and there is no guarantee against loss resulting from an investment in any of the Shares, nor there is assurance that the Fund's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objective disclosed and are advised to consult their financial adviser when determining whether an investment in the Fund is suitable.

#### 16.1.12. Global Financial Market Crisis

As at the date of the Prospectus, global financial markets have seen disruptions and significant instability which has led to governmental intervention and the implementation, or the proposal, of emergency measures in order to try to restore market confidence. However, some of these interventions have not been clear in scope and application resulting in uncertainty which in itself has been detrimental to the efficient functioning of financial markets. In addition, it is not possible to accurately predict what further interim or permanent restrictions may be imposed on the markets and/or the effect of such restrictions on the Fund and its ability to implement the investment objectives of the Fund.

In summary there is no clear prediction for how long the financial markets will continue to be affected by these events in Europe or the wider global economy and so it is also not clear what the full effects will be on the Fund.

### **16.2. Risk Warning regarding market-related risks**

#### 16.2.1. General Economic Conditions Risks

The success of any investment activity is affected by general economic conditions, which may

affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Fund directly or indirectly holds positions, could impair the Fund's ability to achieve its objectives and/or cause it to incur losses.

#### 16.2.2. Market Risks

The success of a significant portion of the Fund's investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Investment Manager will be able to predict accurately these price movements.

#### 16.2.3. Risks on Investment in Fixed Income Securities

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and, therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. Certain securities that may be purchased by the Fund may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, the Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

#### 16.2.4. Risks on Transactions in Currencies

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations.

#### 16.2.5. Risks of Lack of Liquidity in Markets

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Fund, both in the realisation of the prices which are quoted and in the execution of orders at desired prices.

#### 16.2.6. Risks of Government Intervention

Interest rates and trading in financial instruments based on currencies or interest rates are subject to certain risks arising from government regulation of or intervention in the currency and interest rate markets through regulation of the local exchange market restrictions on foreign investments by residents, limits on inflows of funds or changes in the general level of interest rates. Such regulation or intervention could adversely affect the Fund's performance.

#### 16.2.7. Fund's investments

If the Fund invests in: (i) a relatively low number investments; (ii) small and medium sized companies; or (iii) technology shares, it may see greater fluctuations in its values compared to funds with more diversified holdings.

#### 16.2.8. Anti-Money Laundering

If the Fund or any governmental agency believes that the Fund has accepted subscriptions for Shares by, or is otherwise holding assets of, any person or entity that is acting, directly or indirectly, in violation of any anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organisation, the Fund or such governmental agency may freeze or be required by the Fund or such governmental agency to freeze the assets of such person or entity invested in the Fund or suspend their redemption rights. The Fund may also be required to remit or transfer those assets to a governmental agency.

### **16.3. Risk Warning regarding Derivative Instruments**

#### 16.3.1. Volatility Risks

Because of the low margin deposits normally required in managing derivative instruments, an extremely high degree of leverage is typical. As a result, a relatively small price movement in a derivative contract may result in substantial losses to the investor. Investment in derivative transactions may result in losses in excess of the amount invested.

#### 16.3.2. Risks of Exchange Traded Derivative Transactions

*Suspensions of Trading.* Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Fund, to liquidate positions and, accordingly, expose the Fund to losses and delays in its ability to redeem Shares.

#### 16.3.3. Risks of OTC Derivative Transactions

*Absence of regulation; counterparty default.* In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the

protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, in entering into OTC transactions the Fund will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that it may sustain losses. A Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Fund may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses as a result.

*Liquidity; requirement to perform.* From time to time, the counterparties with which the Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable 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. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager with the possibility to offset the Fund's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Fund may be required, and must be able, to perform its obligations under the contracts.

*Necessity for counterparty trading relationships.* As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Fund and the Investment Manager believe that the Fund will be able to establish multiple counterparty business relationships to permit the Fund to effect transactions in the OTC market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Fund's counterparty credit risk, limit its operations and could require the Fund to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to the Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

#### 16.3.4. Risk Warning regarding certain techniques and instruments

*Risks of trading Credit Default Swaps (CDS)* – The price at which CDS trades may differ from the price of the CDS' referenced security. In adverse market conditions, the basis (difference between the spread on bonds and the spread of CDS) can be significantly more volatile than the CDS' referenced securities.

*Risks related to Total Return Swap* - A total return swap is an agreement under which two parties commit to exchange (swap) the total return of a predefined financial instrument against the payment of a fixed or floating interest rate. The underlying financial instrument may be an equity instrument, an index, a bond or a credit instruments. The underlying instrument may or may not be booked in the name of the counterparty to the swap transaction during the life of the swap

agreement. A total return swap allows the Fund to receive the return of the underlying financial asset without having to acquire it directly in its name. Beside the general counterparty risk, market risk and liquidity risk that are described here above, an investment in a total return swap may in addition entail the risk of the a counterparty not being able to evaluate one of the payments to be made under the swap agreement.

*Risks related to Contracts for Differences* - A contract for difference is a cash settled bilateral financial contract, the value of which is linked to a financial instrument, generally an equity or a debt instrument, a basket thereof or an index. A contract for difference entails the market risk of the underlying financial instrument but also the credit risk if the counterparty to the transaction in case of default on its obligations.

*Risks related to reinvestment of Cash Collateral* – The objective of reinvesting cash is to generate income. However, the reinvestment of cash exposes the Fund to additional risks including the loss of principal. Although, cash will only be reinvested into assets considered as liquid and of high quality, the Fund cannot guarantee that it will recover its investment.

#### 16.3.5. Risks on Investments in Emerging Countries and Less Developed Countries

Investments in emerging and less developed countries and Eastern European markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments; economies based on only a few industries, and securities markets that trade only a limited number of securities. Many emerging and less developed countries and Eastern European markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging and less developed countries and Eastern European markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with investment in emerging and less developed countries and Eastern European markets:

*Fraudulent Securities* – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

*Lack of Liquidity* – The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

*Currency Fluctuations* – Significant changes in the currencies of the countries in which investments are made vis-à-vis the Reference Currency of the Fund may occur following the investment of the Fund into these currencies. These changes may impact the total return of the Fund to a significant degree. In respect of currencies of certain emerging countries it is not possible

to undertake currency-hedging techniques.

*Settlement and Custody Risks* – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

*Eastern Europe / Less developed countries* – Certain markets in the less developed countries and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries. As a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar.

*Investment and Remittance Restrictions* – In some cases, emerging and less developed countries and Eastern European markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to the Fund because the maximum amount of foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Fund will only invest in markets in which it believes these restrictions will not be imposed.

*Accounting* – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging and less developed countries and Eastern European countries differ from those applicable in more developed countries in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly access.

#### 16.3.6. Risk Warning regarding foreign exchange risk hedging

In the case where Shares are hedged against the Reference Currency of the Fund, such hedging may, for technical reasons, not be complete and not cover the entire foreign exchange rate risk. There can be no guarantee that hedging strategies will be successful. Moreover, in case of hedging, the investors will not take advantage of any possible positive evolution of the foreign exchange rate.

#### **16.4. Sustainability Risks**

The Fund's investments may be exposed to Sustainability Risks, either directly or indirectly, namely (i) environmental risks such as an issuer polluting water or air, (ii) social risks such as gender breaches or children labour breaches by an issuer, and (iii) governance risks such as corruption, and as a consequence reputational risks.

The Sb-Funds' performance and returns may be adversely impacted should such Risks occur.

## **17. GENERAL AND STATUTORY INFORMATION**

### **17.1. Documents available for Inspection**

Copies of the following documents may be inspected free of charge during normal business hours on any Luxembourg Business Day at the registered office of the Fund:

- (i) the Articles;
- (ii) the Prospectus, the KIIDs and the application form for Shares;
- (iii) the Management Company Agreement;
- (iv) the Depositary Agreement;
- (v) the Paying Agency Agreement;
- (vi) the Domiciliary Agency Agreement;
- (vii) the Registrar and Transfer Agency Agreement;
- (viii) the Administrative Agency Agreement;
- (ix) the Investment Management Agreement;
- (x) the latest annual and half-yearly financial statements;
- (xi) complaints handling procedure;
- (xii) voting right strategy; and
- (xiii) conflict of interest policy.

### **17.2. Financial Statements and Reports**

Financial periods start on 1 January and end on 31 December of each year. The annual report, containing the audited consolidated financial accounts expressed in USD, of the Fund in respect of the preceding financial period and the accounts of the Fund will be made available at its registered office at least fifteen (15) calendar days before the annual general meeting of Shareholders. Unaudited semi-annual reports as at 30 June of each year will be made available within two (2) months of 30 June. Copies of all financial reports will be available at the registered office of the Fund and of the distributors, if any.

### **17.3. Miscellaneous**

Save as otherwise disclosed in this Prospectus, no commissions are payable and no discounts, brokerages or other special terms have been granted by the Fund in connection with the issue of the Shares nor any amount or benefit has been paid or given, or is intended to be paid or given, to any promoter.

No share or loan capital of the Fund is under option or has been agreed conditionally or unconditionally to be put under option.

The Fund has not established and does not intend to establish a place of business in Great Britain.

## 18. LIQUIDATION

The Fund may be liquidated at any time upon decision of the general meeting of Shareholders with the quorum and majority required for the amendments of the Articles.

In the event that the Net Asset Value falls below two-thirds of the minimum capital required by the 2010 Law, the Board of Directors must submit to a general meeting of Shareholders the decision of the dissolution of the Fund. No quorum applies to such meeting and decision to liquidate the Fund may be taken by a simple majority of the Shares present or represented at the meeting.

The question of the dissolution of the Fund shall further be referred to the general meeting of Shareholders whenever the capital falls below one fourth of the minimum capital. No quorum is required at such meeting and decision to liquidate the Fund is adopted by one quarter of the Shares present or represented at the meeting.

If the Fund is put into liquidation, its liquidation will be carried out by one or more liquidators appointed pursuant to the 2010 Law. The net proceeds of the liquidation will be distributed by the liquidators to Shareholders in proportion to their holdings of Shares. Amounts to which Shareholders are entitled upon the liquidation of the Fund, unclaimed prior to the close of liquidation, will be deposited in escrow at the *Caisse de Consignation* in Luxembourg and kept at their disposal for thirty (30) years. After such period, the liquidation proceeds will be forfeited in accordance with the provisions of Luxembourg law.

In the event that for any reason the value of the total net assets in any Class of Shares has not reached or has decreased to an amount determined by the Board of Directors to be the minimum level for such Class of Shares to be operated in an economic rationalisation or in case of any substantial change in the economic or/and political environment, the Board of Directors may decide to liquidate such Class of Shares. The Fund shall notify the relevant Shareholders and indicate the reasons of the liquidation.

## **19. MERGERS OF CLASSES OF SHARES AND OF THE FUND**

Any merger of a Class of Shares with another Class of Shares of the Fund or with another UCITS shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for such merger to a meeting of Shareholders of the Class(es) of Shares concerned. In such case, no quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

However, in case of a merger of one or more Class(es) of Shares or the Fund where, as a result, the Fund ceases to exist, the effective date of the merger shall be decided by the general meeting of Shareholders resolving in accordance with the quorum and majority requirements set forth in the Articles. Such notification shall be provided at least thirty (30) calendar days before the last date for requesting repurchase or redemption or, as the case may be conversion without additional charge.

The merger of the Fund with another UCITS shall be subject to the provisions on mergers set forth in Luxembourg law and any implementing regulation.

In case of merger of a Class of Shares with another Class of Shares in the Fund, the Shareholders of the Classes of Shares concerned are entitled to redeem their Shares without any fee for a period of thirty (30) calendar days as from the date of the notification of the merger.

## **ANNEX - INFORMATION FOR INVESTORS IN SWITZERLAND**

### **a) Representative in Switzerland:**

The representative for the SICAV (the « **Representative** ») in Switzerland is **CARNEGIE FUND SERVICES S.A.**, 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel.: + 41 (0)22 705 11 78.

### **b) Paying Agent in Switzerland:**

The paying agent for the SICAV in Switzerland is **BANQUE CANTONALE DE GENÈVE**, 17, quai de l'Île, 1204 Geneva, Switzerland, tél : +41 (0)22 317 27 27, fax : +41 (0)22 317 27 37.

### **c) Location where the relevant documents may be obtained**

The prospectus, the key investor information documents (KIIDs) respectively the key information document, the articles of association, as well as the annual and semi-annual reports of the SICAV may be obtained free of charge from the representative in Switzerland.

### **d) Publications**

Publications concerning the fund are made in Switzerland on Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

The issue and the redemption prices or the net asset value together with a reference stating “excluding commissions” are published on each issue and redemption of units via [www.swissfunddata.ch](http://www.swissfunddata.ch). Prices are published daily.

### **e) Payment of retrocessions and rebates**

The Management Company / SICAV and their agents do not provide any payment of retrocession (i.e. payments and commissions in kind paid by the Management Company / SICAV and their agents to eligible third parties for the distribution activity of shares in Switzerland), or the granting of discounts (i.e. direct payments from the Management Company / SICAV and their agents to investors from the charges or the costs on the fund, in order to reduce these to a contractually agreed amount).

### **f) Place of performance and jurisdiction**

In respect of the Shares offered in Switzerland, the place of performance is at the registered office of the Swiss representative. The place of jurisdiction is the registered office of the Swiss representative or the registered office or place of residence of the investor.