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

Luxembourg, le 2024-05-16

Commission de Surveillance du Secteur Financier



## **DoubleLine Funds (Luxembourg)**

Investment company with variable capital with multiple sub-funds

**PROSPECTUS**

**May 2024**

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## IMPORTANT INFORMATION

THE INFORMATION IN THIS PROSPECTUS IS BASED ON THE DIRECTORS' UNDERSTANDING OF CURRENT LAW AND PRACTICE (INCLUDING AS TO TAXATION) AT THE DATE HEREOF. BOTH LAW AND PRACTICE MAY BE SUBJECT TO CHANGE. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

It should be remembered that the price of shares of the Company and income from them can go down as well as up and that investors may not receive back the amount they originally invested.

Shares are available for issue on the basis of the information and representations contained in this Prospectus and the relevant Key Information Documents. Any further information given or representations made by any person with respect to any shares must be regarded as unauthorised.

All Classes of Shares of all Sub-Funds that are in issue may be listed on the Luxembourg Stock Exchange or on any other recognised stock exchange. Trading in shares of the Company on a stock exchange will be in accordance with the rules and regulations of the relevant stock exchange and subject to normal brokerage fees.

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

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is unlawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The Shares have not been and will not be offered for sale or sold in the United States of America ("US"), its territories or possessions and all areas subject to its jurisdiction, or to United States Persons, except in a transaction which does not violate the securities laws of the USA. The Articles of Incorporation permit certain restrictions on the sale and transfer of shares to restricted persons and the Board of Directors has decided that United States Persons shall be restricted persons. If a shareholder subsequently becomes a United States Person and such fact comes to the attention of the Company, shares owned by that person may be compulsorily repurchased by the Company.

Investors and applicants should note that under the Foreign Account Tax Compliance Act ("**FATCA**") details of US investors holding assets outside the US will be reported by financial institutions to the Internal Revenue Service ("**IRS**"), as a safeguard against US tax evasion. As a result, and to discourage non-US financial institutions from staying outside this regime, financial institutions that do not comply with the regime will be subject to a 30% withholding tax penalty with respect to certain US sourced income

(including dividends) and gross proceeds from the sale or other disposal of property that can produce US sourced income. In order to protect the shareholders from the effect of any withholding penalty, it is the intention of the Company to be compliant with the requirements of the FATCA regime as this applies to entities such as the Company. For further details please refer to Section 21. "Taxation".

In order to protect the interest of all Shareholders, the Company reserves the right without further notice to restrict or prevent the sale and transfer of shares to persons targeted by FATCA as permitted by the Articles of Incorporation.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective applicants for Shares should inform themselves as to legal requirements so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The key information documents of each Class of each Sub-Fund, the latest annual and semi-annual reports of the Company (if any), are available at the registered office of the Company and will be sent to investors upon request. Such reports shall be deemed to form part of this Prospectus.

Before subscribing to any Class and to the extent required by local laws and regulations each investor shall consult the relevant Key Information Document(s). The Key Information Documents provide information in particular on historical performance, the synthetic risk and reward indicator and charges. Investors may obtain the Key Information Documents in paper form or on any other durable medium agreed between the Management Company or the intermediary and the investor.

Shareholders are informed that as a matter of general practice, telephone conversations and instructions may be recorded for the purpose of evidencing transactions. Such recordings will benefit from protection under Luxembourg professional secrecy and privacy rules as the information shall not be released to third parties, except in cases where the Registrar and Transfer Agent is legally compelled or entitled to do so.

Any information (the "**Personal Data**") relating to any identified or identifiable individual who is a Shareholder, prospective Shareholder, or who is a member, partner, shareholder, beneficial owner, officer, director, employee, or other representative of any Shareholder or prospective Shareholder (together "**Data Subjects**"), provided to, or collected by or on behalf of, the Company (whether directly from Data Subjects, third parties, or from publicly available sources) will be processed by the Company, as data controller (the "**Controller**") in compliance with applicable data protection laws, in particular Regulation (EU) 2016/679 of 27 April 2016, the "**General Data Protection Regulation**" (together the "**Data Protection Legislation**").

This Privacy Notice gives information regarding the treatment of the Personal Data under the Data Protection Legislation and described the basis on which we process the Personal Data, for what purposes

and details about privacy rights under the Data Protection legislation. Failure to provide certain requested Personal Data may result in the inability to invest in or maintain Shares of the Sub-Fund due to a lack of sufficient data to identify or contact necessary individuals or to complete necessary investor and investment profile information.

Personal Data will be processed by the Controller and disclosed to, and processed by, services providers acting as processors on behalf of the Controller (the "**Processors**") for the purposes of (i) offering and managing investments and performing the related services (ii) developing and processing the business relationship with the Processors, and (iii) direct or indirect marketing activities (the "**Purposes**").

The Administration Agent, when acting as Corporate Secretary, Registrar and Transfer Agent, may process personal data relating to the Shareholder for the purposes of providing services to the Company and its Sub-Funds, performing its legal and regulatory obligations and conducting financial crime risk management and other activities, including disclosing those data to the Company and to third parties and transferring them internationally. To the extent that the Administration Agent does so as a data processor, such processing is more fully described in the Administration Agent's data privacy statement, a copy of which is available on request from the Administration Agent.

Prior to the transfer of any personal data relating to a Shareholder to the Administration Agent, the Management Company acting on behalf of the Company shall first inform the Shareholders of the Sub-Funds' processing of their personal data as set out in the preceding paragraph; and the Administration Agent is entitled to process such personal data, as a processor, as set out herein.

Personal Data will also be processed by the Controller and Processors to comply with legal or regulatory obligations applicable to them such as cooperation with, or reporting to, public authorities including but not limited to legal obligations under applicable fund and company law, anti-money laundering and counter terrorist financing (AML-CTF) legislation, prevention and detection of crime, tax law such as reporting to the tax authorities under Foreign Account Tax Compliance Act (FATCA), the Common Reporting Standard (CRS) or any other tax identification legislation to prevent tax evasion and fraud as applicable (the "**Compliance Obligations**").

The Controller and/or the Processors may be required to report information (including name and address, date of birth and U.S. tax identification number (TIN), account number, balance on account, the "**Tax Data**") to the Luxembourg tax authorities (*Administration des Contributions Directes*) which may exchange this information with the competent authorities in permitted jurisdictions (including outside the European Economic Area) for the purposes provided for in FATCA and CRS or equivalent Luxembourg legislation. It is mandatory to answer questions and requests with respect to the Data Subjects' identification and Shares held in the Sub-Funds and, as applicable, FATCA and/or CRS and failure to provide relevant Personal Data requested by the Controller or the Processors may result in incorrect or double reporting, prevent them from acquiring or maintaining their Shares of the Sub-Funds and may be reported to the relevant Luxembourg authorities.

In certain circumstances, the Processors may also process Personal Data of Data Subjects as controllers, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or order of any competent jurisdiction, court, governmental, supervisory or regulatory bodies, including tax authorities.

Communications (including telephone conversations and e-mails) may be recorded by the Controller and Processors including for record keeping as proof of a transaction or related communication in the event of a disagreement and to enforce or defend the Controller' and Processors' interests or rights in compliance with any legal obligation to which they are subject. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for such period as may be required by applicable laws and regulations starting from the date of the recording. The absence of recordings may not in any way be used against the Controller and Processors.

Personal Data of Data Subjects may be transferred outside of the European Economic Area to parties in countries which are not subject to an adequacy decision of the European Commission and which legislation does not ensure an adequate level of protection as regards the processing of personal data.

Insofar as Personal Data is not provided by the Data Subjects themselves, the Shareholders represent that they have authority to provide such Personal Data of other Data Subjects. If the Shareholders are not natural persons, they undertake and warrant to (i) adequately inform any such other Data Subject about the processing of their Personal Data and their related rights as described below and in the Full Privacy Notice and/or Application Form and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing 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.

Detailed data protection information is contained in the Full Privacy Notice and/or the Application Form and available at <https://www.doublelineucits.com/privacy-policy/>.

The Shareholders have certain rights in relation to Personal Data relating to them including the rights to access to or have Personal Data about them rectified or deleted, ask for a restriction of processing or object thereto, right to portability, right to lodge a complaint with the relevant data protection supervisory authority and the right to withdraw consent after it was given). The Full Privacy Notice and/or the Application Form contains more detailed information concerning these rights and how to exercise them.

The Full Privacy Notice is also available on demand by contacting the Company at: [ucitsprivacy@doubleline.com](mailto:ucitsprivacy@doubleline.com).

The Shareholders' attention is drawn to the fact that the data protection information contained herein and in the Full Privacy Notice and/or the Application Form is subject to change at the sole discretion of the Controller.

The Controller and Processors take seriously the obligation to safeguard Personal Data. Physical, electronic, and procedural safeguards are maintained to protect against unauthorized access to Personal Data. Detail of the IT security measures are set out in the Privacy and Information Security Policy. Commercially reasonable efforts shall be used to restrict access to the Personal Data to those members, officers, employees, and other workers of the Controller' and Processors who need access to that information. All of these employees and service providers shall be required to maintain the confidentiality of the Personal Data.

This Privacy Notice may be changed from time to time and the Data Subjects will be notified accordingly when there is a change. The latest version will be posted on our website <http://www.doublelineucits.com/privacy-policy/>.

Data Subjects have certain rights relating to the Personal Data held in accordance with and subject to the Data Protection Legislation to: (i) check whether we hold the Personal Data and to access this Personal Data; (ii) request the correction of the Personal Data that is inaccurate; (iii) have a copy of the Personal Data we hold provided to the Data Subject or another controller where technically feasible; (iv) request the erasure of the Personal Data; and (v) request the restriction of processing concerning the Data Subject. To do so, please send your request to [ucitsprivacy@doubleline.com](mailto:ucitsprivacy@doubleline.com) or writing to the Controller at the address stated above.

Data Subjects may raise a concern about our processing of their Personal Data, in accordance with applicable Data Protection Legislation, to a supervisory authority in their country of residence.

Recipients shall take reasonable measures to ensure confidentiality and protection of the Information which is transferred within each of the Recipients' entities concerned. However, Shareholders acknowledge that due to the fact that the Information is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection regulation as currently in force in Luxembourg may not be guaranteed while the Information is kept abroad.

Recipients accept no liability with respect to any unauthorised third party receiving knowledge of or having access to the Information, except in case of proven gross negligence or serious misconduct of the Recipients.

The Management Company has appointed Brown Brothers Harriman (Luxembourg) S.C.A. as administration, domiciliary, corporate, registration, registrar and transfer agent and has also been appointed by the Company as depositary in order to perform related services to the Company. In this context, Brown Brothers Harriman (Luxembourg) S.C.A. has agreed with the Management Company and with the Company regarding its depositary function that it outsources certain of its activities or tasks to intra-group or third parties service providers located in the United States, Poland, Hong Kong and India. Such

outsourcing could imply the transfer of information related to investors. Any additional information and details on the subcontracted services and tasks by Brown Brothers Harriman (Luxembourg) S.C.A. are made available on the following website: <https://doubleline.com/>. In case of new subcontracted services or tasks, the information on the website will be updated accordingly.

The Board of Directors draws the investors' attention to the fact that any investor will only be able to fully exercise its investor rights directly against the Company, notably the right to participate in general meetings of shareholders if the investor is registered himself and in its own name in the Company's Register of shareholders maintained by the Registrar and Transfer Agent. In cases where an investor invests in the Company through an intermediary investing into the Company in its 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 Company. Investors should seek advice from their salesman or intermediary on their rights in the Company.

DOUBLELINE and DOUBLELINE UCITS (and Design) are trademarks of DoubleLine Capital LP and are registered in the European Union and the United Kingdom.

## DIRECTORY

### **Registered Office of the Company**

80, route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

### **Board of Directors of the Company**

- Henry Chase, DoubleLine Capital LP (Chief Financial Officer, Controller)
- Earl Lariscy, DoubleLine Capital LP (General Counsel)
- Ron Redell, DoubleLine Capital LP (Executive Vice President)
- Gast Juncker, Elvinger Hoss Prussen, *société anonyme* (Partner)
- Christopher Edge, Independent Director

### **Management Company**

FundRock Management Company S.A.  
33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

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

- Mr Michel Marcel Vareika (Chairman), Independent Non-Executive Director, Luxembourg
- Mr David Rhyderch, Non-Executive Director, Luxembourg
- Mr Karl Führer, Executive Director, Luxembourg
- Mr Frank de Boer, Executive Director, Luxembourg
- Ms Carmel McGovern, Independent Non-Executive Director, Luxembourg

### **Conducting officers of the Management Company**

- Mr Emmanuel Nantas, Director, Director of Compliance
- Mr Franck Caramelle, Head of Alternatives Investments
- Mr Khalil Haddad, Head of Valuation
- Mr Karl Fuhrer, Global Head of Investment Management Oversight
- Mr Frank de Boer, Head of Accounting and Branch Functions
- Mr Marc-Olivier Scharwath, Head of IT
- Mr Hugues Sebenne, Head of Risk

### **Depositary Bank**

BROWN BROTHERS HARRIMAN (Luxembourg) S.C.A.  
80, route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

**Administration, Domiciliary, Corporate, Registration, Registrar and Transfer Agent**

BROWN BROTHERS HARRIMAN (Luxembourg) S.C.A.

80, route d'Esch

L-1470 Luxembourg

Grand Duchy of Luxembourg

**Investment Managers / Sub-Investment Managers**

DoubleLine Capital LP

2002 North Tampa Street

Suite 200, Tampa

Florida 33602

United States of America

DoubleLine Alternatives LP

2002 North Tampa Street

Suite 200, Tampa

Florida 33602

United States of America

**Global Distributor**

DoubleLine Capital LP

2002 North Tampa Street

Suite 200, Tampa

Florida 33602

United States of America

**Auditors**

PricewaterhouseCoopers, *société coopérative*

2, rue Gerhard Mercatore

L-2182 Luxembourg

Grand Duchy of Luxembourg

**Legal Advisers as to matters of Luxembourg law**

Elvinger Hoss Prussen

*société anonyme*

2, Place Winston Churchill

L-1340 Luxembourg

Grand Duchy of Luxembourg

## GLOSSARY

Unless otherwise specified in a Sub-Fund Particular:

<b>1915 Law</b>	Luxembourg Law of 10 August 1915 relating to commercial companies, as amended.
<b>2010 Law</b>	Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, implementing Directive 2009/65/EC into Luxembourg law.
<b>Administration Agent</b>	Brown Brothers Harriman (Luxembourg) S.C.A., acting in its capacity as administration agent of the Company.
<b>Application Form</b>	The application form available at the registered office of the Company and from distributors (if any).
<b>Articles of Incorporation</b>	The articles of incorporation of the Company, as may be amended from time to time.
<b>Auditors</b>	PricewaterhouseCoopers, <i>société coopérative</i> .
<b>Base Currency</b>	The base currency of a Sub-Fund, as disclosed in the relevant Sub-Fund Particular.
<b>Board of Directors</b>	The board of directors of the Company. Any reference to the Board of Directors includes a reference to its duly authorised agents or delegates.
<b>BRL</b>	The official currency of Brazil (Brazilian Real).
<b>Business Day</b>	A bank business day as detailed for each Sub-Fund in the relevant Sub-Fund Particular.
<b>Benchmark Regulation</b>	Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
<b>China or People's Republic of China</b>	The People's Republic of China (excluding the Hong Kong and the Macau Special Administrative Regions and Taiwan) and the term "Chinese" shall be construed accordingly.

<b>Class(es)</b>	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereinafter referred to as a " <b>Class</b> ") whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, dividend policy or other feature may be applied as further detailed in Section 5. "Shares".
<b>Company</b>	DoubleLine Funds (Luxembourg).
<b>CSSF</b>	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.
<b>Depository</b>	Brown Brothers Harriman (Luxembourg) S.C.A., acting in its capacity as depository of the Company.
<b>Directors</b>	The members of the Board of Directors.
<b>Emerging Markets</b>	Emerging markets are those markets in countries that, at the time a Sub-Fund invests in the related security, is classified as an emerging or developing economy by any supranational organization such as the World Bank or the United Nations, or related entities, or are considered an emerging market country for purposes of constructing major emerging market securities indexes.
<b>EU</b>	The European Union.
<b>EUR</b>	The legal currency of the European Union (Euro).
<b>EU Taxonomy</b>	Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.
<b>Fund Management Company Agreement</b>	The agreement dated 1 September 2016 by which the Company appoints the Management Company to act as its management company in accordance with Chapter 15 and Annex II of the 2010 Law.
<b>Eligible State</b>	Any EU Member State or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
<b>G8</b>	Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States of America.
<b>G20</b>	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France,

Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States of America and the EU.

<b>Grand Ducal Regulation of 2008</b>	The Grand Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investments.
<b>Institutional Investor(s)</b>	Institutional investor(s) within the meaning of article 174 of the 2010 Law.
<b>Investment Manager</b>	The entity appointed by the Management Company to carry out all or part of the portfolio management duties with respect to one or more Sub-Funds as further specified in the relevant Sub-Fund Particular.
<b>Luxembourg</b>	The Grand Duchy of Luxembourg.
<b>Management Company</b>	FundRock Management Company S.A.
<b>Money Market Instruments</b>	Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
<b>Moody's</b>	Moody's Investor Service, Inc.
<b>Net Asset Value</b>	The net asset value of any Class within any Sub-Fund or of any Sub-Fund determined in accordance with the relevant provisions detailed in Section 11. "Net Asset Value and Dealing Prices".
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>PRA</b>	Prudential Regulation Authority, the United Kingdom supervisory authority which is responsible for the prudential regulation and supervision of banks, credit unions, insurers and major investment firms.
<b>Register</b>	The register of shareholders of the Company.
<b>Registrar and Transfer Agent</b>	Brown Brothers Harriman (Luxembourg) S.C.A., acting as registrar and transfer agent of the Company.
<b>Reference Currency</b>	The Reference Currency of a Class.

<b>Regulated Market</b>	A regulated market as defined in the Directive 2004/39/EC of 21 April 2004 on markets in financial instruments (Directive 2004/39/EC), namely a market which appears on the list of the regulated markets drawn up by each Member State, which functions regularly, is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations.</i>
<b>SFDR</b>	<i>Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.</i>
<b>Share</b>	A share of no par value of any Class of any Sub-Fund in the Company.
<b>Shareholder</b>	A person recorded as a holder of Shares in the Register.
<b>Sub-Fund</b>	A specific portfolio of assets and liabilities within the Company having its own net asset value and represented by one or more Classes.
<b>Sub-Fund Particulars</b>	Part of the Prospectus containing information relating to each Sub-Fund.
<b>Sub-Investment Manager</b>	The entity appointed by the relevant Investment Manager to carry out certain portfolio management functions with respect to one or more Sub-Funds, if and as specified in the relevant Sub-Fund Particular.
<b>S&amp;P</b>	S&P Global Ratings.
<b>Transferable Securities</b>	Shall mean: (a) shares and other securities equivalent to shares, (b) bonds and other debt instruments, (c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and Money Market Instruments.
<b>UCITS</b>	An undertaking for collective investment in Transferable Securities and other eligible assets authorised pursuant to Directive 2009/65/EC, as amended.

<b>Other UCI</b>	An undertaking for collective investment within the meaning of Article 1 paragraph (2), point (a) and point (b) of Directive 2009/65/EC.
<b>United States Person</b>	A citizen or resident of the United States of America, a partnership organised or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for the purpose of computing United States income tax payable by it.
<b>USD</b>	The official currency of the United States of America (United States Dollar).
<b>Valuation Day</b>	Any day on which the Net Asset Value is calculated as detailed for each Sub-Fund, in the relevant Sub-Fund Particular.

## GENERAL PART

### 1. STRUCTURE OF THE COMPANY

The Company is an umbrella investment company with variable capital (*société d'investissement à capital variable*) incorporated under the form of a *société anonyme* in the Grand Duchy of Luxembourg. It qualifies as an undertaking for collective investment in transferable securities ("UCITS") under Part I of the 2010 Law. As an umbrella structure, the Company may operate separate Sub-Funds, each being distinguished among others by their specific investment policy or any other specific feature as further detailed in the relevant Sub-Fund Particular. Within each Sub-Fund, different Classes with characteristics detailed in Section 5. "Shares" may be issued.

The Company constitutes a single legal entity, but the assets of each Sub-Fund are segregated from those of the other Sub-Fund(s) in accordance with the provisions of article 181 of the 2010 Law. This means that the assets of each Sub-Fund shall be invested for the Shareholders of the corresponding Sub-Fund and that the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Board of Directors may at any time resolve to set up new Sub-Fund(s) and/or create within each Sub-Fund one or more Classes. The Board of Directors may also at any time resolve to close a Sub-Fund, or one or more Classes within a Sub-Fund, to further subscriptions.

The Company was incorporated for an unlimited period in Luxembourg on 12 August 2016. The capital of the Company shall be equal at all times to its net assets. The minimum capital of the Company shall be the minimum prescribed by the 2010 Law, which at the date of this Prospectus is the equivalent of EUR 1,250,000. This minimum must be reached within a period of 6 months following the authorisation of the Company as a UCITS under the 2010 Law.

The Company was incorporated with an initial capital of EUR 34,945.50 divided into 349.455 fully paid up shares.

The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg* (Luxembourg register of commerce and companies) under number B 208.459. The Articles of Incorporation are deposited with the *Registre de Commerce et des Sociétés, Luxembourg* and were published in the RESA on 23 August 2016.

The reference currency of the Company is the USD and all the financial statements of the Company will be presented in USD.

## **2. INVESTMENT OBJECTIVES AND POLICIES OF THE COMPANY AND THE SUB-FUNDS**

All Sub-Funds of the Company are managed taking potential material environmental, social, and governance ("ESG") factors into account, as the Investment Manager considers that ESG issues can influence investment risk and return. Certain Sub-Funds promote environmental or social characteristics, or have specific ESG-related investment objectives, as stated in such Sub-Funds' investment objective or policy (each, an "Article 8 Fund"), whilst other Sub-Funds do not (each, an "Article 6 Fund"). With respect to Article 6 Funds, potential material ESG factors considered, however, they may or may not impact the portfolio construction and investment decisions of the Investment Manager.

With respect to all Sub-Funds, the Investment Manager integrates an assessment of potential material ESG factors into its investment decision-making process in order to enhance their ability to gain a more holistic view of the investment risks, better understand the potential drivers of performance, and seek better risk-adjusted returns.

In connection with its overall investment process, when evaluating a potential investment, the Investment Manager conducts a qualitative and/or quantitative assessment of potential material ESG factors that may impact an asset's risk-return profile. Such factors may include, without limitation: carbon transition, physical climate risk, and natural resource management with respect to environmental factors; development of human capital, product safety and reliability, and demographic and societal trends with respect to social factors; and compliance and reporting, financial risk management, and organizational and board structure with respect to governance factors.

As the Investment Manager views as its primary task the maximization of investment returns of each Sub-Fund's Shareholders (and with respect to Article 8 Funds, whilst complying with the applicable SFDR requirements), principal adverse impacts of its investment decisions on sustainability factors are not currently being considered in the manner contemplated by SFDR. The investments underlying each Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

In pursuing the investment objectives of the Sub-Funds, the Directors at all times seek to maintain an appropriate level of liquidity in the assets of the relevant Sub-Fund so that redemptions of Shares under normal circumstances may be made without undue delay upon request by the Shareholders.

Whilst using their best endeavours to attain the investment objectives, the Directors cannot guarantee the extent to which these objectives will be achieved. The value of the Shares and the income from them can fall as well as rise and investors may not realise the value of their initial investment. Changes in the rates of exchange between currencies may also cause the value of the Shares to diminish or to increase.

For purposes of applying any limitations on a Sub-Fund's investments in bonds, when an investment is rated by more than one nationally recognized securities rating organization, the Investment Manager will utilize the highest credit rating for that security for purposes of applying any investment policies that incorporate credit ratings (e.g., a policy to invest a certain percentage of a Sub-Fund's assets in securities

rated investment grade) except where a Sub-Fund has a policy to invest a certain minimum percentage of its assets in securities that are rated below investment grade, in which case the Sub-Fund will utilize the lowest credit rating that applies to that investment.

Generally, this Prospectus uses the terms debt security, debt obligation, debt instrument, bond, fixed income instrument, fixed income obligation and fixed income security interchangeably. These terms should be considered to include any evidence of indebtedness, including, by way of example, a security or instrument having one or more of the following characteristics: a security or instrument issued at a discount to its face value, a security or instrument that pays interest at a fixed, floating, or variable rate, or a security or instrument with a stated principal amount that requires repayment of some or all of that principal amount to the holder of the security. Each of these terms is interpreted broadly and would include any instrument or security evidencing a payment obligation. Interests representing corporate ownership may also be a debt obligation for these purposes if, for example, the interest represents an indirect or derivative interest in one or more payment obligations. This Prospectus also uses the term hybrid security to refer to a security that DoubleLine Capital LP, DoubleLine Alternatives LP or a third party creates by combining an income-producing debt security and the right to receive payment based on the change in the price of an equity security.

### **3. RISK MANAGEMENT PROCESS**

In accordance with the 2010 Law and the applicable regulations, in particular Circular CSSF 11/512, the Management Company, on behalf of the Company will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company, on behalf of the Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

### **4. RISK CONSIDERATIONS**

**Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to below. Potential investors should read the Prospectus in its entirety, read the relevant Key Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.**

**There can be no assurance that the Sub-Fund(s) of the Company will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.**

#### ***Business Risk***

There can be no assurance that the Company or any Sub-Fund will achieve its investment objective. There is no operating history by which to evaluate their likely future performance. The investment results of the

Company or any Sub-Fund are reliant upon the success of the Investment Managers/Sub-Investment Managers and the performance of the markets the Sub-Funds invest in.

***Reliance on the Investment Managers / Sub-Investment Managers***

The Investment Managers/Sub-Investment Managers will have the responsibility for each Sub-Fund's investment activities. Investors must rely on the judgment of the Investment Managers/Sub-Investment Managers who have complete discretionary power in exercising this responsibility. In addition, since the performance of a Sub-Fund is wholly dependent on the skills of the Investment Managers/Sub-Investment Managers if the services of the Investment Managers/Sub-Investment Managers or their principals were to become unavailable, such unavailability might have a detrimental effect on the relevant Sub-Fund and its performance.

Moreover, there can be no assurance that the Investment Managers/Sub-Investment Managers of any Sub-Fund will successfully implement the strategy of the relevant Sub-Fund.

***Market risk***

Various market risks can affect the price or liquidity of an issuer's securities in which a Sub-Fund may invest. The prices of investments can fall rapidly in response to developments affecting a specific company, industry, sector or asset class, or to changing economic, political, demographic, market or other conditions that can affect markets broadly, including disruptions caused by trade disputes, natural disasters, epidemics or pandemics, terrorism, or other events.

Returns from the securities in which a Sub-Fund invests may underperform returns from the various general securities markets. Different types of securities tend to go through cycles of outperformance and underperformance in comparison to the general securities markets. Adverse events occurring with respect to an issuer's performance or financial position can depress the value of the issuer's securities. The liquidity in a market for a particular security will affect its value and may be affected by factors relating to the issuer, as well as the depth of the market for that security. Other market risks that can affect value include a market's current attitudes about types of securities, market reactions to political or economic events, including litigation, and tax and regulatory effects (including lack of adequate regulations for a market or particular type of instrument). During periods of severe market stress, it is possible that the market for some or all of a Sub-Fund's investments may become highly illiquid. In such an event, a Sub-Fund may find it difficult to sell its investments, and, for investments it is able to sell in such circumstances, the sales price may be significantly lower, and the trade settlement period may be longer, than anticipated.

Events leading to limited liquidity, defaults, non-performance or other adverse developments that affect one industry, such as the financial services industry, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, may spread to other industries, and could negatively affect the value and liquidity of a Sub-Fund's investments. For example, in response to the rapidly declining financial condition of U.S. regional banks such as Silicon Valley Bank (SVB) and

Signature Bank, the California Department of Financial Protection and Innovation (CDFPI) and the New York State Department of Financial Services (NYSDFS) closed SVB and Signature Bank on March 10, 2023 and March 12, 2023, respectively, and the Federal Deposit Insurance Corporation (FDIC) was appointed as receiver for SVB and Signature. Although the U.S. Department of the Treasury, the Federal Reserve and the FDIC have taken measures to stabilize the financial system, uncertainty and liquidity concerns in the broader financial services industry remain. Additionally, should there be additional systemic pressure on the financial system and capital markets, there can be no assurances of the response of any government or regulator, and any response may not be as favorable to industry participants as the measures currently being pursued. In addition, highly publicized issues related to the U.S. and global capital markets in the past have led to significant and widespread investor concerns over the integrity of the capital markets. The current situation related to SVB, Signature and other U.S. regional banks could in the future lead to further rules and regulations for public companies, banks, financial institutions and other participants in the U.S. and global capital markets, and complying with the requirements of any such rules or regulations may be burdensome. Even if not adopted, evaluating and responding to any such proposed rules or regulations could result in increased costs and require significant attention from the Investment Manager.

Events surrounding the COVID-19 pandemic have contributed to significant market volatility, reductions in economic activity, market closures, and declines in global financial markets. These effects may be short term or may last for an extended period of time, and in either case could result in a substantial economic downturn or recession. Governmental responses may exacerbate other pre-existing political, social, economic, market and financial risks. These events may have a significant adverse effect on a Sub-Fund's performance and on the liquidity of a Sub-Fund's investments, impair a Sub-Fund's ability to satisfy redemption requests, and have the potential to impair the ability of the Investment Manager/Sub-Investment Manager or a Sub-Fund's other service provider to serve a Sub-Fund and could lead to operational disruptions that negatively impact a Sub-Fund.

Markets may, in response to governmental actions or intervention, political, economic or market developments, or other events, including a public health crisis, experience periods of high volatility and reduced liquidity. During those periods, the Sub-Funds may experience high levels of Shareholder redemptions, and may have to sell securities at times when they would otherwise not do so, and potentially at unfavourable prices. Securities may be difficult to value during such periods. These risks may be heightened for fixed income securities due to the current low interest rate environment.

The European Union and the European Central Bank and other governments and central banks may take steps to support financial markets. They might, for example, take steps to support markets and economic activity generally and to set or maintain low interest rates, such as by purchasing bonds or making financing broadly available to investors. Such actions may be intended to support certain asset classes or segments of the markets, but not others, and can have disproportionate, adverse, and unexpected effects on some asset classes or sectors, including those in which a Sub-Fund invests. For example, efforts by governments to provide debt relief to certain consumers or market participants or to support certain aspects of the market could significantly and adversely affect the value of a Sub-Fund's investments, a Sub-Fund's earnings, or a Sub-Fund's risk profile, and have other unintended or unexpected effects. Other measures taken by

governments and regulators, including, for example, steps to reverse, withdraw, curtail or taper such activities, could have a material adverse effect on prices for a Sub-Fund's portfolio of investments and on the management of the Sub-Funds. The withdrawal of support, failure of efforts in response to a financial or other crisis, or investor perception that those efforts are not succeeding could negatively affect financial markets generally as well as the values and liquidity of a Sub-Fund's investments.

Governments, their regulatory agencies, or self-regulatory organizations may take actions that affect the regulation of the securities in which a Sub-Fund invests or the issuers of such securities in ways that are unforeseeable. Legislation or regulation also may change the way in which the Sub-Funds or the Investment Manager/Sub-Investment Manager are regulated. Such legislation, regulation, or other government action could limit or preclude a Sub-Fund's ability to achieve its investment objective and affect the Sub-Fund's performance.

Political, social or financial instability, civil unrest, natural disasters and acts of terrorism are other potential risks that could adversely affect a Sub-Fund's investments or markets generally. In addition, political developments in the European Union or in other countries may at times subject such countries to sanctions from the European Union, other governments and/or international institutions that could negatively affect a Sub-Fund's investments in issuers located in, doing business in or with assets in such countries. Any or all of the risks described herein can increase some or all of the other risks associated with a Sub-Fund's investments, including, among others, counterparty risk, debt securities risks, liquidity risk, and valuation risk.

A Sub-Fund may continue to accept new subscriptions and to make additional investments in instruments in accordance with the Sub-Fund's principal investment strategies to strive to meet the Sub-Fund's investment objective under all types of market conditions, including unfavourable market conditions.

#### ***Foreign exchange risk and currency hedging risk***

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

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

A Sub-Fund / Class may engage in foreign currency transactions in order to hedge against currency exchange risk. However, there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Sub-Fund / Class from benefiting from the performance of a Sub-Fund's / Class' securities if the currency in which the securities held by the Sub-Fund / Class are denominated rises against the Base Currency (or the Reference Currency). In case of a hedged Class (denominated in a currency different from the Base Currency), this risk applies systematically.

Hedging transactions may consist of foreign exchange forward contracts or other types of derivative contracts which reflect a foreign exchange hedging exposure that is "rolled" on a periodic basis. In such a situation, the hedging transactions may not be adjusted for the foreign exchange exposure arising from the performance of a Sub-Fund's portfolio between two consecutive roll dates which may reduce the effectiveness of the hedge and may lead to gains or losses to investors. Investors should note that there may be costs associated with the use of foreign exchange hedging transactions which may be borne by the relevant Sub-Fund/Class.

### ***Debt Securities***

A Sub-Fund may invest in fixed income securities which may be unrated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. A Sub-Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. A Sub-Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Sub-Funds will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### ***Distressed Securities risk***

Investment in distressed securities (i.e. which have a Standard & Poor's notation below CCC long-term rating or equivalent) may cause additional risks for a Sub-Fund. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. They are generally unsecured and may be subordinated to other outstanding securities and creditors of the issuer. Whilst such issues are likely to have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposure to adverse economic conditions. Therefore, a Sub-Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Recovery of interest and principal may involve additional cost for the relevant Sub-Fund. Under such circumstances, the returns generated from the relevant Sub-Fund's investments may not compensate the shareholders adequately for the risks assumed.

### ***Liquidity risk***

A Sub-Fund is exposed to the risk that a particular investment, position or collateral cannot be easily unwound or offset due to insufficient market depth or market disruption. A Sub-Fund's investment in illiquid securities may reduce the returns of the Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk (such as but not limited to Asset Backed Securities and Mortgage Backed Securities, collateralised debt obligations, high yield and high risk bonds) tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

The Management Company operates a risk management process effective in identifying, measuring, monitoring and controlling the liquidity risk for all assets classes including, but not limited to financial derivative instruments.

### ***Interest rate risk***

A Sub-Fund that has exposure to bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. In recent years, developed economies (including the U.S.) have experienced historically low interest rates, increasing the exposure of bond investors to the risk associated with rising interest rates.

### ***Credit risk***

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

More generally, changes in the financial condition of an issuer or counterparty, changes in specific economic, social or political conditions that affect a particular type of security or other instrument or an issuer, and changes in economic, social or political conditions generally can increase the risk of default by an issuer or counterparty, which can affect a security's or other instrument's credit quality or value and an issuer's or counterparty's ability to pay interest and principal when due. The values of lower-quality debt securities tend to be particularly sensitive to these changes. The values of securities also may decline for a number of other reasons that relate directly to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services, as well as the historical and prospective earnings of the issuer and the value of its assets.

### ***Extension risk***

Extension risk refers to the risk that if interest rates rise, repayments of principal on certain debt securities, including, but not limited to, floating rate loans and mortgage-related securities, may occur at a slower rate than expected and the expected maturity of those securities could lengthen as a result. Securities that are subject to extension risk generally have a greater potential for loss when prevailing interest rates rise, which could cause their values to fall sharply. The values of interest-only and principal-only securities are especially sensitive to interest rate changes, which can affect not only their prices but can also change the income flows and repayment assumptions about those investments.

### ***Prepayment/Reinvestment Risk***

Many types of debt securities, including floating rate loans, mortgage-backed securities and asset-backed securities, may reflect an interest in periodic payments made by borrowers. Although debt securities and other obligations typically mature after a specified period of time, borrowers may pay them off sooner. When a prepayment happens, all or a portion of the obligation will be prepaid. A borrower is more likely to prepay an obligation which bears a relatively high rate of interest. This means that in times of declining interest rates, there is a greater likelihood that a Sub-Fund's higher yielding securities will be pre-paid and the Sub-Fund will probably be unable to reinvest those proceeds in an investment with as great a yield, causing the Sub-Fund's yield to decline. Securities subject to prepayment risk generally offer less potential for gains when prevailing interest rates fall. If a Sub-Fund buys those investments at a premium, accelerated prepayments on those investments could cause a Sub-Fund to lose a portion of its principal investment and result in lower yields to shareholders. The increased likelihood of prepayment when interest rates decline also limits market price appreciation, especially with respect to certain loans, mortgage-backed securities and asset-backed securities. The effect of prepayments on the price of a security may be difficult to predict and may increase the security's price volatility. Interest-only and principal-only securities are especially sensitive to interest rate changes, which can affect not only their prices but can also change the income flows and repayment assumptions about those investments. Income from a Sub-Fund's portfolio may decline when a Sub-Fund invests the proceeds from investment income, sales of portfolio securities or matured, traded or called debt obligations. A decline in income received by a Sub-Fund from its investments is likely to have a negative effect on the dividend levels, NAV and/or overall return of a Sub-Fund.

### ***Downgrading Risk***

Investment Grade bonds may be subject to the risk of being downgraded to non-Investment Grade bonds. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the relevant Sub-Fund's investment value in such security may be adversely affected. Where a security held in a Sub-Fund's portfolio is downgraded, this will trigger a review of the reasons for the downgrade, which may be independent of the economic fundamentals of the instrument. Holdings are assessed on a case-by-case basis at the point of downgrade and a decision made on whether the downgrade represents a reason to discontinue holding the security. All holdings are monitored on an ongoing basis. The Investment Manager or the Sub-Investment Manager of the relevant Sub-Fund may or may not be able to dispose of the securities that are

being downgraded, subject to the investment objectives of the relevant Sub-Fund. In the event that the downgrade of a security triggers the breach of an investment limit disclosed in the investment policy of a Sub-Fund, the Investment Manager or the Sub-Investment Manager will seek to remedy that situation by selling securities taking due account of the interests of its Shareholders.

### ***Asset Backed Securities and Mortgage Backed Securities***

Some Sub-Funds may invest their assets in different types of Asset Backed Securities ("**ABS**") and Mortgage Backed Securities ("**MBS**") as further detailed hereafter. ABS and MBS are debt securities based on a pool of assets or collateralised by the cash flows from a specific pool of underlying assets. ABS and MBS assets may be highly illiquid and therefore prone to substantial price volatility.

The market value of a portfolio of ABS generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the portfolio and the underlying assets, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

ABS are often subject to extension and prepayment risks which may have substantial impact on the timing of their cashflows. The average life of each individual security may be affected by a large number of factors such as structural features (including the existence and frequency of exercise of any optional redemption, mandatory prepayment or sinking fund features), the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets. As a result, no assurance can be made as to the exact timing of cashflows from the portfolio of securities. This uncertainty may affect the returns of the Sub-Fund.

In addition, to the extent that they are not guaranteed, each type of asset backed securities entails specific credit risks depending on the type of assets involved and the legal structure used.

It is expected that some of the securities in the Sub-Funds will consist of ABS that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. Such subordinated ABS have a higher risk of loss than more senior classes of such securities.

#### ***A. Asset-backed securities investment risk***

The risk that borrowers may default on the obligations that underlie the ABS and that, during periods of falling interest rates, ABS may be called or prepaid, which may result in a Sub-Fund having to reinvest proceeds in other investments at a lower interest rate, and the risk that the impairment of the value of the collateral underlying a security in which a Sub-Fund invests (due, for example, to non-payment of loans) will result in a reduction in the value of the security.

Asset-backed investments tend to increase in value less than other debt securities when interest rates decline, but are subject to similar risk of decline in market value during periods of rising interest rates. In a period of declining interest rates, a Sub-Fund may be required to reinvest more frequent prepayments on asset-backed investments in lower-yielding investments. ABS in which Sub-Funds invest may have underlying assets that include, among others, motor vehicle instalment sales or instalment loan contracts, home equity loans, leases of various types of real and personal property, and receivables from credit card agreements. There is a risk that borrowers may default on their obligations in respect of those underlying obligations. Certain assets underlying ABS are subject to prepayment, which may reduce the overall return to ABS holders. Holders may also experience delays in payment on the securities if the full amounts due on underlying sales contracts or receivables are not realized by the issuing trust because of unanticipated legal or administrative costs of enforcing the contracts or because of depreciation or damage to the collateral (usually automobiles) securing certain contracts, or other factors. The values of ABSs may be substantially dependent on the servicing of the underlying asset pools, and are therefore subject to risks associated with the negligence or malfeasance by their servicers and to the credit risk of their servicers. In certain circumstances, the mishandling of related documentation may also affect the rights of security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added costs and delays in addition to losses associated with a decline in the value of underlying assets. Certain ABSs do not have the benefit of the same security interest in the related collateral as do MBSs; nor are they provided government guarantees of repayment as are some MBSs. Credit card receivables generally are unsecured, and the debtors are entitled to the protection of a number of consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In addition, some issuers of automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables. The impairment of the value of collateral or other assets underlying an ABS, such as a result of non-payment of loans or non-performance of other collateral or underlying assets, may result in a reduction in the value of such ABSs and losses to the Sub-Fund. It is possible that many or all ABSs will fall out of favour at any time or over time with investors, affecting adversely the values and liquidity of the securities.

#### ***B. Mortgage-backed securities risk***

The risk that borrowers may default on their mortgage obligations or the guarantees underlying the MBSs will default or otherwise fail and that, during periods of falling interest rates, MBSs will be called or prepaid, which may result in a Sub-Fund having to reinvest proceeds in other investments at a lower interest rate. During periods of rising interest rates, the average life of an MBS may extend, which may lock in a below-market interest rate, increase the security's duration, and reduce the value of the security. Enforcing rights against the underlying assets or collateral may be difficult, or the underlying assets or collateral may be insufficient if the issuer defaults. The values of certain types of MBSs, such as inverse floaters and interest-only and principal-only securities, may be extremely sensitive to changes in interest rates and prepayment rates.

MBSs include, among other things, participation interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders and involve, among others, the following risks:

**1. *Credit and Market Risks of MBS.***

Investments by a Sub-Fund in fixed rate and floating rate MBSs will entail credit risks (i.e., the risk of non-payment of interest and principal) and market risks (i.e., the risk that interest rates and other factors could cause the value of the instrument to decline). Many issuers or servicers of MBSs guarantee timely payment of interest and principal on the securities, whether or not payments are made when due on the underlying mortgages. This kind of guarantee generally increases the quality of a security, but does not mean that the security's market value and yield will not change. The value of all MBSs also may change because of changes in the market's perception of the creditworthiness of the organization that issued or guarantees them. In addition, an unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool's ability to make payments of principal or interest to a Sub-Fund as a holder of such securities, reducing the values of those securities or in some cases rendering them worthless. A Sub-Fund also may purchase securities that are not guaranteed or subject to any credit support, or that are subordinate in their right to receive payment of interest and repayment of principal to other classes of the issuer's securities.

Like bond investments, the value of fixed rate MBSs will tend to rise when interest rates fall, and fall when rates rise. Floating rate MBSs will generally tend to have more moderate changes in price when interest rates rise or fall, but their current yield will be affected. In addition, the MBSs market in general may be adversely affected by changes in governmental legislation or regulation. Factors that could affect the value of a MBS include, among other things, the types and amounts of insurance which an individual mortgage or that specific MBS carries, the default and delinquency rate of the mortgage pool, the amount of time the mortgage loan has been outstanding, the loan-to-value ratio of each mortgage and the amount of overcollateralization or undercollateralization of a mortgage pool.

The residential mortgage market in the United States has experienced difficulties at times, and the same or similar events may adversely affect the performance and market value of certain of a Sub-Fund's mortgage-related investments. Delinquencies and losses on residential mortgage loans (especially subprime and second-lien mortgage loans) generally increased in the last recession and potentially could be to increase again. A decline in or flattening of housing values (which was experienced recently and may continue to be experienced in many housing markets) may exacerbate such delinquencies and losses. Borrowers with adjustable rate mortgage loans may be more sensitive to changes in interest rates, which affect their monthly mortgage payments, and may be unable to secure replacement mortgages at comparably low interest rates. Also, a number of residential mortgage loan originators have experienced serious financial difficulties or bankruptcy. Reduced investor demand for mortgage-related securities has resulted and again may result in limited new issuances of mortgage-related securities and limited liquidity in the secondary market for mortgage-related securities, which can adversely affect the market value of mortgage-related securities and

limit the availability of attractive investment opportunities for a Sub-Fund. It is possible that such limited liquidity in secondary markets could return or worsen.

Ongoing developments in the residential mortgage market may have additional consequences to the market for MBS. During periods of deteriorating economic conditions, such as recessions or periods of rising unemployment, delinquencies and losses generally increase, sometimes dramatically, with respect to securitizations involving mortgage loans. Many so-called sub-prime mortgage pools are currently distressed and may be trading at significant discounts to their face value.

Additionally, mortgage lenders have adjusted their loan programs and underwriting standards, which may reduce the availability of mortgage credit to prospective mortgagors. This may result in reduced availability of financing alternatives for mortgagors seeking to refinance their mortgage loans. The reduced availability of refinancing options for mortgagors has resulted in higher rates of delinquencies, defaults and losses on mortgage loans, particularly in the case of, but not limited to, mortgagors with adjustable rate mortgage loans or interest-only mortgage loans that experience significant increases in their monthly payments following the adjustment date or the end of the interest-only period (see "Adjustable Rate Mortgages" below for further discussion of adjustable rate mortgage risks). These events, alone or in combination with each other and with deteriorating economic conditions in the general economy, may continue to contribute to higher delinquency and default rates on mortgage loans. The tighter underwriting guidelines for residential mortgage loans, together with lower levels of home sales and reduced refinance activity, also may have contributed to a reduction in the prepayment rate for mortgage loans generally and this trend may continue. The values of MBSs may be substantially dependent on the servicing of the underlying mortgage pools, and therefore are subject to risks associated with the negligence or malfeasance by their servicers and to the credit risk of their servicers. In certain circumstances, the mishandling of related documentation also may affect the rights of security holders in and to the underlying collateral.

The United States Government conservatorship of Federal Home Loan Mortgage Corporation ("**Freddie Mac**") and the Federal National Mortgage Corporation ("**Fannie Mae**") in September 2008 and its ultimate resolution may adversely affect the real estate market, the value of real estate-related assets generally and markets generally.

The Federal Housing Finance Agent ("**FHFA**"), as conservator or receiver of Fannie Mae and Freddie Mac, has the power to repudiate any contract entered into by Fannie Mae or Freddie Mac prior to its appointment if it determines that performance of the contract is burdensome and repudiation of the contract promotes the orderly administration of Fannie Mae's or Freddie Mac's affairs. In the event the guaranty obligations of Fannie Mae or Freddie Mac are repudiated, the payments of interest to holders of Fannie Mae or Freddie Mac MBSs would be reduced if payments on the mortgage loans represented in the mortgage loan groups related to such MBSs are not made by the borrowers or advanced by the servicer. Any actual direct compensatory damages for repudiating these guaranty obligations may not be sufficient to offset any shortfalls experienced by such MBS holders.

Further, in its capacity as conservator or receiver, FHFA has the right to transfer or sell any asset or liability of Fannie Mae or Freddie Mac without any approval, assignment or consent. If FHFA were to transfer any such guaranty obligation to another party, holders of Fannie Mae or Freddie Mac MBSs would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

## **2. *Commercial Mortgage-Backed Securities ("CMBS").***

CMBS include securities that reflect an interest in, or are secured by, mortgage loans on commercial real property. Many of the risks of investing in commercial MBS reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make loan payments and the ability of a property to attract and retain tenants. Commercial MBSs may be less liquid and exhibit greater price volatility than other types of MBS or ABS.

## **3. *Prepayment, Extension and Redemption Risks of Mortgage-Backed Securities.***

MBS may reflect an interest in monthly payments made by the borrowers who receive the underlying mortgage loans. Although the underlying mortgage loans are for specified periods of time, such as 20 or 30 years, the borrowers can, and historically have often paid them off sooner. When a prepayment happens, a portion of the MBS which represents an interest in the underlying mortgage loan will be prepaid. A borrower is more likely to prepay a mortgage which bears a relatively high rate of interest. This means that in times of declining interest rates, a portion of a Sub-Fund's higher yielding securities are likely to be redeemed and a Sub-Fund will probably be unable to replace them with securities having as great a yield. Prepayments can result in lower yields to shareholders. The increased likelihood of prepayment when interest rates decline also limits market price appreciation. This is known as prepayment risk. MBS also are subject to extension risk. Extension risk is the possibility that rising interest rates may cause prepayments to occur at a slower than expected rate. This particular risk may effectively change a security which was considered short or intermediate term into a long-term security. The values of long-term securities generally fluctuate more widely in response to changes in interest rates than short or intermediate-term securities. In addition, a MBS may be subject to redemption at the option of the issuer. If a MBS held by a Sub-Fund is called for redemption, such Sub-Fund will be required to permit the issuer to redeem or pay-off the security, which could have an adverse effect on the Sub-Fund's ability to achieve its investment objective.

## **4. *Liquidity Risk of Mortgage-Backed Securities.***

The liquidity of MBSs varies by type of security; at certain times a Sub-Fund may encounter difficulty in disposing of such investments. Investments in privately issued MBSs may have less liquidity than MBSs that are issued by a United States federal government agency or sponsored corporation. Because MBSs have the potential to be less liquid than other securities, a Sub-Fund may be more susceptible to liquidity risks than funds that invest in other securities. In the past, in stressed markets, certain types of MBSs

suffered periods of illiquidity when disfavoured by the market. It is possible that a Sub-Fund may be unable to sell a MBS at a desirable time or at the value the Sub-Fund has placed on the investment.

#### ***5. Collateralized Mortgage Obligations.***

There are certain risks associated specifically with collateralized mortgage obligations ("CMOs"). CMOs are debt obligations collateralized by mortgage loans or mortgage pass-through securities. The expected average life of CMOs is determined using mathematical models that incorporate prepayment assumptions and other factors that involve estimates of future economic and market conditions. These estimates may vary from actual future results, particularly during periods of extreme market volatility. Further, under certain market conditions, such as those that occurred in 1994, 2007, 2008 and 2009, the average weighted life of certain CMOs may not accurately reflect the price volatility of such securities. For example, in periods of supply and demand imbalances in the market for such securities and/or in periods of sharp interest rate movements, the prices of CMOs may fluctuate to a greater extent than would be expected from interest rate movements alone. CMOs issued by private entities are not obligations issued or guaranteed by the United States Government, its agencies or instrumentalities and are not guaranteed by any government agency, although the securities underlying a CMO may be subject to a guarantee. Therefore, if the collateral securing the CMO, as well as any third party credit support or guarantees, is insufficient to make payments when due, the holder could sustain a loss.

#### ***6. Adjustable Rate Mortgages.***

Adjustable Rate Mortgages ("ARMs") contain maximum and minimum rates beyond which the mortgage interest rate may not vary over the lifetime of the security. In addition, many ARMs provide for additional limitations on the maximum amount by which the mortgage interest rate may adjust for any single adjustment period. Alternatively, certain ARMs contain limitations on changes in the required monthly payment. In the event that a monthly payment is not sufficient to pay the interest accruing on an ARM, any excess interest is added to the principal balance of the mortgage loan, which is repaid through future monthly payments. If the monthly payment for such an instrument exceeds the sum of the interest accrued at the applicable mortgage interest rate and the principal payment required at such point to amortize the outstanding principal balance over the remaining term of the loan, the excess is used to reduce the then-outstanding principal balance of the ARM.

In addition, certain ARMs may provide for an initial fixed, below-market or teaser interest rate. During this initial fixed-rate period, the payment due from the related mortgage may be less than that of a traditional loan. However, after the teaser rate expires, the monthly payment required to be made by the mortgagor may increase when the interest rate on the mortgage loan adjusts. This increased burden on the mortgagor may increase the risk of delinquency or default on the mortgage loan and in turn, losses on the MBS into which that loan has been bundled.

### ***High yield securities***

Debt instruments rated below investment grade, or debt instruments that are unrated and of comparable or lesser quality, are predominantly speculative. They are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. These instruments, commonly known as "junk bonds", have a higher degree of default risk and may be less liquid than higher-rated instruments. These instruments may be subject to a greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of high yield investments generally, general economic downturn, and less secondary market liquidity. This potential lack of liquidity may make it more difficult for the Company to value these instruments accurately. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity.

### ***Interest and Principal Only Securities Risk***

Stripped mortgage-backed securities are usually structured with two classes that receive different portions of the interest and principal distributions on a pool of debt instruments, such as mortgage loans. In one type of stripped mortgage-backed security, one class will receive all of the interest from the mortgage assets (the interest-only, or "**IO**" class), while the other class will receive all of the principal from the mortgage assets (the principal-only, or "**PO**" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on a Sub-Fund's yield to maturity from these securities. If the assets underlying the IO class experience greater than anticipated prepayments of principal, a Sub-Fund may fail to recoup fully, or at all, its initial investment in these securities. PO class securities tend to decline in value if prepayments are slower than anticipated. The values of interest-only and principal-only securities are especially sensitive to interest rate changes, which can affect not only their prices but can also change the income flows and repayment assumptions about those investments.

### ***Inverse Floaters***

An inverse floater is a type of instrument, which may be backed by or related to a MBS, that bears a floating or variable interest rate that moves in the opposite direction to interest rates generally or the interest rate on another security or index. Because an inverse floater inherently carries financial leverage in its coupon rate, it can change very substantially in value in response to changes in interest rates. Interest-only and principal-only securities may also be backed by or related to a MBS. Holders of interest-only securities are entitled to receive only the interest on the underlying obligations but none of the principal, while holders of principal-only securities are entitled to receive all of the principal but none of the interest on the underlying obligations. As a result, they are highly sensitive to actual or anticipated changes in prepayment rates on the underlying securities.

Investments in inverse floaters and similar instruments expose the Sub-Funds to the same risks as investments in debt securities and derivatives, as well as other risks, including those associated with

leverage and increased volatility. An investment in these securities typically will involve greater risk than an investment in a fixed rate security. Distributions on inverse floaters and similar instruments will typically bear an inverse relationship to short-term interest rates and typically will be reduced or, potentially, eliminated as interest rates rise. Inverse floaters may be considered to be leveraged, including if their interest rates vary by a magnitude that exceeds the magnitude of the change in a reference rate of interest (typically a short-term interest rate), and the market prices of inverse floaters may as a result be highly sensitive to changes in interest rates and in prepayment rates on the underlying securities, and may decrease in value significantly when interest rates or prepayment rates change. The leverage inherent in inverse floaters is associated with greater volatility in their market values. Investments in inverse floaters and similar instruments that have MBS underlying them will expose the Sub-Funds to the risks associated with those MBS and the values of those investments may be especially sensitive to changes in prepayment rates on the underlying MBS.

### *Collateralized Debt Obligations*

A Sub-Fund may invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. A CBO is a trust which may be backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, second lien loans or other types of subordinate corporate loans, and mezzanine loans, including loans that may be rated below investment grade or equivalent unrated loans and including loans that may be covenant-lite. CDOs may charge management fees and administrative expenses. The cash flows from the trust are generally split into two or more portions, called tranches, varying in risk and yield. Senior tranches are paid from the cash flows from the underlying assets before the junior tranches and equity or "first loss" tranches. Losses are first borne by the equity tranches, next by the junior tranches, and finally by the senior tranches. Holders of interests in the senior tranches are entitled to the lowest interest rate payments but those interests generally involve less credit risk as they are typically paid before junior tranches. The holders of interests in the most junior tranches, such as equity tranches, typically are entitled to be paid the highest interest rate payments but suffer the highest risk of loss should the holder of an underlying debt instrument default. If some debt instruments go into default and the cash collected by the CDO is insufficient to pay all of its investors, those in the lowest, most junior tranches suffer losses first. Since it is partially protected from defaults, a senior tranche from a CDO trust typically has higher ratings and lower yields than the underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, more senior CDO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CDO securities as a class.

The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which a Sub-Fund invests. Normally, CBOs, CLOs and other CDOs are privately offered and sold, and thus are not registered under the securities laws. As a result, there may be a limited secondary market for investments in CDOs and such investments may be illiquid. In addition to the risks associated

with debt instruments (e.g., interest rate risk and credit risk), CDOs carry additional risks including, but not limited to: (i) the possibility that distributions from the collateral will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that a Sub-Fund may invest in CDOs that are subordinate to other classes of the issuer's securities; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

During periods of deteriorating economic conditions, such as recessions or periods of rising unemployment, delinquencies and losses generally increase, sometimes dramatically, with respect to debt obligations.

### ***Contingent convertible securities***

A Sub-Fund may invest in contingent securities structured as contingent convertible securities also known as CoCo bonds. A contingent convertible security is a debt security either convertible into equity at a predetermined share price, written down or written off in value based on the specific terms of the individual security if a pre-specified trigger event occurs. Contingent convertible securities are subject to the risks associated with bonds and equities, and to the risks specific to convertible securities in general. Contingent convertible securities are also subject to additional risks specific to their structure including:

Capital structure inversion risk: contingent convertible securities are typically structurally subordinated to traditional convertible bonds in the issuer's capital structure. In certain scenarios, investors in contingent convertible securities may suffer a loss of capital ahead of equity holders or when equity holders do not.

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

Liquidity risk: convertible securities are subject to liquidity risk.

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

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

Call extension risk: some contingent convertible securities are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. There is no guarantee that a Sub-Fund will receive return of principal on contingent convertible securities.

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

Valuation and Write-down risks: the value of contingent convertible securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. In some cases, the issuer may cause a convertible security to be written down in value based on the specific terms of the individual security if a pre-specified trigger event occurs. There is no guarantee that a Sub-Fund will receive return of principal on contingent convertible securities.

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

### ***U.S. Government Securities Risk***

Some U.S. Government securities, such as Treasury bills, notes, and bonds and MBS guaranteed by the Government National Mortgage Association ("**Ginnie Mae**"), are supported by the full faith and credit of the United States; others are supported by the right of the issuer to borrow from the U.S. Treasury; others are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations; still others are supported only by the credit of the issuing agency, instrumentality, or enterprise. Although U.S. Government-sponsored enterprises may be chartered or sponsored by Congress, they are not funded by Congressional appropriations, and their securities are not issued by the U.S. Treasury, their obligations are not supported by the full faith and credit of the U.S. Government, and so investments in their securities or obligations issued by them involve greater risk than investments in other types of U.S. Government securities. No assurance can be given that the U.S. Government will provide financial support to its agencies and sponsored entities if it is not obligated by law to do so.

In addition, certain governmental entities have been subject to regulatory scrutiny regarding their accounting policies and practices and other concerns that may result in legislation, changes in regulatory oversight and/or other consequences that could adversely affect the credit quality, availability or investment character of securities issued or guaranteed by these entities.

The events surrounding the U.S. federal government debt ceiling and any resulting agreement could adversely affect the Sub-Fund's ability to achieve its investment objectives. For example, a downgrade of the long-term sovereign credit rating of the U.S. could increase volatility in both stock and bond markets, result in higher interest rates and lower Treasury prices and increase the costs of all kinds of debt. These events and similar events in other areas of the world could have significant adverse effects on the economy generally and could result in significant adverse impacts on issuers of securities held by the Sub-Fund. The Investment Managers/Sub-Investment Managers cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on a Sub-Fund's portfolio. The Investment Managers/Sub-Investment Managers may not timely anticipate or manage existing, new or additional risks, contingencies or developments.

The Investment Managers/Sub-Investment Managers may not timely anticipate or manage existing, new or additional risks, contingencies or developments. In recent periods, the values of U.S. Government securities

have been affected substantially by increased demand for them around the world. Changes in the demand for U.S. Government securities may occur at any time and may result in increased volatility in the values of those securities.

### ***Volatility of financial derivative instruments***

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

### ***Futures and options***

Under certain conditions, the Company may use options and futures on securities, indices and interest rates for different purposes (i.e. hedging and efficient portfolio management). Also, where appropriate, the Company may hedge market and currency risks using futures, options or forward foreign exchange contracts.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Please also refer to Leverage Risk below.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### ***OTC financial derivative transactions***

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 organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, a Sub-Fund entering into OTC financial derivative transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Company 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 Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Sub-Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company 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 Management Company, the Investment Managers or the Sub-Investment Managers with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

### ***Risk of Swap Transactions***

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

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

Swap transactions are subject to the risk that the swap counterparty may default on its obligations. If such a default were to occur the Sub-Funds would, however, have contractual remedies pursuant to the relevant OTC swap transaction. Investors should be aware that such remedies may be subject to bankruptcy and insolvency laws which could affect a Sub-Fund's rights as a creditor and as a result a Sub-Fund may for example not receive the net amount of payments that it contractually is entitled to receive on termination of the OTC swap transaction where the swap counterparty is insolvent or otherwise unable to pay the amount due. The net counterparty risk exposure each Sub-Fund may have with respect to a single swap counterparty, expressed as a percentage (the "**Percentage Exposure**") (i) is calculated by reference to this Sub-Fund's Net Asset Value, (ii) may take into account certain mitigating techniques (such as remittance of collateral) and (iii) cannot exceed 5 % or 10 % depending on the status of the swap counterparty, in accordance with and pursuant to the applicable regulations (please refer to Appendix 1 for more details on

the maximum Percentage Exposure. Investors should nevertheless be aware that the actual loss suffered as a result of the swap counterparty's default may exceed the amount equal to the product of the Percentage Exposure multiplied by the Net Asset Value, even where arrangements have been taken to reduce the Percentage Exposure to nil. As a matter of illustration, there is a risk that the realised value of collateral received by a Sub-Fund may prove less than the value of the same collateral which was taken into account as an element to calculate the Percentage Exposure, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral or the illiquidity of the market in which the collateral is traded. Any potential investor should therefore understand and evaluate the swap counterparty credit risk prior to making any investment.

### ***Credit default swap risk***

A credit default swap allows the transfer of default risk. This allows a Sub-Fund to effectively buy insurance on a reference obligation it holds (hedging the investment), or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and a Sub-Fund does not hold the underlying reference obligation, there may be a market risk as the relevant Sub-Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the relevant Sub-Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Company will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

### ***Counterparty risk***

A Sub-Fund will be subject to credit risk presented by another party (whether a clearing corporation in the case of exchange-traded or cleared instruments or another third party in the case of over-the-counter instruments) that promises to honour an obligation to a Sub-Fund with respect to the derivative contracts and other instruments, entered into by a Sub-Fund. There can be no assurance that a counterparty will be able or willing to meet its obligations. If such a party becomes bankrupt or insolvent or otherwise fails or is unwilling to perform its obligations to a Sub-Fund due to financial difficulties or for other reasons, the Sub-Fund may experience significant losses or delays in enforcing contractual remedies and obtaining any recovery, including realizing on any collateral the counterparty has provided in respect of the counterparty's obligations to the Sub-Fund or recovering collateral that a Sub-Fund has provided and is entitled to recover. If a Sub-Fund's claim against a counterparty is unsecured, the Sub-Fund will likely be treated as a general creditor of such counterparty to the extent of such unsecured claim. A Sub-Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. New regulatory requirements may also limit the ability of the Sub-Fund to protect its interests in the event of an insolvency of a derivatives counterparty. In the event of a counterparty's (or its affiliate's) insolvency, the Sub-Fund's ability to exercise remedies,

such as the termination of transactions, netting of obligations and realization on collateral, could be stayed or eliminated under new special resolution regimes adopted in the European Union, the United States and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, with respect to counterparties who are subject to such proceedings in the European Union, the liabilities of such counterparties to the Sub-Fund could be reduced, eliminated, or converted to equity in such counterparties (sometimes referred to as a "bail in").

### ***Depository Risk***

The assets of the Company and its Sub-Funds shall be held in custody by the Depository and its sub-custodian(s) and/or any other custodians, prime broker and/or broker-dealers appointed by the Company. Investors are hereby informed that cash and fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the relevant depository, sub-custodian(s), other custodian / third party bank, prime broker and/or broker dealer's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganization proceedings of the depository, sub-custodian(s), other custodian / third party bank, prime broker or the broker dealer as the case may be. Subject to specific depositor's preferential rights in bankruptcy proceedings set forth by regulation in the jurisdiction of the relevant depository, sub-custodian(s), other custodian / third party bank, prime broker or the broker dealer, the Company's claim might not be privileged and may only rank *pari passu* with all other unsecured creditors' claims. The Company and/or its Sub-Funds might not be able to recover all of their assets in full.

### ***Emerging Markets Risks***

The Company may invest in eligible assets which are listed on the securities exchanges of Emerging Markets countries, as well as investing in companies which are located or have operations within such countries. Emerging Markets are typically more volatile than developed markets and can result in increased risk for investors.

In Emerging Markets, the legal, regulatory and operational framework may not be well developed, which means that investments in these markets may carry higher risks than investments in markets with well-established legal, regulatory and operational frameworks. The risks of investing in Emerging Markets include those risks listed below.

#### ***(a) Political and legal risks***

The Company has greater exposure to political risks, country risks and legal and compliance risks. In Emerging Markets, investor protection legislation or protection available through other legal avenues (for example concepts of fiduciary duties) may be limited, non-existent, or difficult to enforce in practice. Obligations on companies to publish financial information, or to publish such information in accordance with recognized accounting standards, may also be limited. Governments may make or invoke policy or regulation that changes the established rights of private sector companies. There is a further risk that a

government may prevent or limit the repatriation of foreign capital or the availability of legal redress through the courts. There is also the risk of government intervention in the operation of financial markets, for instance a forced closure of markets, or the imposition of economic sanctions, tariffs or other governmental restrictions.

In certain Emerging Market countries, governments participate to a significant degree, through ownership or regulation, in their respective economies. Action by these governments could have a significant adverse effect on market prices of securities and payment of dividends. In addition, most emerging market countries have experienced substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuation in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain Emerging Market countries.

*(b) Market, valuation and settlement risks*

Eligible markets which are securities exchanges in Emerging Markets are likely to be less liquid and less efficient than Regulated Markets. Limited market size may cause prices to be unduly influenced by traders who control large positions. Adverse publicity and investors' perceptions, whether or not based on fundamental analysis, may decrease the value and liquidity of portfolio securities, especially in these markets. Eligible assets traded on such exchanges can be more difficult to sell and value. Shareholder registers may not be properly maintained and ownership of or interests in such eligible assets may not be (or remain) fully protected. Registration of ownership of securities may be subject to delays and during the period of delay it may be difficult to prove beneficial ownership of the securities. In some market, the concept of beneficial ownership is not recognized or is not well developed.

Custody arrangements for such securities may not be well developed. Settlements may still take place in physical rather than dematerialized form. In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds.

*(c) Taxation risks*

Investors should note that tax law and practice in Emerging Market countries is less established than in countries with Regulated Markets. It is therefore possible that current laws, interpretation, guidance, or practices relating to taxation may change, potentially with retrospective effect. This may mean that the Company may have to pay additional taxes or have sales proceeds withheld for tax reasons in circumstances which cannot be anticipated at the time when investments are made, valued or disposed of.

### ***Specific risk factors for China***

#### *(a) Political and Social Risk*

Investments in China will be sensitive to any political, social and diplomatic developments which may take place in or in relation to China. Any change in the policies of China may adversely impact on the securities markets in China as well as the performance of the Sub-Fund(s) concerned.

#### *(b) Economic Risk*

The economy of China differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in China is not well developed when compared with those of developed countries.

The economy in China has experienced rapid growth in recent years. However, such growth may or may not continue, and may not apply evenly across different sectors of China's economy. All these may have an adverse impact on the performance of the Sub-Fund(s) concerned.

#### *(c) Legal and Regulatory Risk*

The legal system of China is based on written laws and regulations. However, many of these laws and regulations are still untested and the enforceability of such laws and regulations remains unclear. In particular, regulations which govern currency exchange in China are relatively new and their application is uncertain. Such regulations also empower the China Securities Regulatory Commission and the State Administration of Foreign Exchange to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.

#### *(d) Investments in China via Bond Connect*

The Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China interbank bond market (the "CIBM") through the northbound trading of the Bond Connect ("Northbound Trading Link"). There will be no investment quota for the Northbound Trading Link.

Pursuant to the prevailing regulations in mainland China an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee

accounts with the onshore custody agent recognised by the People's Bank of China (currently recognised onshore custody agents are the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

For investments via the Bond Connect, the relevant filings, registration with the People's Bank of China and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third-parties (as the case may be). As such, the Sub-Funds are subject to the risks of default or errors on the part of such third-parties.

Investing in the CIBM via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. If the relevant mainland Chinese authorities suspend account opening or trading on the CIBM, the Sub-Funds' ability to invest in the CIBM will be adversely affected. In such event, the Sub-Funds' ability to achieve their investment objective will be negatively affected.

There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the CIBM by eligible foreign institutional investors via the Bond Connect.

### ***Equity Issuer Risk***

The market price of common stocks and other equity securities may go up or down, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting equity securities markets generally, particularly industries represented in those markets, or the issuer itself. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. They also may decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. In addition, the values of equity securities may decline for a number of reasons that may relate directly to the issuer, such as management performance, financial leverage, non-compliance with regulatory requirements, and reduced demand for the issuer's goods or services. Equity securities generally have greater price volatility than bonds and other debt securities, although under certain market conditions various fixed income investments may have comparable or greater price volatility. The values of equity securities paying dividends at high rates may be more sensitive to change in interest rates than are other equity securities.

### ***Effect of substantial withdrawals***

Substantial withdrawals by shareholders within a short period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the

assets of the Company. The resulting reduction in the assets of the Company could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

### ***Political and country risks***

The value of the Company's assets may be affected by uncertainties such as political developments, economic and social changes, changes in government policies, cession and war, taxation, currency repatriation restrictions and restrictions on foreign investment in some of the countries in which the Company may invest. Securities or issuers in some of the countries in which the Company may invest may be more vulnerable to economic, political, and social instability and subject to less government supervision, less protective custody practices, lack of transparency, inadequate regulatory and accounting standards, delayed or infrequent settlement of transactions, and additional taxes.

### ***General economic conditions***

The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility or illiquidity in the markets in which the Company directly or indirectly holds positions could impair the ability of the Company to carry out its business and could cause it to incur losses.

### ***Small Cap Risk***

Investing in small capitalization companies may involve special risks because those companies may have narrower product lines, more limited financial resources, fewer experienced managers, dependence on a few key employees, and a more limited trading market for their stocks, as compared with larger companies. In addition, securities of these companies are subject to the risk that, during certain periods, the liquidity of particular issuers or industries will shrink or disappear with little forewarning as a result of adverse economic or market conditions, or adverse investor perceptions, whether or not accurate. Securities of smaller capitalization issuers may therefore be subject to greater price volatility and may decline more significantly in market downturns than securities of larger companies. Smaller capitalization issuers may also require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; and may have substantial borrowings or may otherwise have a weak financial condition, and may be susceptible to bankruptcy. Transaction costs for these investments are often higher than those of larger capitalization companies. There is typically less publicly available information about small capitalization companies.

### ***Specialization Risk***

Some Sub-Funds specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach. Specialization allows a Sub-Fund to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in

favour. However, if the particular sector, country or investment style is out of favour, the value of the Sub-Fund may underperform relative to less specialized investments. Sub-Funds that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

### ***Large Shareholder Risk***

Shares may be purchased or redeemed by investors holding a large portion of the issued and outstanding Shares of a Sub-Fund ("**Large Shareholders**"). If a Large Shareholder redeems all or a portion of its investment in the Sub-Fund, the Sub-Fund may have to incur transaction costs in the process of making the redemption. Conversely, if a Large Shareholder makes a significant purchase in the Sub-Fund, the Sub-Fund may have to hold a relatively large position in cash for a period of time while the Investment Managers/Sub-Investment Managers find suitable investments. This may negatively impact the performance of the Sub-Fund.

### ***Active Trading Risks***

Frequent trading will result in a higher-than-average portfolio turnover ratio which increases trading expenses, may result in increased financial transaction taxes (if applicable), and may generate higher taxable capital gains (if applicable).

### ***Risks Involving Transfer of Money***

The Sub-Funds may invest in overseas markets and thus, investors may find restrictions on transfer of dividend income and capital gains from the Company and on selling and buying activities. The Sub-Funds, therefore, may be adversely affected by application of investment restrictions of the countries invested in. In addition, delays in or denial of government approval of transfer of money may also arise. Payment of redemption proceeds may be delayed due to changes in the global financial landscape and delays in international settlement process.

### ***Suspension of Share dealings***

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be suspended (see Section 11.2 "Temporary suspension").

### ***Declining Performance with Asset Growth***

Trading large positions may adversely affect prices and performance. In addition, there can be no assurance that appropriate investment opportunities will be available to accommodate future increases in assets under management which may require the Investment Managers/Sub-Investment Managers to modify their investment decisions for relevant Sub-Fund because the Investment Managers/Sub-Investment Managers cannot deploy all the assets in the manner it desires.

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

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Company's investments. A Shareholder may not fully recover its/her/his initial investment when he chooses to redeem its/her/his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the subscription price paid by such Shareholder. It should be remembered that the value of the Shares and the income (if any) derived from them can go down as well as up.

### ***Potential Conflicts of Interest***

The Investment Managers/Sub-Investment Managers may conduct transactions in which the Investment Managers/Sub-Investment Managers have, directly or indirectly, an interest which may involve a potential conflict with the Investment Managers'/Sub-Investment Managers' duty to the Company. The Investment Managers/Sub-Investment Managers shall not be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated. Please also refer to Section 19. "Conflicts of interest".

### ***Regulatory Risk***

The Company is domiciled in Luxembourg and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally, Sub-Funds may be registered in non-EU jurisdictions. As a result of such registrations these Sub-Funds may be subject to more restrictive regulatory regimes. In such cases these Sub-Funds will abide by these more restrictive requirements. This may prevent these Sub-Funds from making the fullest possible use of the investment limits.

### ***Regulatory Reforms***

The Prospectus has been drafted in line with currently applicable laws and regulations. It cannot be excluded that the Company and/or the Sub-Funds and their respective investment objective and policy may be affected by any future changes in the legal and regulatory environment. New or modified laws, rules and regulations may not allow, or may significantly limit the ability of, the Sub-Fund to invest in certain instruments or to engage in certain transactions. They may also prevent the Sub-Fund from entering into transactions or service contracts with certain entities. This may impair the ability of all or some of the Sub-Funds to carry out their respective investment objectives and policies. Compliance with such new or modified laws, rules and regulations may also increase all or some of the Sub-Funds' expenses and may require the restructuring of all or some of the Sub-Funds with a view to complying with the new rules. Such restructuring (if possible) may entail restructuring costs. When a restructuring is not feasible, a termination of affected Sub-Funds may be required.

### ***Operational and Information Security Risk***

The Company and its service providers depend on complex information technology and communications systems to conduct business functions, making them susceptible to operational and information security risks. For example, design or system failures or malfunctions, human error, faulty software or data processing systems, power or communications outages, *force majeure* events, or cyber-attacks may lead to operational disruptions and potential losses to a Sub-Fund.

Cyber-attacks include, among other behaviours, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Company or its Management Company, Investment Manager/Sub-Investment Manager, Depositary, Global Distributor, its Administration, Domiciliary, Corporate, Registration and Transfer Agent and/or other third party service providers may adversely impact the Sub-Funds and their Shareholders.

For instance, cyber-attacks or other operational issues may interfere with the processing of shareholder transactions, impact a Sub-Fund's ability to calculate its NAV, cause the release of private shareholder information or confidential Company information, impede trading, cause reputational damage, and subject a Sub-Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Sub-Funds also may incur substantial costs for cybersecurity risk management in order to guard against any cyber incidents in the future. In general, cyber-attacks result from deliberate attacks but unintentional events may have effects similar to those caused by cyber-attacks.

Similar types of risks also are present for issuers of securities in which the Sub-Funds invest, which could result in material adverse consequences for such issuers, and may cause a Sub-Fund's investment in such securities to lose value. In addition, cyberattacks involving a counterparty to a Sub-Fund could affect such a counterparty's ability to meet its obligations to the Sub-Fund, which may result in losses to the Sub-Fund and its Shareholders. In addition, the adoption of work-from-home arrangements by the Company, the Management Company, the Investment Managers/Sub-Investment Managers or their service providers could increase all of the above risks, create additional data and information accessibility concerns, and make the Company, the Investment Managers/Sub-Investment Managers or their service providers more susceptible to operational disruptions, any of which could adversely impact their operations.

While the Company or its service providers may have established business continuity plans and systems designed to guard against such operational failures and cyber-attacks and the adverse effects of such events, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified, in large part because different or unknown threats or risks may emerge in the future. The Company does not control the business continuity and cybersecurity plans and systems put in place by third-party service providers, and such third-party service providers may have no or limited indemnification obligations to the Company and the Sub-Funds.

### ***Trade execution and selection of brokers and dealers***

Many of the trading techniques used by the Sub-Funds require the rapid and efficient execution of transactions. Inefficient executions can result in a Sub-Fund being unable to exploit the small pricing differentials that the Investment Managers/Sub-Investment Managers may seek to exploit and impact, possibly materially, the profitability of a Sub-Fund's positions.

The policy of the Investment Managers/Sub-Investment Managers regarding purchases and sales for its portfolios is that primary consideration will be given to obtaining the most favourable execution of the transactions in seeking to implement the investment strategy of the relevant Sub-Fund. The Investment Managers/Sub-Investment Managers will effect transactions with those brokers, dealers, banks and other counterparties (collectively, "**brokers and dealers**") which the Investment Managers/Sub-Investment Managers believe provide the most favourable net prices and who are capable of providing efficient executions. Additional considerations include the ability of brokers and dealers to provide internal and external research services, special execution capabilities, clearance, settlement or other services including communications and data processing and other similar equipment and services and the furnishing of stock quotation and other similar information. The Investment Managers/Sub-Investment Managers also may cause a broker or dealer who provides certain services to be paid a commission or, in the case of a dealer, a dealer spread for executing a portfolio transaction, which is in excess of the amount of commission or spread another broker or dealer would have charged for effecting that transaction.

### ***Leverage***

The Sub-Funds may achieve some leverage through the use of options, synthetic short sales, swaps, credit default swaps, forwards and other financial derivatives instruments for the purpose of making investments. The use of leverage creates special risks and may significantly increase the Sub-Funds' investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, exposes a Sub-Fund to greater capital risk than an unlevered vehicle.

Sub-Funds quantifying global exposure using a Value-at-Risk (VaR) approach disclose their expected level of leverage in the relevant Sub-Fund Particular. The VaR approach seeks to estimate the maximum potential loss a Sub-Fund could experience in a month (20 dealing days) under normal market conditions. The estimate is based on the previous 12 months of the Sub-Fund's performance, and is measured at a 99% confidence level. The VaR is calculated in accordance with these parameters using an absolute or relative approach as described below.

A Sub-Fund which applies a relative VaR risk management approach measures its risk profile against a reference portfolio or risk benchmark. Under the relative VaR approach a limit is set as a multiple of the risk benchmark. The relative VaR limit of a Sub-Fund has to be set at or below twice (i.e. 200%) the VaR of the Sub-Fund's risk benchmark.

If for any reason it is not possible or appropriate to determine a Risk Benchmark for any Sub-Fund, the Management Company will consider adopting an absolute VaR risk management approach. The absolute VaR limits the maximum VaR that a Sub-Fund can have relative to its Net Asset Value. The absolute VaR of a Sub-Fund cannot exceed 20% of its Net Asset Value.

The expected level of leverage is an indicator and not a regulatory limit. The Sub-Funds' levels of leverage may be higher than this expected level as long as the Sub-Fund remains in line with its risk profile and complies with its VaR limit.

The annual report will provide the actual level of leverage over the past period and additional explanations on this figure.

The level of leverage is a measure of (i) the derivative usage and (ii) the reinvestment of collateral in relation to efficient portfolio management transactions. It does not take into account other physical assets directly held in the portfolio of the relevant Sub-Funds. It also does not represent the level of potential capital losses that a Sub-Fund may incur.

The level of leverage is calculated as (i) the sum of notionals of all financial derivative contracts entered into by the Sub-Fund expressed as a percentage of the Sub-Fund's Net Asset Value and (ii) any additional leverage generated by the reinvestment of collateral in relation to efficient portfolio management transactions.

### ***Foreign securities***

A Sub-Fund's investment activities relating to foreign securities may involve numerous risks resulting from market and currency fluctuations, future adverse political and economic developments, the possible imposition of restrictions on the repatriation of currency or other governmental law or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or other regulatory practices and requirements comparable to those applicable to companies in the investor's domicile. In addition, securities issued by companies or governments in some countries may be illiquid and have higher price volatility and, with respect to certain countries, there is a possibility of expropriation, nationalization, exchange control restrictions, confiscatory taxation and limitations on the use or removal of Company's or other assets of a Sub-Fund, including withholding of dividends. Certain securities held by a Sub-Fund may be subject to government taxes that could reduce the yield on such securities, and fluctuation in foreign currency exchange rates may affect the price of a Sub-Fund's securities and the appreciation or depreciation of investments. Certain types of investments may result in currency conversion expenses and higher custodial expenses. The ability of a Sub-Fund to invest in securities of companies or governments of certain countries may be limited or, in some cases, prohibited. As a result, larger positions of a Sub-Fund's assets may be invested in those countries where such limitations do not exist. In addition, policies established by the governments of certain countries may adversely affect a Sub-Fund's investments and the ability of a Sub-Fund to achieve its investment objective.

## 5. SHARES

The Board of Directors may, within each Sub-Fund, decide to create different Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but where a specific fee structure, currency hedging strategy, Reference Currency, dividend distribution policy or other specific features may apply to each Class. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.

### Classes of Shares

The following Classes of Shares may be offered in the Sub-Funds:

- **Class A Shares** are available to all investors and are offered primarily as an investment to retail investors.
- **Class I Shares** are only available to Institutional Investors. These Shares are offered primarily to direct Institutional Investors and may, at the discretion of the Board of Directors also be offered to other types of Institutional Investors including, for example, certain financial intermediaries which have distribution or similar types of agreements with a distributor.
- **Class I2 Shares** are only available to Institutional Investors. These Shares are offered primarily through broker dealers, intermediaries, and other entities with agreements with distributors.
- **Class S Shares** are only available to Institutional Investors. These Shares are offered primarily to direct Institutional Investors who invest during the initial seed period when the assets of the Sub-Fund are below USD 200 million. Once the Sub-Fund reaches USD 200 million in assets these shares will no longer be available to new investors.
- **Class J Shares** are only available for Institutional Investors through certain financial intermediaries and banking partners who contribute to the sub fund during the initial seed period. Class J shares are subject to the tax d'abonnement rate of 0.01%
- **Class K Shares** are only available for Institutional Investors through certain financial intermediaries and banking partners who contribute to the sub fund during the initial seed period. Class K shares are subject to the tax d'abonnement rate of 0.05%
- **Class L Shares** are only available for Investors through certain financial intermediaries and banking partners who contribute to the sub fund during the initial seed period. Class L shares are subject to the tax d'abonnement rate of 0.05%.

## Minimum initial investment amount and minimum subsequent investment amount

Minimum initial subscription amount and minimum subsequent subscription amount for each Class are listed below and are in the Reference Currency of the Class concerned.

Classes of Shares	Minimum initial subscription amount	Minimum subsequent investment amount
A	2,000	100
I	5,000,000	100
I2	2,000,000	100
S	100,000,000	100
J	100,000,000	100
K	100,000,000	100
L	1,000,000	100

The Board of Directors may decide to waive at its discretion any minimum initial subscription and subsequent minimum investment requirements.

## Distribution and Accumulation Shares

All Classes of Shares may be offered as distribution (DIS) and/or as accumulation (ACC) Shares. Each Class includes the reference to either "DIS" for distribution or "ACC" for accumulation, followed by its Reference Currency in its name (e.g. Class A ACC USD). Please also refer to Section 12. "Dividends".

## Reference Currency

Each Class of Shares may be offered in USD, EUR, GBP, CHF and/or in any other freely convertible currency as determined by the Board of Directors from time to time (each a "**Reference Currency**"). Each Class includes its Reference Currency in its name (e.g. Class A ACC USD).

## Currency Hedging

For each Sub-Fund, separate currency hedged Classes may be issued with the aim to hedge the currency exposure of Classes denominated in Reference Currencies different to the Base Currency of the relevant Sub-Fund in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Reference Currency of such Class and the Base Currency of the Sub-Fund. Currency hedged Classes include the reference to "Hedged" in their name (e.g. Class A ACC EUR Hedged). Classes which are not hedged include the reference to "Unhedged" in their name (e.g. Class A ACC USD Unhedged).

Such currency exposures are hedged by using financial derivative instruments including futures, forward currency exchange contracts, options and other similar derivative transactions deemed appropriate, in accordance with applicable laws and regulations.

Due to currency controls in Brazil, the access to the Brazilian Real is restricted and therefore Classes BRL Hedged will adopt a different hedging model to the standard model outlined above.

Classes BRL Hedged are designed to offer a currency hedging solution to the underlying investors of funds domiciled in Brazil. These Brazilian Feeder funds combine the use of financial derivative instruments within the Class BRL Hedged with the use of spot foreign exchange contracts at their own level to offer their investors a full BRL currency hedged investment. Investment into a Class BRL Hedged that is not directed through a Brazilian Feeder fund may not deliver a BRL hedged return for investors. These Classes are only accessible to funds domiciled in Brazil who enter into suitable arrangements with the Global Distributor or an applicable sub-distributor.

Classes BRL Hedged will be denominated in USD and will systematically convert the Net Asset Value of the Class to BRL. This will be achieved through financial derivative instruments including non-deliverable forwards. The Net Asset Value of the Classes BRL Hedged will fluctuate in line with changes in the exchange rate between the BRL and the USD and as a result performance may therefore differ significantly from that of other Classes in the same Sub-Fund.

Any fees relating to the hedging strategy (including any fees of the Administration Agent relating to the execution of the hedging policy) will be borne by the relevant Class. Any gains or losses from the currency hedging shall accrue to the relevant hedged Class.

The hedged positions are being reviewed in order to ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the currency hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the currency hedged Classes.

In addition the Investment Manager may seek to hedge the Base Currency of a Sub-Fund against the currencies in which the underlying securities in the portfolio of the Sub-Fund are denominated.

Confirmation of all the Classes available, as well as an up-to-date list of Classes with a contagion risk can be obtained at the registered office upon request. Information on all available Classes of Shares will also be published on [www.doublelineucits.com](http://www.doublelineucits.com).

Fractions of Shares up to 3 decimal places will be issued if so decided by the Board of Directors. Such fractions shall not be entitled to vote but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

All Shares must be fully paid-up; they are of no nominal value and carry no preferential or pre-emptive rights. Each Share of the Company, irrespective of its Sub-Fund, is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles of Incorporation. The Company will recognise only one holder in respect of each Share. In the event of joint ownership, the Company may suspend the exercise of any voting right deriving from the relevant Share(s) until one person shall have been designated to represent the joint owners *vis-à-vis* the Company.

Shares will in principle be freely transferable to investors complying with the eligibility criteria of the relevant Class and provided that shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a Shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the Shares which he holds. The transfer of a Share shall be effected by a written declaration of transfer inscribed on the register of Shareholders. Such declaration of transfer, in a form acceptable to the Company, shall state the full name and address of transferor and transferee and be dated and signed by the transferor and the transferee or by persons holding suitable powers of attorney to act therefore. The Company may also accept as evidence of transfer other instruments of transfer satisfactory to the Company.

The Company or the Administration Agent may decline to register a transfer of Shares unless the transfer form is deposited with the Company or its delegate together with such information as may reasonably be required including evidence required to show the right of the transferor to make the transfer and satisfy the Administration Agent as to its requirements with respect to AML&KYC. A potential transferee (not being an existing Shareholder) will be required to complete such documentation as would have been required had that transferee subscribed for Shares before the proposed transfer is approved for registration.

## **6. HOW TO BUY SHARES**

### **6.1. Application**

Applicants buying Shares for the first time need to complete the Application Form which can be sent first by fax to the Registrar and Transfer Agent along with the relevant AML&KYC documentation as defined under Section 6.4 "Anti-money laundering and prevention of terrorist financing" below). The original Application Form and AML&KYC documentation have to be sent before the cut-off time for any applicable Valuation Day to the Registrar and Transfer Agent by post. Any subsequent purchase of Shares can be made by Swift, fax or any other electronic form of transmission previously agreed upon between the applicant and the Registrar and Transfer Agent.

### **6.2. Dealing cut-off times**

The dealing cut-off times are indicated in the relevant Sub-Fund Particular.

Applications received after the relevant cut-off times will normally be dealt on the next applicable Business Day.

### 6.3. Acceptance

The right is reserved by the Company, represented by its Directors, to reject any subscription or conversion application in whole or in part without giving the reasons thereof. If an application is rejected, the application monies or balance thereof will be returned at the risk of the applicant and without interest as soon as practicable.

### 6.4. Anti-money laundering and prevention of terrorist financing

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 (as amended) on the fight against money laundering and terrorist financing, as amended, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 and CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacement, obligations have been imposed on professionals of the financial sector to prevent the use of undertakings for collective investment such as the Company for money laundering and terrorist financing purposes ("**AML & KYC**").

As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment shall ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require applicants to provide any AML&KYC document it deems necessary to effect such identification. In addition, the Register and Transfer Agent, as delegate of the Company, may require any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to CRS Law.

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Company, the Management Company, nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to on-going client due diligence requirements under relevant laws and regulations.

The list of identification documents to be provided by each applicant to the Registrar and Transfer Agent will be based on the AML & KYC requirements as stipulated in the CSSF's circulars and regulations as amended from time to time. These requirements may be amended following any new Luxembourg regulations.

Applicants may be asked to produce additional documents for verification of their identity before acceptance of their applications. In case of refusal by the applicant to provide the documents required, the application will not be accepted.

Before redemption proceeds are released, the Registrar and Transfer Agent will require original documents or certified copies of original documents to comply with the Luxembourg regulations.

#### 6.5. Luxembourg register of beneficial owners

The Luxembourg law of 13 January 2019 creating a register of beneficial owners (the "**RBO Law**") entered into force on 1 March 2019. According to the provisions of the RBO Law, each entity registered in Luxembourg with the Luxembourg companies register (*Registre de Commerce et des Sociétés*), including the Company, has to identify its beneficial owners ("**Beneficial Owners**"). The Company must register Beneficial Owner-related information with the Luxembourg register of beneficial owners, which is established under the authority of the Luxembourg Ministry of Justice.

The RBO Law broadly defines a Beneficial Owner as any natural person(s) who ultimately owns or controls the relevant entity through direct or indirect ownership of a sufficient percentage of the units (more than 25%) or voting rights or ownership interests in the entity (as applicable), or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

In case the Beneficial Owner criteria are fulfilled by an investor with regard to the Company, this investor and/or nominee is obliged by the RBO Law to provide the required supporting documentation and information necessary for the Company to fulfil its obligations under the RBO Law.

Failure by the Company and the relevant Beneficial Owners to comply with their respective obligations deriving from the RBO Law will be subject to criminal fines.

#### 6.6. Settlement

##### *IN CASH*

Subscription proceeds will in principle be paid in the Reference Currency of the relevant Class specified in the relevant Sub-Fund Particular within the timeframe provided for in the relevant Sub-Fund Particular (settlement date). The Board of Directors may also accept payment in any other freely convertible currency specified by the applicant. In that case, any currency conversion cost shall be borne by the applicant.

Settlement may be made by electronic transfer net of bank charges to the relevant correspondent bank(s) quoting the applicant's name and stating the appropriate Sub-Fund/Class into which settlement monies are paid. Details of the relevant correspondent bank(s) are given on the Application Form or may be obtained from a distributor.

If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement date will be on the next Business Day on which those banks are open. Payment should arrive in

the transfer agent's appropriate bank account, as specified in the Application Forms by the settlement date at the latest as specified in the relevant Sub-Fund Particular and subject to the foregoing. If timely settlement is not made, an application may lapse and be cancelled at the cost of the applicant or his/her financial intermediary. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company, including but not limited to overdraft charges and interests incurred.

#### *IN KIND*

The Directors may, at their discretion, decide to accept securities as valid consideration for a subscription provided that these comply with the investment policy and restrictions of the relevant Sub-Fund. A special report of the Company's Auditors will be issued. Additional costs resulting from a subscription in kind (including the costs of the Auditors' report) will be borne exclusively by the subscriber concerned, unless the Board of Directors considers that the subscription in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

#### 6.7. Share allocation

Shares are provisionally allotted but not allocated until settlement has been received by the Company or to its order. Payment for subscribed Shares must be received by the Company or by a correspondent bank to its order, not later than the deadlines set forth in the relevant Sub-Fund Particular.

If settlement is not received by the Company or to its order by the due date, the Company reserves the right to cancel the provisional allotment of shares without prejudice to the right of the Company to obtain compensation of any loss directly or indirectly resulting from the failure of an applicant to effect settlement.

#### 6.8. Contract notes

Contract notes which are no proofs of ownership are provided to the investor as soon as practicable after the allotment of Shares.

#### 6.9. Form of shares

Shares are only issued in registered form and ownership of shares will be evidenced by entry in the Register. Shareholders will receive a confirmation of their shareholding as soon as reasonably practicable after the relevant Valuation Day.

## **7. HOW TO SELL SHARES**

The terms and conditions applying to the redemption of the shares of the Company are detailed, for each Sub-Fund, in the relevant Sub-Fund Particular.

### **7.1. Request**

Redemption requests should be made directly to the Registrar and Transfer Agent. Such requests may be made by Swift, fax or any other form of transmission previously agreed upon between the applicant and the Registrar and Transfer Agent.

In compliance with the forward pricing principle, redemption requests received after the applicable cut-off time (as detailed, for each Sub-Fund in the relevant Sub-Fund Particular) will be deferred to the next applicable Business Day.

### **7.2. Settlement**

#### *IN CASH*

Redemption proceeds will in principle be paid in the Reference Currency of the relevant Class specified in the relevant Sub-Fund Particular within the timeframe provided for in the relevant Sub-Fund Particular. If, in exceptional circumstances, the liquidity of the relevant Sub-Fund is insufficient to enable redemption proceeds to be paid within that period, or if there are other reasons, such as exchange controls or other regulations which delay payment, payment will be made as soon as reasonably practicable thereafter, but without interest. The Board of Directors may also agree to satisfy the payment of redemption proceeds in any other freely convertible currency specified by the Shareholder. In that case, any currency conversion cost shall be borne by the Shareholder and the payment of the redemption proceeds will be carried out at the risk of the Shareholder.

If, on the settlement date, banks are not open for business in the country of the currency of settlement of the relevant Class, then settlement will be on the next Business Day on which those banks are open.

#### *IN KIND*

At a Shareholder's request, the Company may elect to make a redemption in kind subject to a special report from the Company's Auditors, having due regard to the interests of all Shareholders, to the industry sector of the issuer, to the country of issue, to the liquidity and/or to the marketability and the markets on which the investments distributed are dealt in and to the materiality of investments. Additional costs resulting from redemption in kind will be borne exclusively by the Shareholder concerned, unless the Board of Directors considers that the redemption in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

### 7.3. Contract notes

Contract notes are sent to Shareholders as soon as practicable after the transaction has been effected.

### 7.4. Compulsory redemption

If a redemption/conversion instruction or transfer of Shares would reduce the value of a Shareholder's residual holding in any one Sub-Fund or Class to below the minimum holding requirement as set forth (the case being) in this Prospectus, the Company may decide to compulsorily redeem the Shareholder's entire holding in respect of that Sub-Fund.

The Company may also compulsorily redeem any Shares that are acquired or held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority, as further detailed in the Articles of Incorporation.

If it appears at any time that a holder of Shares of a Class or of a Sub-Fund reserved to Institutional Investors (in the meaning of Article 174 of the 2010 Law) is not an Institutional Investor, the Board of Directors will convert the relevant Shares into Shares of a Class or of a Sub-Fund which is not restricted to Institutional Investors (provided that there exists such a Class of Shares or of a Sub-Fund with similar characteristics) or compulsorily redeem the relevant Shares in accordance with the provisions set forth in the Articles of Incorporation.

### 7.5. Deferral of redemption

In order to ensure that Shareholders who remain invested in the Company are not disadvantaged by the reduction of the liquidity of the Company's portfolio as a result of significant redemption applications received over a limited period, the Directors may apply the procedures set out below in order to permit the orderly disposal of securities to meet redemptions.

The Company, having regard to the fair and equal treatment of Shareholders, on receiving requests to redeem Shares exceeding 10% of the Net Asset Value of any Sub-Fund or Class shall not be bound to redeem on any Business Day a number of Shares representing more than 10% of the Net Asset Value of any Sub-Fund or Class. If the Company receives requests on any Business Day for redemption of a greater number of Shares, it may declare that such redemptions exceeding the 10% limit may be deferred until sufficient liquidity is available. Unless otherwise decided by the Board of Directors on the basis of exceptional circumstances, the deferral period should in principle not exceed 15 Business Days.

Payment of redemption proceeds may be delayed if there are any specific statutory provisions such as foreign exchange restrictions, or any circumstances beyond the Company's control which make it impossible to transfer the redemption proceeds to the country where the redemption was requested.

## 7.6. Cancellation right

Requests for redemption once made may in principle only be withdrawn in the event of a suspension or deferral of the right to redeem Shares of the relevant Sub-Fund or the relevant Class. In exceptional circumstances, the Management Company may however, in its sole discretion and taking due consideration of the principle of equal treatment between Shareholders, the interests of the relevant Sub-Fund or the relevant Class and applicable market timing rules, decide to accept any withdrawal of an application for redemption.

## 7.7. Prevention of market timing practices

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

In general, market timing refers to the investment behaviour of an individual or company or a group of individuals or companies buying, selling or exchanging shares or other securities on the basis of predetermined market indicators by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the value of such shares or other securities. Market timers may also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges.

The Registrar and Transfer Agent may combine Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Board of Directors reserves the right to cause the Registrar and Transfer Agent to reject any application for conversion and/or subscription of Shares from applicants whom the former considers market timers.

## **8. HOW TO CONVERT SHARES**

To the extent provided for in the relevant Sub-Fund Particular, Shareholders will be entitled to request the conversion of the Shares they hold in one Sub-Fund into Shares of another Sub-Fund or to request the conversion of the Shares they hold in one Class into another Class of the same Sub-Fund by making application to the Registrar and Transfer Agent in Luxembourg or through a distributor by Swift or fax, confirmed in writing by no later than the cut-off time (as further specified in the relevant Sub-Fund Particular).

Such application must include the following information: the name of the holder, the number of Shares to be switched (if it is not the total holding) and, if possible, the reference number on any Share of each Sub-Fund to be switched and the proportion of value of those Shares to be allocated to each new Sub-Fund or Class (if more than one).

Conversions will be subject to the condition that all conditions to subscribe in Shares relating to the new Sub-Fund(s)/Class(es) are met.

Unless otherwise provided for in the relevant Sub-Fund Particular, conversions (when authorised) may be accepted on each Valuation Days in both applicable Sub-Funds/Classes.

If compliance with conversion instructions would result in a residual holding in any one Sub-Fund or Class of less than the minimum holding, the Company may compulsorily redeem the residual Shares at the redemption price ruling on the relevant Business Day and make payment of the proceeds to the Shareholder.

The basis of conversion is related to the respective Net Asset Value per Share of the Sub-Fund or Class concerned. The Company will determine the number of Shares into which a Shareholder wishes to convert his existing Shares in accordance with the following formula:

$$A = \frac{(B \times C \times D) - F}{E}$$

The meanings are as follows:

- A: the number of Shares to be issued in the new Sub-Fund/Class
- B: the number of Shares in the original Sub-Fund/Class
- C: Net Asset Value per Share to be converted
- D: currency conversion factor
- E: Net Asset Value per Share to be issued
- F: Conversion charge (as detailed in the relevant Sub-Fund Particular)

The Company will provide a confirmation including the details of the conversion to the Shareholder concerned.

Any conversion request shall in principle be irrevocable, except in the event of a suspension of the calculation of the Net Asset Value of the Class or of the Sub-Fund concerned or deferral. The Management Company may however, in its sole discretion and taking due consideration of the principle of equal treatment between Shareholders and the interests of the relevant Sub-Fund, decide to accept any withdrawal of an application for conversion.

In compliance with the forward pricing principle, requests for conversions received after the cut-off time (as detailed, for each Sub-Fund, in the relevant Sub-Fund Particular) will be deferred to the next applicable Business Day.

The rules applicable to the deferral of redemptions will apply *mutatis mutandis* to conversion requests.

## **9. LATE TRADING**

The Company determines the price of its Shares on a forward basis. This means that it is not possible to know in advance the Net Asset Value per Share at which Shares will be bought or sold (exclusive of any subscription or redemption commission).

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.

The Company considers that the practice of late trading is not acceptable as it violates the provisions of the Prospectus which provide that an order received after the cut-off time is dealt with at a price based on the next applicable Net Asset Value. As a result, subscriptions, conversions and redemptions of Shares shall be dealt with at an unknown Net Asset Value. The cut-off time for subscriptions, conversions and redemptions is set out in the Sub-Fund Particular.

## **10. FOREIGN EXCHANGE TRANSACTIONS**

Where subscription and redemption proceeds are paid in another currency than the Reference Currency of the relevant Class, the necessary foreign exchange transactions will be arranged by the Registrar and Transfer Agent for the account and at the expenses of the applicant at the exchange rate prevailing on the relevant Valuation Day.

## **11. NET ASSET VALUE AND DEALING PRICES**

### **11.1. Calculation of Net Asset Value**

#### *Valuation Principles*

The Net Asset Value of each Class within each Sub-Fund (expressed in the Reference Currency of the Class) is determined by aggregating the value of securities and other permitted assets of the Company allocated to that Class and deducting the liabilities of the Company allocated to that Class. The Net Asset Value per Share in each Class will be calculated by dividing the net assets attributable to that Class by the total number of Shares outstanding of that Class and by rounding the resulting amount up or down to three decimal places.

The assets of each Class within each Sub-Fund are valued as of the Valuation Day, as defined in the relevant Sub-Fund Particular, as follows:

1. shares or units in open-ended undertakings for collective investment, which do not have a price quotation on a Regulated Market, will be valued at the actual Net Asset Value for such shares or units as of the relevant Valuation Day, failing which they shall be valued at the last available Net Asset

Value which is calculated prior to such Valuation Day. In the case where events have occurred which have resulted in a material change in the Net Asset Value of such shares or units since the last Net Asset Value was calculated, the value of such shares or units may be adjusted at their fair value in order to reflect, in the reasonable opinion of the Board of Directors, such change;

2. the value of securities (including a share or unit in a closed-ended undertaking for collective investment and in an exchange traded fund) and/or financial derivative instruments which are listed and with a price quoted on any official stock exchange or traded on any other organised market at the closing price. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the Board of Directors shall select the principal of such stock exchanges or markets for such purposes;
3. shares or units in undertakings for collective investment the issue or redemption of which is restricted and in respect of which a secondary market is maintained by dealers who, as principal market-makers, offer prices in response to market conditions may be valued by the Board of Directors in line with such prices;
4. the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof;
5. the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in a reliable and verifiable manner on a daily basis and verified by a competent professional appointed by the Company;
6. swap contracts will be valued according to generally accepted valuation rules that can be verified by auditors. Asset based swap contracts will be valued by reference to the market value of the underlying assets. Cash flow based swap contracts will be valued by reference to the net present value of the underlying future cash flows;
7. the value of any security or other asset which is dealt principally on a market made among professional dealers and institutional investors shall be determined by reference to the last available price;
8. any assets or liabilities in currencies other than the relevant currency of the Sub-Fund concerned will be converted using the relevant spot rate quoted by a bank or other responsible financial institution;
9. in the event that any of the securities held in the Company portfolio on the relevant day are not listed on any stock exchange or traded on any organised market or if with respect to securities listed on any stock exchange or traded on any other organised market, the price as determined pursuant to sub-paragraph (2) is not, in the opinion of the Board of Directors, representative of the fair market

value of the relevant securities, the value of such securities will be determined prudently and in good faith based on the reasonably foreseeable sales price or any other appropriate valuation principles;

10. in the event that the above mentioned calculation methods are inappropriate or misleading, the Board of Directors may adopt to the extent such valuation principles are in the best interests of the Shareholders any other appropriate valuation principles for the assets of the Company; and
11. in circumstances where the interests of the Company or its Shareholders so justify (avoidance of market timing practices, for example), the Board of Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Company's assets.

If after the Net Asset Value per Share has been calculated, there has been a material change in the quoted prices on the markets on which a substantial portion of the investments of the Company attributable to a particular Sub-Fund is dealt or quoted, the Company may, in order to safeguard the interests of the Shareholders and the Company, cancel the first valuation and carry out a second valuation provided that the first Net Asset Value per Share calculated has not been published. In the case of such a second valuation, all issues, conversions or redemptions of Shares dealt with by the Sub-Fund for such a Valuation Day must be made in accordance with this second valuation.

The consolidated accounts of the Company for the purpose of its financial reports shall be expressed in USD.

#### 11.2. Temporary suspension

The Company, as represented by the Board of Directors may suspend the issue, allocation and the redemption of Shares relating to any Sub-Fund/Class as well as the right to convert Shares and the calculation of the Net Asset Value per Share relating to any Class:

- a) during any period, other than ordinary holidays, when any market or stock exchange, which is the principal market or stock exchange on which a material part of the investments of the relevant Sub-Fund/Class for the time being are quoted, is closed, or during which dealings are substantially restricted or suspended;
- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the relevant Sub-Fund/Class by the Company is not possible;
- c) during any period when the publication of an index, underlying of a financial derivative instrument representing a material part of the assets of the relevant Sub-Fund/Class is suspended;
- d) during any period when the determination of the Net Asset Value per Share of the underlying funds or the dealing of their shares/units in which a Sub-Fund or a Class is a materially invested is suspended or restricted;

- e) during any breakdown in the means of communication normally employed in determining the price of any of the relevant Sub-Fund/Class' investments or the current prices on any market or stock exchange;
- f) during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant Sub-Fund/Class' investments is not possible;
- g) from the date on which the Board of Directors decides to liquidate or merge one or more Sub-Fund(s)/Class(es) or in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up or merge the Company or one or more Sub-Fund(s) or Class(es) is to be proposed; or
- h) during any period when in the opinion of the Directors there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Sub-Fund/Class of the Company.

The Company may cease the issue, allocation, conversion and redemption of the Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the Luxembourg supervisory authority.

The suspension of the calculation of the Net Asset Value of a Sub-Fund shall have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-Fund which is not suspended.

To the extent legally or regulatory required or decided by the Company, Shareholders who have requested conversion or redemption of their Shares will be promptly notified in writing of any such suspension and of the termination thereof. The Board of Directors may also make public such suspension in such a manner as it deems appropriate.

### 11.3. Offer price

Shares will be issued at a price based on the Net Asset Value calculated on the relevant Valuation Day increased by any applicable sales charge detailed in the relevant Sub-Fund Particular. Subscription proceeds shall be paid within the timeframe disclosed in the relevant Sub-Fund Particular.

### 11.4. Redemption price

Shares will be redeemed at a price based on the Net Asset Value calculated on the relevant Valuation Day less any applicable redemption charge disclosed in the relevant Sub-Fund Particular. The redemption price will be payable within the timeframe disclosed in the relevant Sub-Fund Particular.

### 11.5. Information on prices

The Net Asset Value per Share in each Sub-Fund is available at the registered office of the Company. The Net Asset Value per Share of each Class will also be published on [www.doublelineucits.com](http://www.doublelineucits.com). The Board of Directors may discontinue such publication or undertake publications in other media at its sole discretion.

## 12. DIVIDENDS

The Directors may issue distribution (DIS) and capital-accumulation (ACC) Shares.

- i) Capital-accumulation Shares do not pay any dividends.
- ii) The distribution policy of the distribution Shares can be summarised as follows:

Dividends will be declared by the relevant Shareholders at the annual general meeting of Shareholders or any other Shareholder meeting. During the course of a financial year, the Board of Directors may declare interim dividends in respect of certain Sub-Fund(s) or distribution Shares.

In the absence of any instruction to the contrary, dividends will be paid out. Holders of registered Shares may however, by written request to the Registrar and Transfer Agent or by completion of the relevant section of the Application Form, elect to have dividends relating to any distribution Class of any Sub-Fund reinvested automatically in the acquisition of further shares relating to that Sub-Fund. Such Shares will be purchased no later than on the next Valuation Day after the date of payment of the dividend. Shares allocated as a result of such reinvestment will not be subject to any sales charge.

No dividend will be distributed if the amount is below USD 50 or its equivalent in the relevant Reference Currency. Such amount will automatically be reinvested in further shares relating to the Sub-Fund concerned.

## 13. CHARGES AND EXPENSES

### 13.1. Investment Management/Advisory Fees

In consideration for the investment management/advisory services provided to the Company, the Investment Managers/Sub-Investment Managers/advisers are entitled to receive from the Company any investment management/advisory fee of a percentage of the net assets of the relevant Class as further detailed in the relevant Sub-Fund Particulars (the "**Investment Management Fee**"). Unless otherwise provided for in the relevant Sub-Fund Particular, this fee will be accrued on each Valuation Day and payable monthly in arrears. The Investment Managers/Sub-Investment Managers/investment advisers and any duly authorised distributors and intermediaries will share the management fees as mutually agreed between themselves in compliance with applicable laws and regulations.

### 13.2. Performance Fee

To the extent provided for in the relevant Sub-Fund Particular, the Investment Managers/Sub-Investment Managers may also be entitled to receive a performance fee (the "**Performance Fee**"), the details of which will (where applicable) be disclosed in the relevant Sub-Fund Particular.

### 13.3. Operating Expense Fee

The Company or the different Sub-funds or Classes will incur a capped operating expense fee payable to the Management Company and other service providers for various services, as described below, provided to the Fund (the "**Operating Expense Fee**").

The Operating Expense Fee includes the Management Company Fee, the Administration Fee, the Depositary and Custody Fees, and the other charges and expenses as defined hereafter. The Operating Expense Fee does not include the Investment Management Fee.

The Operating Expense Fee includes, without limitation, the following fees and expenses: fees and expenses involved in registering and maintaining the authorisation in Luxembourg and elsewhere and the listing of the Company's shares (where applicable), any fees and charges payable to fund distribution platforms, cost and expenses for subscriptions to professional associations and other organisations in Luxembourg or in other jurisdictions where it may be registered for offer of its Shares, which the Company will decide to join in its own interest and in that of its Shareholders, the costs related to tax reporting in any relevant jurisdiction, the cost of publication of prices and costs relating to distribution of dividends, the remuneration of the Directors, if any, and their reasonable out-of-pocket expenses and its other operating expenses such as accounting and pricing costs, expenses for legal, auditing and other professional services relating to the management of the Company and of its Sub-Funds, costs of printing, translating, and publishing information for the Shareholders and in particular the costs of printing, translating and distributing the periodic reports, as well as the Prospectuses. The Operating Expense Fee excludes taxes, commissions, mark-ups, litigation expenses, indemnification expenses, interest expenses and any extraordinary expenses.

The Investment Manager and/or Sub-Investment Manager, as applicable will bear the excess of any such expenses above the rate specified for each Class of Shares in the relevant Sub-Fund Particular. Conversely, the Investment Manager and/or Sub-Investment Manager, as applicable, will be entitled to retain any amount by which the rate of these fees to be borne by the Class of Shares, as set out in the relevant Sub-Fund Particular, exceeds the actual expenses incurred by the relevant Class of the relevant Sub-Fund.

#### - Management Company Fee

In consideration for the management company services provided to the Company, the Management Company is entitled to receive a management company fee (the "**Management Company Fee**"). Unless otherwise provided for in the relevant Sub-Fund Particular, this fee will be accrued on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund.

- Administration Fee

For its services as Administration Agent and unless otherwise agreed for a specific Sub-Fund, Brown Brothers Harriman (Luxembourg) S.C.A. receives an annual fee based upon a reducing scale, depending upon the value of the Company's net assets, subject to a minimum monthly central administration fee. This fee is calculated and accrued on each Valuation Day and is payable by the Company monthly in arrears and as agreed from time to time in writing. For its services as Registrar and Transfer Agent, Brown Brothers Harriman (Luxembourg) S.C.A. receives fees based on the number of share classes, number and risk type of shareholder accounts, and number of transactions, subject to an agreed-upon monthly minimum. The fees paid to Brown Brothers Harriman (Luxembourg) S.C.A. for its services as Administration Agent, Registrar, and Transfer Agent are collectively the "**Administration Fee.**"

- Depositary and Custody Fees

For its custody services, Brown Brothers Harriman (Luxembourg) S.C.A. receives a fee for this service which can vary dependent upon the markets in which the assets of the Company are invested (the "**Depositary and Custody Fees**"). Trade Settlement is charged on a per transaction basis based on the countries in which the securities are settled.

For depositary services, Brown Brothers Harriman (Luxembourg) S.C.A. receives an annual fee, depending upon the value of the Company's net assets.

#### 13.4. Other charges and expenses

Any extraordinary expenses including, without limitation, litigation expenses and the full amount of any Luxembourg or foreign tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets will separately be borne by the Company.

The costs and expenses for the formation of the Company and the initial issue of its Shares will be borne by the first Sub-Funds of the Company (namely the DoubleLine Low Average Duration Bond and DoubleLine Shiller Enhanced CAPE®). Any additional Sub-Fund(s) which may be created in the future shall bear their own formation expenses. Notwithstanding the foregoing, DoubleLine Capital LP may pay all or part of the set-up costs of the Company.

### 14. MANAGEMENT COMPANY

The Company has appointed FundRock Management Company S.A. to act as the management company of the Company pursuant to the Fund Management Company Agreement and is responsible for providing investment management services, administration services and distribution services. In this capacity, the Management Company acts as asset manager, administrator and distributor of the Company's Shares.

The Management Company has been permitted by the Company to delegate certain administrative, distribution and investment management functions to specialised service providers. In this context, the Management Company has delegated the above-mentioned tasks as follows:

Certain investment management functions have been delegated as further detailed under 15. "Investment Managers/Sub-Investment Managers" below and in the Sub-Fund Particulars.

The Management Company has delegated the administration functions to the Administration Agent and registrar and transfer agency functions to the Registrar and Transfer Agent.

The Management Company has delegated the global distribution function to DoubleLine Capital LP as further described under 16. "Distribution of Shares" below.

The Management Company was incorporated as a "*société anonyme*" under the laws of Luxembourg on 10 November 2004 and its articles of incorporation were published in the *Mémorial C, Recueil des Sociétés et Associations, Luxembourg legal gazette* on 6 December 2004 and were amended for the last time on 31 December 2015. As of 1 June 2016, the *Mémorial C, Recueil des Sociétés et Associations, Luxembourg legal gazette* has been replaced by the RESA. The Management Company is registered with the Luxembourg Trade and Companies' Register under the number B 104196 and is approved as a management company regulated by Chapter 15 of the 2010 Law. It has its registered office in Luxembourg, at 33, rue de Gasperich, L-5826 Luxembourg, Grand Duchy of Luxembourg. The Management Company has a subscribed and paid-up capital of EUR 10 million.

The Management Company will monitor the activities of the third parties to which it has delegated functions on a continued basis. The agreements entered between the Management Company and the relevant third parties provide that the Management Company can give further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the shareholders at any time. The Management Company's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

The Management Company shall also ensure compliance with the investment restrictions and oversee the implementation of the Sub-Fund's strategies and investment policy by the Sub-Funds.

The Management Company shall also send reports to the Board of Directors on a periodic basis and inform each board member without delay of any non-compliance with the investment restrictions by any Sub-Fund.

The Management Company will receive periodic reports from the Investment Managers detailing the relevant Sub-Fund's performance and analysing its investment portfolio. The Management Company will receive similar reports from the relevant Sub-Fund's other services providers in relation to the services which they provide.

The Management Company also acts as management company for other investment funds (Luxembourgish or not). The names of these other funds are available upon request.

The Management Company has established and applies a remuneration policy in accordance with principles laid out under UCITS V directive and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the investors in such UCITS and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Management Company manages.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under UCITS V are not remunerated based on the performance of the UCITS under management.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, where such a committee exists, are available at <https://www.fundrock.com/policies-and-compliance/remuneration-policy/> and a paper copy will be made available free of charge upon request at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion, which relies on the following principles\*:

- Identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
- Identification of the functions performed within the Management Company which may impact the performance of the entities under management;
- Calculation of remuneration and benefits based on the combination of individual and company's performance assessment;
- Determination of a balanced remuneration (fixed and variable);
- Implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;

- Deferral of variable remuneration over 3-year periods;
- Implementation of control procedures / adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.

\*It should be noted that, upon issuance of regulatory guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

## **15. INVESTMENT MANAGERS / SUB-INVESTMENT MANAGERS**

The Management Company may delegate all or part of its portfolio management duties to one or more Investment Managers as further detailed in the relevant Sub-Fund Particular.

The Investment Managers have the discretion to acquire and dispose of securities of the Sub-Fund(s) for which they have been appointed as investment managers, subject to and in accordance with the legal and regulatory requirements applicable to the Company and the guidelines received from the Management Company from time to time, and in accordance with the investment objectives and restrictions of the Sub-Fund(s). While the Investment Managers must act strictly in the best interests of the shareholders, individual shareholders shall not be involved in investment management activities.

An Investment Manager may, with the approval of the Management Company and the regulatory authorities but under its own supervision and responsibility, appoint one or more Sub-Investment Managers to carry out certain portfolio management duties with respect to one or more Sub-Funds, if and as specified in the relevant Sub-Fund Particular.

The DoubleLine team of investment professionals ("**DoubleLine**") delivers investment advice through three separately registered investment managers: DoubleLine Capital LP, DoubleLine ETF Adviser LP, and DoubleLine Alternatives LP. DoubleLine generally manages fixed income investments through DoubleLine Capital LP, investments on behalf of its exchange-traded funds through DoubleLine ETF Adviser LP, and derivatives, commodities, and other alternative investments through its DoubleLine Alternatives LP. DoubleLine ETF Adviser LP does not provide any services to the Company.

The three DoubleLine investment managers are headquartered at 2002 North Tampa Street, Suite 200, Tampa, FL, USA 33602 and are registered under the Investment Advisers Act of 1940, as amended.

DoubleLine Capital LP and DoubleLine Alternatives LP provide investment management services to the Company as specified in the relevant Sub-Fund Particular. The Management Company appoints the appropriate DoubleLine managers(s) for each Sub-Fund pursuant to an investment management agreement (each an "**Investment Management Agreement**" and collectively, the "**Investment Management Agreements**"), taking into consideration the specific objectives and strategies of such Sub-Fund. An

Investment Manager may delegate portions of its investment authority to a DoubleLine Sub-Investment Manager, as specified in the relevant Sub-Fund Particular.

The Investment Managers/Sub-Investment Managers may also appoint one or more investment advisers (each an "**Investment Adviser**") to advise them on the portfolio management of one or more Sub-Fund(s).

## **16. DISTRIBUTION OF SHARES**

The Management Company, with the consent of the Company, has appointed DoubleLine Capital LP as global distributor of the Company. DoubleLine Capital LP may enter into agreements with sub-distributors pursuant to which the sub-distributors agree to act as intermediaries or nominees for investors subscribing for Shares through their facilities.

## **17. DEPOSITARY**

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed as the depositary of the assets of the Company (the "**Depositary**") pursuant to the terms of a depositary agreement, as amended from time to time (the "**Depositary Agreement**"). Brown Brothers Harriman (Luxembourg) S.C.A. is registered with the Luxembourg Trade and Companies' Register under number B 29923 and has been incorporated under the laws of Luxembourg on 9 February 1989. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial sector, as amended. Brown Brothers Harriman (Luxembourg) S.C.A. is a bank organised as a *société en commandite par actions* under the laws of the Grand Duchy of Luxembourg and maintains its registered office at 80, route d'Esch, L-1470 Luxembourg.

The Depositary shall assume its functions and responsibilities as a fund depositary in accordance with the provisions of Depositary Agreement and the Directive 2009/65/CE of the European Parliament and the Council on Undertaking for Collective Investments in Transferable Securities ("UCITS"), as amended and implemented by the 2010 Law, the European Commission Delegated Regulation EU 2016 /438 of 17 December 2015 supplementing the Directive 2009/65/EC with regard to obligations of depositaries and the CSSF Circular 16/644 (as amended) on provisions applicable to credit institutions acting as UCITS depositaries subject to Part I of the 2010 Law.

The Key Depositary's duties include the following:

- i. ensuring that the Company's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Shares have been received and that all cash of the Company has been booked in accordance with the applicable laws and regulations;
- ii. safekeeping the assets of the Company, which includes (i) holding in custody of financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and monitoring records accordingly;

- iii. ensuring that the sale, issue, repurchase, redemption and cancellation of the Shares are carried out in accordance with the Articles of Incorporation and applicable Luxembourg law, rules and regulations;
- iv. ensuring that the value of the Shares is calculated in accordance with the Articles of Incorporation and the Luxembourg law;
- v. ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
- vi. ensuring that the Company's income is applied in accordance with the applicable Luxembourg law and the Articles of Incorporation; and
- vii. carrying out the instructions of the Management Company or the Company, unless they conflict with the applicable Luxembourg law, the Articles of Incorporation or this Prospectus.

The Depositary maintains comprehensive and detailed corporate policies and procedures requiring the Depositary to comply with applicable laws and regulations.

The Depositary has policies and procedures governing the management of conflicts of interests ("**CoI**"). These policies and procedures address CoIs that may arise through the provision of services to UCITS. The Depositary's policies require that all material CoIs involving internal or external parties are promptly disclosed, escalated to senior management, registered, mitigated and/or prevented, as appropriate. In the event a CoI may not be avoided, the Depositary shall maintain and operate effective organizational and administrative arrangements in order to take all reasonable steps to properly (i) disclosing CoIs to the UCITS and to Shareholders (ii) managing and monitoring such conflicts.

The Depositary ensures that employees are informed, trained and advised of CoI policies and procedures and that duties and responsibilities are segregated appropriately to prevent CoI issues.

Compliance with CoI policies and procedures is supervised and monitored by the board of managers as general partner of the Depositary and by the Depositary's authorized management, as well as the Depositary's compliance, internal audit and risk management functions.

The Depositary shall take all reasonable steps to identify and mitigate potential CoIs. This includes implementing its CoI policies that are appropriate for the scale, complexity and nature of its business. This policy identifies the circumstances that give rise or may give rise to a CoI and includes the procedures to be followed and measures to be adopted in order to manage CoIs. A CoI register is maintained and monitored by the Depositary.

The Depositary also acts as Administration Agent and as Registrar and Transfer Agent of the Company pursuant to the terms of an administration agreement between the Depositary, the Management Company and the Company. The Depositary has implemented appropriate segregation of activities between the

Depository and the administration/ registrar and transfer agency services, including escalation processes and governance. In addition, the depository function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

The Depository may delegate to third parties the safekeeping of the Company's assets to correspondents (the "**Correspondents**") subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depository Agreement. In relation to the Correspondents, the Depository has a process in place designed to select the highest quality third-party provider(s) in each market. The Depository shall exercise due care and diligence in choosing and appointing each Correspondent so as to ensure that each Correspondent has and maintains the required expertise and competence. The Depository shall also periodically assess whether Correspondents fulfil applicable legal and regulatory requirements and shall exercise ongoing supervision over each Correspondent to ensure that the obligations of the Correspondents continue to be appropriately discharged. The list of Correspondents relevant to the UCITS is available on <https://www.bbh.com/en-us/investor-services/custody-and-fund-services/depository-and-trustee/lux-subcustodian-list>. This list may be updated from time to time and is available from the Depository upon written request. The liability of the Depository will not be affected by the fact that it has delegated the safekeeping of assets of the Company to a Correspondent.

A potential risk of conflicts of interest may occur in situations where the Correspondents may enter into or have a separate commercial and/or business relationship with the Depository in parallel to the safekeeping delegation relationship. In the conduct of its business, conflicts of interest may arise between the Depository and a Correspondent. Where a Correspondent shall have a group link with the Depository, the Depository undertakes to identify potential conflicts of interests arising from that link, if any, and to take all reasonable steps to mitigate those conflicts of interest.

The Depository does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to any Correspondent. The Depository will notify the Company and the Management Company if any such conflict of interest should arise.

To the extent that any other potential conflicts of interest exist pertaining to the Depository, they have been identified, mitigated and addressed in accordance with the Depository's policies and procedures.

Updated information on the Depository's custody duties and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depository.

## **18. ADMINISTRATION**

### **18.1. Administration, Registrar and Transfer Agent**

Upon recommendation and with the consent of the Company, the Management Company has delegated the administration of the Company to Brown Brothers Harriman (Luxembourg) S.C.A. and has authorized the

latter in turn, upon prior approval of the Company and Management Company, to delegate tasks wholly or partly to one or more third parties under the supervision and responsibility of the Management Company.

As the Administration Agent, Brown Brothers Harriman (Luxembourg) S.C.A., will assume all administrative duties that arise in connection with the administration of the Company.

The Administration Agent is authorised to conduct its activities in Luxembourg by *the Commission de Surveillance du Secteur Financier* (the "CSSF"). The Administration Agent is regulated by the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and the CSSF.

The agreement between the Management Company, the Administration Agent and the Company, may be terminated by a written prior notice given three months in advance by either party to the other. Brown Brothers Harriman (Luxembourg) S.C.A. has also been appointed as Registrar and Transfer Agent of the Company pursuant this agreement.

Unless the Administration Agent has acted fraudulently, negligently or with wilful default, the Administration Agent shall not be liable to the Management Company, the Company or to any shareholder of the Company for any act or omission in the course of or in connection with the discharge by the Administration Agent of its duties. The Company has agreed to indemnify the Administration Agent or any persons appointed by it from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Administration Agent) which may be imposed on, incurred by or asserted against the Administration Agent in performing its obligations or duties hereunder.

The Administration Agent has no decision-making discretion relating to the Company's investments. The Administration Agent is a service provider to the Company and is not responsible for the preparation of this Prospectus or the activities of the Company and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Company. The Administration Agent is not responsible for any investment decisions of the Company or the effect of such investment decisions on the performance of the Company.

## 18.2. Corporate and Domiciliary Agent and Paying Agent

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed by the Company as Corporate Agent, Domiciliary Agent and Paying Agent.

## 19. CONFLICTS OF INTEREST

The Management Company, the Investment Managers/Sub-Investment Managers, the sales agents, the Administration Agent, the Registrar and Transfer Agent and the Depositary may from time to time act as management company, investment manager or adviser, sales agent, administrator, registrar and transfer

agent or depositary in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Company or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund(s). In particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

There is no prohibition on the Company entering into any transactions with the Management Company, the Investment Managers/Sub-Investment Managers, the sales agents, the Administration Agent, the Registrar and Transfer Agent or the Depositary or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. The Investment Managers/Sub-Investment Managers or any affiliates acting in a fiduciary capacity with respect to client accounts may recommend to or direct clients to buy and sell Shares of the Company.

## **20. MEETINGS AND REPORTS**

The annual general meeting of Shareholders of the Company (the "**Annual General Meeting**") is held at the registered office of the Company or such other place as may be specified in the notice of meeting in Luxembourg at 10 a.m. (Luxembourg time) on the third Wednesday of September in each year (or, if such day is not a Business Day, on the next following Business Day in Luxembourg).

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

Other general meetings of Shareholders will be held at such time and place as are indicated in the notices of such meetings.

Notices of general meetings are given in accordance with Luxembourg Law. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Articles of Incorporation.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of Shareholders may provide that the quorum and the majority at this general meeting shall be determined according to Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the general meeting (the "**Record Date**"), whereas the right of a Shareholder to attend a general meeting of Shareholders and to exercise the voting rights attaching to his Shares shall be determined by reference to the Shares held by this Shareholder as at the Record Date.

Financial periods of the Company end on 31 May in each year (and for the first time on 31 May 2017). The annual report containing the audited consolidated financial accounts of the Company expressed in USD in respect of the preceding financial period and with details of each Sub-Fund in the relevant Base Currency is made available at the Company's registered office, at least 15 days before the Annual General Meeting.

The semi-annual report dated as of 30 November each year (and the first time on 30 November 2017) will be available at the Company's registered office, at the latest two month after the end of the period to which it relates.

Copies of all reports are available at the registered offices of the Company.

## 21. TAXATION

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This tax section is a short summary of certain Luxembourg tax principles that may be or may become relevant with respect to the investments in the Company. IT DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION OF ALL LUXEMBOURG TAX LAWS AND CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN, OWN, HOLD, OR DISPOSE OF SHARES. IT DOES NOT CONSTITUTE AND SHOULD NOT BE CONSIDERED AS TAX ADVICE TO ANY PARTICULAR INVESTOR OR POTENTIAL INVESTOR. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### 21.1. Taxation of the Company

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

A reduced subscription tax rate of 0.01% *per annum* is applicable to Luxembourg UCITS and its individual compartments that are authorised as money market funds in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, without prejudice to Article 175, letter b) of the 2010 Law. A reduced subscription tax of 0.01% *per annum* is also applicable to individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more Institutional Investors.

Moreover, Article 175 of the 2010 Law provides that a subscription tax exemption applies to:

- (i) the portion of the Company's assets (*pro rata*) invested in a Luxembourg UCI subject itself to the subscription tax;

- (ii) the Company and its individual compartments, where (a) the securities are only held by Institutional Investor(s), and (b) that are authorised as short-term money market funds in accordance with Regulation (EU) 2017/1131, and (c) the securities have obtained the highest possible rating from a recognised rating agency. If several Classes of Shares are in issue in the Fund meeting (b) to (c) above, only those Classes of Shares meeting (a) above will benefit from this exemption;
- (iii) the Company as well as its individual compartments if their main objective is the investment in microfinance institutions;
- (iv) the Company as well as its individual compartments if (a) the securities issued by the Company or its individual Compartments are listed or traded on at least one stock exchange or another regulated market operating regularly, recognized and open to the public and (b) their exclusive object is to replicate the performance of one or more indices. If several Classes of Shares are in issue in the Company meeting (b) above, only those Classes of Shares meeting (a) above will benefit from this exemption;
- (v) the Company as well as its individual compartments if the securities issued by the Company are reserved for (a) institutions for occupational retirement pension and similar investment vehicles, set-up on the initiative of one or more employers for the benefit of their employees and (b) companies of one or more employers investing funds they hold to provide retirement benefits to their employees and (iii) savers in the context of a pan-European personal pension product established under Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European personal pension product (PEPP); and
- (vi) the Company as well as its individual compartments if they are authorised as European long-term investment funds within the meaning of Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds.

## 21.2. Withholding Tax

### Investor withholding tax

Distributions made by the Company as well as capital gains realised on a disposal or a redemption of Shares are not subject to withholding tax in Luxembourg.

### Withholding tax in source countries

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

Distributions by the Company as well as liquidation proceeds and capital gains derived therefrom are made free and clear from withholding tax in Luxembourg.

## 21.3. Taxation of the Shareholders

### **Luxembourg Resident Shareholders**

#### *Individual Shareholders*

A Luxembourg resident individual Shareholder is subject to Luxembourg personal income tax levied at progressive rates with respect to income or gains derived from the Shares.

Capital gains realised upon the disposal of the Shares held by a resident individual Shareholder who acts in the course of the management of his/her private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation:

- Speculative gains are subject to income tax at progressive ordinary rates if the Shares are disposed of within six months after their acquisition.
- Capital gains realised on a substantial participation more than six months after the acquisition thereof are taxed at half the average combined tax rate.

#### *Corporate Shareholders*

A fully taxable resident corporate Shareholder will in principle be subject to corporate income tax, municipal business tax and employment fund surcharge) at ordinary rate ("**Corporation Taxes**"), in respect of income or gain derived from the Shares.

Luxembourg corporate resident Shareholders which benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of 17 December 2010 relating to undertakings for collective investments, (ii) specialized investment funds subject to the law of 13 February 2007 relating to specialized investment funds, (iii) reserved alternative investment funds (not opting for the treatment as a venture capital vehicle for Luxembourg tax purposes) subject to the law of 23 July 2016 relating to reserved alternative investment funds or (iv) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, are exempt from Corporation Taxes in Luxembourg and are instead subject to an annual subscription tax (*taxe d'abonnement*).

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Shareholder subject to net wealth tax levied on a yearly basis at a rate of 0.5%. A reduced rate of 0.05% is available for the part of the net wealth exceeding EUR 500,000,000.

Luxembourg corporate resident Shareholders which benefit from a special tax regime, such as, for example, (i) UCIs subject to the 2010 Law, (ii) vehicles governed by the law of 22 March 2004 on securitization, (iii) companies governed by the law of 15 June 2004 on venture capital vehicles, (iv) specialized investment

funds subject to the law of 13 February 2007 relating to specialized investment funds, (v) reserved alternative investment funds subject to the law of 23 July 2016, relating to reserved alternative investment funds or (vi) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, or (vii) professional pension institutions governed by the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations are exempt from net wealth tax.

A minimum net wealth tax may however be due under certain circumstances by certain resident corporate Investors.

### Non-resident Shareholders

Non-resident Investors without a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Shares are attributable, are not, in principle, subject to any capital gains tax, income tax, withholding tax or net wealth tax in Luxembourg.

The tax consequences for Shareholders wishing to purchase, subscribe, acquire, hold, convert, sell, redeem or dispose Shares will depend on the relevant laws of any jurisdiction to which the Shareholder is subject.

### **Residence**

An Investor will not become resident, or deemed to be resident, in Luxembourg by reason only of holding the Shares.

## 21.4. Automatic Exchange of Information

### CRS

The Organisation for Economic Co-operation and Development ("**OECD**") has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information on a global basis. On 29 October 2014, Luxembourg signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to automatically exchange information under the CRS. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation ("**DAC2**") was adopted to implement the CRS among the EU Member States.

The CRS and the DAC2 were implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("**CRS Law**").

The CRS Law requires Luxembourg financial institutions to identify their financial account holders (including certain entities and their controlling persons) and establish if they are fiscally resident in (i) an EU Member State other than Luxembourg or (ii) a jurisdiction which has signed the Multilateral Agreement

and which is identified in the list of reportable jurisdictions published by Grand Ducal Decree ("**CRS Reportable Accounts**"). The first official list of CRS reportable jurisdictions was published on 24 March 2017 and is updated from time to time. Luxembourg financial institutions will then report the information on such CRS Reportable Accounts to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities (*Administration des Contributions Directes*) on a yearly basis.

Accordingly, the Company may require its Shareholders to provide information or documentation in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a Shareholder and his/her/its account holding in the Company to the Luxembourg tax authorities (*Administration des Contributions Directes*) if such an account is deemed a CRS Reportable Account under the CRS Law.

By investing in the Company, the Shareholders acknowledge that (i) the Company is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will inter alia be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and to the tax authorities of CRS reportable jurisdictions; (iv) responding to CRS-related questions is mandatory; and (v) the Shareholders have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The Company reserves the right to refuse any subscription for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

***Prospective investors should consult their professional advisor on the individual impact of the CRS.***

#### DAC 6

On 25 May 2018, the EU Council adopted Council Directive (EU) 2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("**DAC6**"). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the "**DAC6 Law**").

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test (the "**Reportable Arrangements**").

In the case of a Reportable Arrangement, the information that must be reported includes, *inter alia*, the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any EU member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market or organise the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called "intermediaries"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

Intermediaries (or as the case may be, the taxpayer) may be required to report a Reportable Arrangement as soon as 31 January 2021.

The information reported will be automatically exchanged between the tax authorities of all EU member states.

In light of the broad scope of the DAC6 Law, transactions carried out by the Company may fall within the scope of the DAC6 Law and thus be reportable.

## 21.5. FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") requires financial institutions outside the U.S. ("**foreign financial institutions**" or "**FFIs**") to pass information about "Financial Accounts" held by "Specified U.S. Persons", directly or indirectly, to the U.S. tax authorities (the Internal Revenue Service "**IRS**") on an annual basis. A 30% withholding tax is imposed on certain U.S. source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("**Luxembourg IGA**") with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "**FATCA Law**") in order to comply with the provisions of FATCA rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its financial account holders (including certain entities and their controlling persons) that are Specified U.S. Persons for FATCA purposes ("**FATCA Reportable Accounts**"). Any such information on FATCA Reportable Accounts provided to the Company will be shared with the Luxembourg tax authorities (*Administration des Contributions Directes*) which will exchange that information on an automatic basis with the IRS.

The Company intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its Share of any such payments attributable to actual and deemed U.S. investments of the Company. The Company will continually assess the extent of the requirements that FATCA, and notably the FATCA Law, place upon it.

To ensure the Company's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Company may:

- a. request information or documentation, including W-9 or W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain that Shareholder's FATCA status;
- b. report information concerning a Shareholder and his/her/its account holding in the Company to the Luxembourg tax authorities (*Administration des Contributions Directes*) if such account is deemed a FATCA Reportable Account under the FATCA Law and the Luxembourg IGA;
- c. report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution;
- d. deduct applicable U.S. withholding taxes from certain payments made to a Shareholder by or on behalf of the Company in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e. divulge any such personal information to any immediate payer of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

By investing in the Company, the Shareholders acknowledge that (i) the Company is responsible for the treatment of the personal data provided for in the FATCA Law; (ii) the personal data will inter alia be used for the purposes of the FATCA Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and to the IRS; (iv) responding to FATCA-related questions is mandatory; and (v) the Shareholders have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The Company reserves the right to refuse any subscription for Shares if the information provided or not provided does not satisfy the requirements under FATCA, the FATCA Law and the Luxembourg IGA.

#### 21.6. Prospective investors

Prospective investors should inform themselves of, and when appropriate, take advice on the laws and regulations in particular those relating to taxation (but also those relating to foreign exchange controls) applicable to the subscription, purchase, holding conversion and redemption of Shares in the country of their citizenship, residence or domicile and their current tax situation (in particular with regard to the EU Savings Directive) and the current tax status of the Company in Luxembourg.

## 21.7. Applicable law

The Luxembourg District Court is competent for all legal disputes between the Shareholders and the Company. Luxembourg law applies. The English version of this Prospectus is the authoritative version and shall prevail in the event of any inconsistency with any translation hereof.

Statements made in this Prospectus are based on the laws and practice in force at the date of this Prospectus in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practice.

## 22. LIQUIDATION OF THE COMPANY / TERMINATION AND AMALGAMATION OF SUB-FUNDS

### 22.1. Liquidation of the Company

With the consent of the Shareholders expressed in the manner provided for by articles 67-1 and 142 of the 1915 Law, the Company may be liquidated.

If at any time the value at their respective Net Asset Values of all outstanding Shares falls below two thirds of the minimum capital for the time being prescribed by Luxembourg Law, the Board of Directors must submit the question of dissolution of the Company to a general meeting of Shareholders acting, without minimum quorum requirements, by a simple majority decision of the Shares represented at the meeting.

If at any time the value at their respective Net Asset Values of all outstanding Shares is less than one quarter of the minimum capital for the time being required by Luxembourg Law, the Directors must submit the question of dissolution of the Company to a general meeting, acting without minimum quorum requirements and a decision to dissolve the Company may be taken by the Shareholders owning one quarter of the Shares represented at the meeting.

Any voluntary liquidation will be carried out in accordance with the provisions of the 2010 Law and the 1915 Law which specify the steps to be taken to enable Shareholders to participate in the liquidation distribution(s) and in that connection provides for deposit in escrow at the *Caisse de Consignation* of any such amounts to the close of liquidation. Amounts not claimed from escrow within the prescription period would be liable to be forfeited in accordance with the provisions of Luxembourg laws.

### 22.2. Liquidation, merger, split or consolidation of Sub-Fund(s)/Classes

The Directors may decide to liquidate one Sub-Fund if the net assets of such Sub-Fund fall below USD 10,000,000 or its equivalent in the relevant Reference Currency of one Sub-Fund or Class if a change in the economic or political situation relating to the Sub-Fund or Class concerned would justify such liquidation or if the interests of the Shareholders would justify it. The decision of the liquidation will be published or notified to the Shareholders by the Company as decided from time to time by the Directors, prior to the effective date of the liquidation and the publication/notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests

of, or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares (free of charge). Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund or Class concerned will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be put for Shareholders' approval, the decision to liquidate a Sub-Fund or Class may be taken at a meeting of Shareholders of the Sub-Fund or Class to be liquidated instead of being taken by the Board of Directors. At such Class or Sub-Fund meeting, no quorum shall be required and the decision to liquidate must be approved by Shareholders with a simple majority of the votes cast. The decision of the meeting will be notified to the Shareholders and/or published by the Company.

Any split or consolidation of a Sub-Fund/Class of Shares shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a split/consolidation to a meeting of Shareholders of the Sub-Fund (or Class as the case may be) concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

The Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company (the 'new Sub-Fund') and to redesignate the Shares of the Classes concerned as Shares of the new Sub-Fund. The Directors may also decide to allocate the assets of any Sub-Fund to another undertaking for collective investment organised under the provisions of Part I of the 2010 Law or under the legislation of a Member State of the European Union, or of the European Economic Area, implementing Directive 2009/65/EC or to a compartment within such other undertaking for collective investment.

The Directors may also decide to submit the decision for a merger to a meeting of Shareholders of the Sub-Fund concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of one or more Sub-Fund(s) where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of Shareholders for which no quorum is required and that may decide with a simple majority of votes cast. In addition the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation (relating in particular to the notification to the Shareholders concerned) shall apply.

## **23. DOCUMENTS AVAILABLE FOR INSPECTION, QUERIES AND COMPLAINTS**

### **23.1. Documents available for inspection**

The following documents are available for inspection during usual business hours on any Business Day at the registered office of the Company:

- i) Articles of Incorporation;

- ii) Most recent Prospectus;
- iii) Key Information Documents;
- iv) Latest annual and semi-annual reports; and
- v) Material agreements.

In addition, copies of the Articles of Incorporation, the most recent Prospectus, the Key Information Documents and the latest financial reports may be obtained free of charge, on request at the registered office of the Company.

In addition, the Key Information Documents may be obtained in paper form or on any other durable medium agreed between the Management Company or the intermediary and the investor.

In case the Company approves a more frequent disclosure of portfolio holdings, details about the frequency of disclosure and access to the information will be published on [www.doublelineucits.com](http://www.doublelineucits.com).

### 23.2. Queries and complaints

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Company or the Management Company. Further information regarding the Company and its Sub-Funds can also be found at [www.doublelineucits.com](http://www.doublelineucits.com).

**SUB-FUND PARTICULAR 1**  
**DOUBLELINE FUNDS (LUXEMBOURG) – DOUBLELINE LOW AVERAGE DURATION**  
**BOND**

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**1. Name of the Sub-Fund**

DoubleLine Funds (Luxembourg) – DoubleLine Low Average Duration Bond (the "**Sub-Fund**")

**2. Base Currency**

USD

**3. Investment objective, policy and strategy**

**Investment Objective**

The Sub-Fund's investment objective is to seek current income by investing principally in debt securities.

**Principal Investment Strategies**

The Sub-Fund may invest up to 100% of its net assets in different types of asset-backed securities (ABS) and mortgage backed securities (MBS).

The Sub-Fund may invest without limit in mortgage-backed securities of any maturity or type, including those guaranteed by, or secured by collateral that is guaranteed by, the United States of America Government, its agencies, instrumentalities or sponsored corporations as well as those of private issuers not subject to any guarantee. Generally, mortgage-backed securities consist of government mortgage pass-through securities, collateralized mortgage obligations, multiclass pass-through securities, private mortgage pass-through securities, stripped mortgage securities (e.g., interest-only and principal-only securities) and inverse floaters.

The Sub-Fund may also invest in corporate debt obligations (including foreign subordinated bank debt, hybrid debt and contingent convertible securities); asset-backed securities; commercial mortgage-backed securities; residential mortgage-backed securities (up to 30% of the Sub-Fund's net assets); foreign securities (corporate and government, including foreign hybrid securities); Emerging Market securities (corporate, quasi-sovereigns and government); inflation-indexed bonds; income-producing securitized products, including collateralized loan obligations; preferred securities and other instruments bearing fixed or variable interest rates of any maturity. Asset-backed securities have structural characteristics similar to mortgage-backed securities but have underlying assets that may not be mortgage loans or interests in mortgage loans. Asset-backed securities in which the Sub-Fund invest may have different types of underlying assets including but not limited to motor vehicle instalments sales or instalment loan contracts, home equity loans, leases on various types of real, personal and other property (including those relating to

aircrafts, containers, railroads, telecommunication, energy, and/or other infrastructure assets and infrastructure-related assets), receivables from credit card agreements and automobile finance agreements, student loans, consumer loans, home equity loans, mobile home loans, boat loans, and income from other non-mortgage-related income streams, such as income from business and small business loans, project finance loans, renewable energy projects, personal financial assets, timeshare receivables and franchise rights.

Under normal circumstances, the Sub-Fund intends to invest at least 80% of its net assets in debt securities. "Debt securities" include bonds and fixed income and income-producing instruments of any kind issued by governmental or private-sector entities. Most debt securities consist of a security or instrument having one or more of the following characteristics: a fixed-income security, a security issued at a discount to its face value, a security that pays interest, whether fixed, floating or variable, or a security with a stated principal amount that requires repayment of some or all of that principal amount to the holder of the security.

The Sub-Fund may invest in money market instruments, bank deposits and other eligible liquid assets for treasury purposes and in case of unfavourable market conditions.

The Sub-Fund may hold up to 20% of its Net Asset Value in ancillary liquid assets (bank deposits at sight such as cash held in current accounts).

Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily invest up to 100% of the Sub-Fund's Net Asset Value in assets referred to in the two above paragraphs.

In managing the Sub-Fund's investments, the Investment Manager typically uses a controlled risk approach. The techniques of this approach attempt to control the principal risk components of the fixed income markets and may include, among other factors, consideration of the Investment Manager's view of the following:

- the potential relative performance of various market sectors;
- security selection available within a given sector;
- the risk/reward equation for different asset classes;
- liquidity conditions in various market sectors;
- the shape of the yield curve and projections for changes in the yield curve;
- potential fluctuations in the overall level of interest rates; and
- current fiscal policy.

The Sub-Fund is actively managed and uses the ICE BofA 1-3 Year U.S. Treasury Index (the "**Benchmark**") for performance comparison purposes only. The Investment Manager is not bound by the components or weighting of the Benchmark when selecting investments.

### ***Duration***

The Investment Manager will normally seek to construct an investment portfolio for the Sub-Fund with a USD weighted average effective duration of three years or less. The Sub-Fund may invest in individual securities of any maturity or duration. Duration is a measure of the expected life of a fixed income instrument that is used to determine the sensitivity of a security's price to changes in interest rates. For example, the value of a portfolio of fixed income securities with an average duration of three years would generally be expected to decline by approximately 3% if interest rates rose by one percentage point. "Effective" duration is a measure of the Sub-Fund's portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage pre-payment rates as determined by the Investment Manager. The effective duration of the Sub-Fund's investment portfolio may vary significantly from time to time, and there is no assurance that the effective duration of the Sub-Fund's investment portfolio will not exceed three years at any time.

### ***Ratings***

Under normal circumstances, the Sub-Fund intends to invest primarily in fixed income and other income-producing instruments (including ABS/MBS) rated investment grade at the time of investment and unrated securities considered by the Investment Manager to be of comparable credit quality. The Sub-Fund may, however, invest up to 50% of its total assets in fixed income and other income-producing instruments (including ABS/MBS) rated below investment grade at the time of investment and those that are unrated but determined by the Investment Manager to be of comparable credit quality. Those instruments include high yield corporate bonds.

### ***Use of financial derivative instruments***

The Investment Manager may seek to manage the USD-weighted average effective duration of the Sub-Fund's portfolio through the use of financial derivative instruments ("**FDIs**") and other instruments (including, among others, inverse floaters, futures contracts, U.S. Treasury swaps, interest rate swaps, and options, including options on swap agreements). The Sub-Fund may incur costs in implementing duration management strategies, and there can be no assurance that the Sub-Fund will engage in duration management strategies or that any duration management strategy employed by the Sub-Fund will be successful.

In order to achieve its Investment Objective, the Sub-Fund may also enter into FDIs of any kind for hedging purposes (including currency hedging transactions at Sub-Fund or Class level) or otherwise to gain, or reduce, long or short exposure to one or more asset classes or issuers. The Sub-Fund may also use FDIs with the purpose or effect of creating investment leverage. For example, the Sub-Fund may use futures contracts and options on futures contracts, in order to gain efficient long or short investment exposures as an alternative to cash investments or to hedge against portfolio exposures; swaps, to gain indirect long or short exposures to interest rates or currencies, or to hedge against portfolio exposures; and credit derivatives (such as credit default swaps), put and call options, and exchange-traded and structured notes, to take indirect long or short positions on commodities indexes, securities, currencies or other indicators of value, or to hedge against portfolio exposures. Any use of derivatives strategies entails the risks of investing directly in the securities or instruments underlying the derivatives strategies, as well as the risks of using

FDIs generally, and in some cases the risks of leverage, described in this Prospectus. Please also refer to section "Global Exposure" below.

#### **Additional investment guidelines**

The Sub-Fund may invest up to 5% of its net assets in inverse floater securities.

The Sub-Fund may invest in eligible closed-end investment companies on an ancillary basis. The Sub-Fund may also invest in ETFs, and eligible domestic or foreign private investment vehicles.

The Sub-Fund will not invest more than 10% of its net assets in UCITS or other UCIs.

The Sub-Fund may invest up to 5% of its net assets in defaulted corporate securities where the Investment Manager believes the restructured enterprise valuations or liquidation valuations may exceed current market values. Repayment of defaulted securities and obligations of distressed issuers (including insolvent issuers or issuers in payment or covenant default, in workout or restructuring or in bankruptcy or in solvency proceedings) is subject to significant uncertainties.

The Sub-Fund may invest up to 30% of its net assets in debt securities (including foreign subordinated bank debt, hybrid debt and contingent convertible securities) issued or guaranteed by companies, financial institutions and government entities in Emerging Market countries.

The Sub-Fund may invest up to 5% of its net assets in hybrid debt and contingent convertible securities.

The Sub-Fund may invest in and hold equity securities (including common stock, preferred stock, partnership interests, membership interests, warrants and other UCITS eligible instruments) received as a result of or in connection with a bankruptcy, restructuring, or workout affecting an existing portfolio holding.

Portfolio securities may be sold at any time. By way of example, sales may occur when the Investment Manager determines to take advantage of what the Investment Manager considers to be a better investment opportunity, when the Investment Manager believes the portfolio securities no longer represent relatively attractive investment opportunities, when the Investment Manager perceives deterioration in the credit fundamentals of the issuer, or when the individual security has reached the Investment Manager's sell target.

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

The Investment Manager for the Sub-Fund is DoubleLine Capital LP.

## **5. Profile of the typical investor**

The Sub-Fund provides exposure to USD denominated debt securities. The Sub-Fund may be suitable for investors seeking current income through debt securities and with a medium to long term investment horizon of at least 3 years.

The Sub-Fund may be suitable for investors willing to accept different types of risks typically associated with investments in ABS and MBS.

## **6. Global Exposure**

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The leverage of the Sub-Fund, under normal market conditions, which is calculated using the "Sum of Notional" of the financial derivative instruments used, is expected to be between 0% and 100%.

Investors should note that there is possibility of higher leverage levels in certain circumstances, e.g. where the Investment Manager may make more extensive use of financial derivative instruments for investment purposes (within the limits of the Sub-Fund's investment objective), hedging or efficient portfolio management purposes.

The expected levels of leverage indicated above reflect the use of all derivative instruments within the portfolio of the Sub-Fund. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may even reduce the risk.

Shareholders should note that the "Sum of Notional" calculation method of the expected level of leverage does not make a distinction as to the intended use of a derivative e.g. being either hedging or investment purposes.

The "Sum of Notional" calculation typically results in a higher leverage figure than for the commitment approach calculation predominantly due to the exclusion of any netting and/or hedging arrangements.

## **7. Fees and expenses**

The Investment Management Fees and Operating Expense Fee detailed in the first table below shall be calculated as a percentage of the applicable Net Asset Value per Share Class. The other charges detailed in the second table below shall be calculated as a percentage of the investment amounts. The Investment Manager may from time to time decide to assume in its sole discretion some of the expenses incurred by the Sub-Fund in compliance with applicable laws and regulations.

- Investment Management Fees and Operating Expense Fee

<b>Class of Shares</b>	Class A Shares	Class I Shares	Class I2 Shares
<b>Investment Management Fee</b>	Up to 0.75% per annum	Up to 0.35 % per annum	Up to 0.50% per annum
<b>Operating Expense Fee</b>	0.35% per annum	0.20% per annum	0.20% per annum

- Other charges

<b>Sales charge</b>	Up to 3%	N/A	N/A
<b>Redemption charge</b>	N/A	N/A	N/A
<b>Conversion charge</b>	N/A	N/A	N/A

## 8. Business Day/Valuation Day/Net Asset Value calculation

With respect to this Sub-Fund, a Business Day means any day on which banks are open for normal business banking in Luxembourg and on which the New York Stock Exchange is open.

The Net Asset Value per Share of each Class will be calculated on each Business Day (the "**Valuation Day**").

## 9. Subscription

### *a) Subscriptions during the Initial Offer Period*

During the Initial Offer Period detailed in the Application Form, subscriptions of Shares in the Sub-Fund will be accepted at an initial subscription price per Share to be determined by the Board of Directors (the "**Initial Offering Price**"), increased as the case may be, by any applicable sales charge, as disclosed under Section "Fees and expenses" of this Sub-Fund Particular.

Applications along with the relevant AML&KYC documentation must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 2 p.m. (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys must be received on the account of the Sub-Fund at the latest 2 Business Days after the last day of the Initial Offer Period.

*b) Subscriptions after the Initial Offer Period*

Shares will be issued at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day increased, as the case may be, by any applicable sales charge, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

Payment for subscribed Shares has to be made no later than 2 Business Days after the relevant Valuation Day.

## **10. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day, less, any applicable redemption fee, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

Payment for redeemed Shares has to be made no later than 2 Business Days after the relevant Valuation Day. If, in exceptional circumstances, the liquidity of the Sub-Fund is insufficient to enable redemption proceeds to be paid within that period, or if there are other reasons, such as exchange controls or other regulations which delay payment, payment will be made as soon as reasonably practicable thereafter, but without interest.

## **11. Conversions**

Investors may request conversions of their Shares from one Class to another of the same Sub-Fund or to Shares of another Sub-Fund.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Days in both applicable Sub-Funds/Classes. Any applications received after the application deadline will be processed in respect of the next Business Day.

## **12. Historical Performance**

Information on the historical performance of the Sub-Fund is disclosed in the relevant Key Information Document, if available.

## **13. Dividends**

Income and capital gains arising in the Sub-Fund in relation to Accumulating Shares (ACC) will be reinvested. The value of the Shares of each such Class will reflect the capitalisation of income and gains.

Income and capital gains arising in the Sub-Fund in relation to Distributing (DIS) Shares will be distributed in part or in total at least annually.

## **14. Specific risk warnings**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the Section 4. "Risk considerations" in the general part of the Prospectus. Investors should consider all risks and specifically the risks of investing in the following types of securities as described in Section 4. "Risk considerations" in the general part of the Prospectus:

- Asset Backed Securities and Mortgage Backed Securities;
- Inverse Floaters and Related Securities;
- Collateralised Debt Obligations;
- High Yield Securities; and
- Debt Securities.

**SUB-FUND PARTICULAR 2**  
**DOUBLELINE FUNDS (LUXEMBOURG) – DOUBLELINE SHILLER ENHANCED CAPE®**

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**1. Name of the Sub-Fund**

DoubleLine Funds (Luxembourg) – DoubleLine Shiller Enhanced CAPE® (the "**Sub-Fund**")

**2. Base Currency**

USD

**3. Investment objective, policy and strategy**

**Investment Objective**

The Sub-Fund's investment objective is to seek total return which exceeds the total return of the S&P 500 index. The objective of the Sub-Fund is to outperform the S&P 500 index by combining an exposure to the Shiller Barclays CAPE® US Sector II ER USD Index (the "**Index**") and to debt securities as described below. Further information on the Index is contained under "General Description of the Index".

The Sub-Fund is actively managed. The S&P 500 index and the Shiller Barclays CAPE® US Sector II TR USD Index are used for comparison purposes. Exposure to components of the S&P 500 index will be achieved through exposure to constituents of the Index as disclosed in detail hereafter.

**Principal Investment Strategy**

The Sub-Fund will seek to use financial derivative instruments ("**FDIs**"), or a combination of FDIs and direct investments in the constituents of the Index to provide a return that reflects closely the performance of the Index. The Sub-Fund will also invest in a portfolio of debt securities to seek to provide additional long-term total return. The Sub-Fund uses investment leverage in seeking to provide both the Index return and the return on a portfolio of debt securities. The Sub-Fund expects normally to invest an amount approximately equal to its net assets directly in a portfolio of debt securities while also maintaining notional exposure to the Index, providing the Sub-Fund with economic exposure to the Index in an amount up to the value of the Fund's net assets. As a result, the Sub-Fund's total investment exposure (direct investments in debt securities plus notional exposure to the Index) will typically be equal to approximately 200% of the Sub-Fund's net asset value.

The Sub-Fund will normally use FDIs in an attempt to create an investment return approximating the Index return. The Sub-Fund is expected to enter mainly into unfunded swap transactions for that purpose but may also use futures transactions designed to provide the Sub-Fund a return approximating the Index's return. The Sub-Fund expects to use only a small percentage of its assets to attain the desired exposure to the Index

because of the structure of the FDIs the Sub-Fund expects to use. As a result, use of those FDIs along with other investments will create investment leverage in the Sub-Fund's portfolio.

If the Sub-Fund is not in a position to use the Index for any reason whatsoever, it may seek to gain exposure directly to the Sub-Indices (as defined below) or to another index which generally approximates the exposure of the Index (such as the S&P 500 Index) in order to implement its principal investment strategy.

In certain cases, FDIs might be unavailable or the pricing of those FDIs might be unfavourable. In those cases, the Sub-Fund might attempt to replicate the Index return by investing in a portfolio of Transferable Securities or other eligible assets that may comprise some or all of the constituents of the Index, the underlying of such constituents of the Index, the constituents of the ETF (as defined below) at the time or another index which generally approximates the exposure of the Index (such as the S&P 500 Index). To the extent that the ETF is not eligible as a direct investment, the Sub-Fund will not directly acquire shares in the ETF. If the Sub-Fund at any time invests directly in the eligible constituents of the Index or the ETF, those invested assets will be unavailable for investment in debt securities, and the Sub-Fund's ability to pursue its investment strategy and achieve its investment objective may be limited.

The Sub-Fund may invest in money market instruments, bank deposits and other eligible liquid assets for treasury purposes and in case of unfavourable market conditions.

The Sub-Fund may hold up to 20% of its Net Asset Value in ancillary liquid assets (bank deposits at sight such as cash held in current accounts).

Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily invest up to 100% of the Sub-Fund's Net Asset Value in assets referred to in the two above paragraphs.

### ***General Description of the Index***

The Shiller Barclays CAPE® US Sector II ER USD Index incorporates the principles of long-term investing distilled by Dr. Robert Shiller and expressed through the CAPE® (Cyclically Adjusted Price Earnings) ratio (the "**CAPE® Ratio**"). The Index aims to identify undervalued sectors based on a modified CAPE® Ratio (the "**Relative CAPE® Indicator**"), and then uses a momentum factor to seek to reduce the risk of investing in a sector that may appear undervalued, but which may have also had recent relative price underperformance due to fundamental issues with the sector that may negatively affect the sector's long-term total return.

The Index allocates an equally weighted notional long exposure to four US sectors that are undervalued, as determined using the Relative CAPE® Indicator. Each US sector is represented by a S&P Select Sector Index (each a "**Sub-Index**") except for the real estate sector which is represented by the exchange trade fund iShares US Real Estate ETF (the "ETF"). Each month, the Index ranks eleven US sectors based on a Relative CAPE® Indicator (a "**value**" factor) and a twelve-month price momentum factor ("**momentum**")

factor). The Index selects the five US sectors that are the most undervalued according to the Relative CAPE® Indicator. Only four of these five undervalued sectors, however, end up in the Index for a given month, as the sector with the worst 12-month momentum among the five selected sectors is eliminated. At each monthly rebalancing date, the Index will seek to gain exposure to the four selected sectors in equal weights through exposure to the Sub-Indices which track those sectors or the ETF in case of the real estate sector. The list of Sub-Indices and the ETF is available at <http://www.doublelineucits.com/barclays-cape-index/>.

Each Sub-Index represents equity securities that comprise an industry sector, or multiple related industry sectors, of the S&P 500 based on the Global Industry Classification Standard ("**GICS**"). The Sub-Indices are maintained and calculated by S&P Dow Jones Indices. Index levels for the Sub-Indices are calculated and published daily. The ETF seeks to track the investment results of the Dow Jones U.S. Real Estate Index which is composed of U.S. equities in the real estate sector.

The classic CAPE® Ratio is used to assess equity market valuations and averages ten years of reported earnings to account for earnings and market cycles. Traditional valuation measures, such as the price-earnings (PE) ratio, by contrast, typically rely on earnings information from only the past year. The Index uses the Relative CAPE® Indicator, a modified version of the classic CAPE® Ratio, to standardize the comparison across sectors. There can be no assurance that the Index will provide a better measure of value than more traditional measures, over any period or over the long term.

Further information on the Index, including information regarding the Index methodology, the Index constituents, as well as on the components and weightings of the selected Sub-Indices is available at the following website: <http://www.doublelineucits.com/barclays-cape-index/>

When using FDIs to gain exposure to the performance of the Index, the Sub-Fund will receive the performance of the Index adjusted to reflect certain index replication costs and index replication financing costs. These costs include, amongst other things, costs, taxes or other duties associated with the buying, selling, custody, holding or any other transactions relating to investments in transferable securities and/or FDIs and/or collateral in order to reflect the performance of the Index.

If more efficient or cost effective to the Sub-Fund, the Investment Manager may execute the FDIs trades by using excess return versions of the Index which incorporate the financing component of the index replication transactions.

Certain factors may affect the ability to reflect the performance of the Index as described under 15. "Specific risk warnings" below.

To the extent that the above-described investment strategy, which is used to gain exposure to the Index, leaves a substantial portion of the Sub-Fund's assets available for other investment by the Sub-Fund, the Sub-Fund expects to invest those assets in a portfolio of debt securities to seek to provide additional long-term total return as further described below.

### *Shiller Barclays CAPE® Index Disclaimer*

Barclays Capital Inc. and its affiliates ("**Barclays**") is not the issuer, sponsor or promoter of the Sub-Fund and Barclays has no responsibilities, obligations or duties to investors in the Sub-Fund. The Shiller Barclays CAPE® US Sector II ER USD Index (the "**Index**") consists of the respective trademarks of Barclays Bank PLC and trademarks owned by or licensed to RSBBI, LLC and Barclays Bank PLC and that are licensed for use by the Company. Barclays' only relationship with the Company in respect of the Index is the licensing of these trademarks and the Index which is determined, composed and calculated by Barclays without regard to the Company or the Sub-Fund or the Shareholders. Additionally, DoubleLine Capital LP may for the Sub-Fund execute transaction(s) with Barclays in or relating to the Sub-Fund's Index in connection with which Shareholders acquire shares of their Sub-Fund from the Company and Shareholders neither acquire any interest in that Sub-Fund's Index nor enter into any relationship of any kind whatsoever with Barclays upon making an investment in that Sub-Fund. The Sub-Fund is not sponsored, endorsed, sold or promoted by Barclays. Barclays does not make any representation or warranty, express or implied regarding the advisability of investing in the Sub-Fund or the advisability of investing in securities generally or the ability of the Index to track corresponding or relative market performance. Barclays has not passed on the legality or suitability of the Sub-Fund's name or the Index with respect to any person or entity. Barclays is not responsible for and has not participated in the determination of the timing of, prices of, or quantities of the shares of the Sub-Fund to be issued. Barclays has no obligation to take the needs of the Company or the owners of the Sub-Fund or any other third party into consideration in determining, composing or calculating the Index. Barclays has no obligation or liability in connection with administration, marketing or trading of the Sub-Fund. The licensing agreement between the Company and Barclays is solely for the benefit of the Sub-Fund and Barclays and not for the benefit of the owners of the Sub-Fund, investors or other third parties.

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### **Benchmark Regulation Disclosure**

The Benchmark Regulation requires the Company to produce and maintain a robust written plan setting out the actions that it would take in the event that a benchmark (as defined by the Benchmark Regulation) materially changes or ceases to be provided. The Company shall comply with this obligation. Further information on the plan is available free of charge upon request at the registered office of the Company. Barclays Bank PLC is acting as administrator of the Index and is currently not included in the register of administrators maintained by ESMA. However, the use of this Index is permitted during the transitional period provided for in article 51 of the Benchmark Regulation. S&P Dow Jones Indices LLC is acting as administrator of the Sub-Indices. S&P Dow Jones Indices LLC are included in the ESMA register of benchmark administrators.

## **The Sub-Fund's Investments in Debt Securities**

The Sub-Fund will invest, under normal circumstances, in a portfolio of debt securities, including, but not limited to, securities issued or guaranteed by the United States of America Government or a federal agency; corporate obligations (including foreign subordinated bank debt, hybrid debt and contingent convertible securities); commercial mortgage-backed securities; asset-backed securities; collateralized loan obligations; residential mortgage-backed securities (up to 30% of the Sub-Fund's net assets); foreign securities (corporate and government); Emerging Market securities (corporate, quasi-sovereigns and government); municipal securities and other debt securities issued by states, local governments and government-sponsored entities of the United States of America, including their agencies, authorities and instrumentalities; inflation-indexed bonds; and other securities bearing fixed or variable interest rates of any maturity.

In this context, the Sub-Fund may invest up to 100% of its net assets in different types of asset-backed securities (ABS) and mortgage backed securities (MBS).

The portfolio of debt securities in which the Sub-Fund intends to invest may be similar to DoubleLine Funds (Luxembourg) – DoubleLine Low Average Duration Bond's portfolio of investments, although the portfolio likely will differ in a number of respects from the portfolio of that sub-fund (such as, for example, as to the amount of cash or short-term investments held in the respective portfolios). DoubleLine Funds (Luxembourg) – DoubleLine Low Average Duration Bond (the "**Target Sub-Fund**") is a sub-fund of the Company. The Investment Manager may determine to achieve the Sub-Fund's desired exposure to a portfolio of debt securities by investing up to 10% of the Sub-Fund's assets directly in the Target Sub-Fund in lieu of investing directly in a portfolio of debt securities. Investing in the Target Sub-Fund involves potential conflicts of interest. For example, the Investment Manager or its affiliates may receive fees based on the amount of assets invested in the Target Sub-Fund. These and other factors may give the Investment Manager an economic or other incentive to make or retain an investment for the Sub-Fund in an affiliated investment vehicle in lieu of other investments that may also be appropriate for the Sub-Fund. To reduce this potential conflict of interest, the Investment Manager has agreed to reduce its investment management fee to the extent of investment management fees paid to the Investment Manager or its affiliates by the Target Sub-Fund in respect of assets of the Sub-Fund invested in those vehicles.

Generally, debt securities consist of a security or instrument having one or more of the following characteristics: a fixed-income security, a security issued at a discount to its face value, a security that pays interest or a security with a stated principal amount that requires repayment of some or all of that principal amount to the holder of the security. Mortgage-backed securities include, among others, government mortgage pass-through securities, collateralized mortgage obligations, multiclass pass-through securities, private mortgage pass-through securities, stripped mortgage securities and inverse floaters. Asset-backed securities have structural characteristics similar to mortgage-backed securities but have underlying assets that may not be mortgage loans or interests in mortgage loans. Various types of assets, primarily automobile and credit cards are securitized in pass-through structures similar to mortgage pass-through structures. Asset-backed securities in which the Sub-Fund invest may have different types of underlying assets

including but not limited to motor vehicle instalments sales or instalment loan contracts, home equity loans, leases on various types of real, personal and other property (including those relating to aircrafts, containers, railroads, telecommunication, energy, and/or other infrastructure assets and infrastructure-related assets), receivables from credit card agreements and automobile finance agreements, student loans, consumer loans, home equity loans, mobile home loans, boat loans, and income from other non-mortgage-related income streams, such as income from business and small business loans, project finance loans, renewable energy projects, personal financial assets, timeshare receivables and franchise rights.

### ***Duration***

The Sub-Fund's portfolio of debt securities will normally have an overall weighted average effective duration of between one year and three years. Duration is a measure of the expected life of a fixed income instrument that is used to determine the sensitivity of a security's price to changes in interest rate. Effective duration is a measure of the Sub-Fund's portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage pre-payment rates as determined by the Investment Manager. The longer a portfolio's effective duration, the more sensitive it will be to changes in interest rates. The effective duration of the Sub-Fund's portfolio of debt securities may vary materially from its target, from time to time, and there is no assurance that the effective duration of the portfolio will not exceed its target.

In managing the Sub-Fund's debt securities, under normal market conditions, the Investment Manager uses a controlled risk approach. The techniques of this approach attempt to control the principal risk components of the fixed income markets and may include, among other factors, consideration of the Investment Manager's view of the following:

- the potential relative performance of the various market sectors;
- security selection available within a given sector;
- the risk/reward equation for different asset classes;
- liquidity conditions in various market sectors;
- the shape of the yield curve and projections for changes in the yield curve;
- potential fluctuations in the overall level of interest rates; and
- current fiscal policy.

The Investment Manager also utilizes active asset allocation and monitors the duration of the Sub-Fund's fixed income securities to seek to assess, and, in its discretion, adjust the Sub-Fund's exposure to interest rate risk.

### ***Rating***

The Sub-Fund may invest in debt securities of any credit quality, including those that are at the time of investment unrated or rated BB+ or lower by S&P or Ba1 or lower by Moody's or the equivalent by any other nationally recognized statistical rating organization. Fixed income securities rated below investment grade, or unrated securities that are determined by the Investment Manager to be of comparable quality, are considered high yield securities. Generally, lower-rated debt securities offer a higher yield than higher rated debt securities of similar maturity but are subject to greater risk of loss of principal and interest than higher

rated securities of similar maturity. The Sub-Fund may invest up to 33 1/3% of its net assets in high yield corporate bonds and credit default swaps of companies in the high yield universe. This limit does not include MBS or any other ABS, regardless of their credit rating or credit quality.

#### ***Use of Financial Derivative Instruments***

In order to achieve its Investment Objective, the Sub-Fund may enter into FDIs of any kind for hedging purposes (including currency hedging transactions at Sub-Fund or Class level) or otherwise to gain, or reduce, long or short exposure to one or more asset classes or issuers. The Sub-Fund may use FDIs with the purpose or effect of creating investment leverage. Although the Sub-Fund reserves the right to invest in FDIs of any kind, it currently expects that it may use the following types of FDIs: excess return swaps, total return swaps, futures contracts and options on futures contracts, in order to gain efficient long or short investment exposures as an alternative to cash investments or to hedge against portfolio exposures; interest rate swaps, to gain indirect long or short exposures to interest rates, issuers, or currencies, or to hedge against portfolio exposures; and excess return swaps, total return swaps and credit derivatives (such as credit default swaps), put and call options, and exchange-traded and structured notes, to take indirect long or short positions on commodities indexes, securities, currencies, or other indicators of value, or to hedge against portfolio exposures. Any use of derivatives strategies entails the risks of investing directly in the securities or instruments underlying the derivatives strategies, as well as the risks of using FDIs generally, and in some cases the risks of leverage, described in this Prospectus. Please also refer to section "Global Exposure" below.

#### **Additional investment guidelines**

The Sub-Fund may invest up to 10% of its net assets in inverse floater securities.

The Sub-Fund may invest up to 5% of its net assets in defaulted corporate securities where the Investment Manager believes the restructure enterprise valuations or liquidation valuations may exceed current market values. Repayment of defaulted securities and obligations of distressed issuers (including insolvent issuers or issuers in payment or covenant default, in workout or restructuring or in bankruptcy or in solvency proceedings) is subject to significant uncertainties.

The Sub-Fund may invest up to 30% of its net assets in debt securities (including foreign subordinated bank debt, hybrid debt and contingent convertible securities) issued or guaranteed by companies, financial institutions and government entities in Emerging Market countries.

The Sub-Fund may invest up to 5% of its net assets in hybrid debt and contingent convertible securities. The Sub-Fund may invest in eligible closed-end investment companies on an ancillary basis. The Sub-Fund may also invest in ETFs and eligible domestic or foreign private investment vehicles.

The Sub-Fund will not invest more than 10% of its net assets in UCITS or other UCIs.

The Sub-Fund may invest in and hold equity securities (including common stock, preferred stock, partnership interests, membership interests, warrants and other UCITS eligible instruments) received as a

result of or in connection with a bankruptcy, restructuring, or workout affecting an existing portfolio holding.

Portfolio securities may be sold at any time. By way of example, sales may occur when the Sub-Fund's Investment Manger determines to take advantage of what the Investment Manager considers to be a better investment opportunity, when the Investment Manager believes the portfolio securities no longer represent relatively attractive investment opportunities, when the Investment Manager perceives deterioration in the credit fundamentals of the issuer, or when the individual security has reached the Investment Manager's sell target.

#### **4. Investment Manager and Sub-Investment Manager**

The Investment Manager for the Sub-Fund is DoubleLine Alternatives LP.

The Investment Manager has sub-delegated certain portfolio management functions to DoubleLine Capital LP.

When the context so requires, references in this Sub-Fund Particular to Investment Manager shall mean references to Sub-Investment Manager.

#### **5. Profile of the typical investor**

The Sub-Fund provides exposure to USD denominated US equities and debt securities. The Sub-Fund may be suitable for investors seeking total return through US equities and debt securities and with a medium to long term investment horizon of at least 3 years.

The Sub-Fund may be suitable for investors willing to accept different types of risks typically associated with investments in ABS and MBS.

#### **6. Global Exposure**

The global exposure relating to this Sub-Fund will be calculated using a relative Value-at-Risk approach by reference to the Index. The maximum leverage of the Sub-Fund, under normal market conditions, which is calculated using the "Sum of Notional" of the financial derivative instruments used, is expected to be 200%.

Investors should note that there is possibility of higher leverage levels in certain circumstances, e.g. where the Investment Manager may make more extensive use of financial derivative instruments for investment purposes (within the limits of the Sub-Fund's investment objective), hedging or efficient portfolio management purposes.

The expected levels of leverage indicated above reflect the use of all derivative instruments within the portfolio of the Sub-Fund. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may even reduce the risk.

Shareholders should note that the "Sum of Notional" calculation method of the expected level of leverage does not make a distinction as to the intended use of a derivative e.g. being either hedging or investment purposes.

The "Sum of Notional" calculation typically results in a higher leverage figure than for the commitment approach calculation predominantly due to the exclusion of any netting and/or hedging arrangements.

## **7. Information regarding Total Return Swaps**

The Sub-Fund is expected to enter mainly into unfunded total return swap transactions in an attempt to create an investment return approximating the Index return as described under "Investment objective, policy and strategy" above.

The maximum proportion as well as the maximum expected proportion of assets under management of the Sub-Fund that can be subject to total return swaps is 100%.

The total return swaps entered into by the Sub-Fund will be on the Index, the Sub-Indices or to another index which generally approximates the exposure of the Index (such as the S&P 500 Index) as well as equity securities comprised in these indices. Further details can be found under "Investment objective, policy and strategy" above.

Please also refer to sections "Financial Derivative Instruments" and "Management of collateral and collateral policy" in Appendix 1.

## **8. Fees and expenses**

The Investment Management Fees and Operating Expense Fee detailed in the first table below shall be calculated as a percentage of the applicable Net Asset Value per Share Class. The other charges detailed in the second table below shall be calculated as a percentage of the investment amounts. The Investment Manager may from time to time decide to assume in its sole discretion some of the expenses incurred by the Sub-Fund in compliance with applicable laws and regulations.

- Investment Management Fees and Operating Expense Fee

Class of Shares	Class A	Class I	Class I2
<b>Investment Management Fee</b>	Up to 1.25% per annum	Up to 0.45% per annum	Up to 0.60% per annum
<b>Operating Expense Fee</b>	0.35% per annum	0.10% per annum	0.20% per annum

- Other charges

<b>Sales charge</b>	Up to 3%	N/A	N/A
<b>Redemption charge</b>	N/A	N/A	N/A
<b>Conversion charge</b>	N/A	N/A	N/A

## 9. Business Day/Valuation Day/Net Asset Value calculation

With respect to this Sub-Fund, a Business Day means any day on which banks are open for normal business banking in Luxembourg and on which the New York Stock Exchange is open.

The Net Asset Value per Share of each Class will be calculated on each Business Day (the "**Valuation Day**").

## 10. Subscription

### *a) Subscriptions during the Initial Offer Period*

During the Initial Offer Period detailed in the Application Form, subscriptions of Shares in the Sub-Fund will be accepted at an initial subscription price per Share to be determined by the Board of Directors (the "**Initial Offering Price**"), increased as the case may be, by any applicable sales charge, as disclosed under Section "Fees and expenses" of this Sub-Fund Particular.

Applications along with the relevant AML&KYC documentation must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 2 p.m. (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys must be received on the account of the Sub-Fund at the latest 2 Business Days after the last day of the Initial Offer Period.

*b) Subscriptions after the Initial Offer Period*

Shares will be issued at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day increased, as the case may be, by any applicable sales charge, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

Payment for subscribed Shares has to be made no later than 2 Business Days after the relevant Valuation Day.

## **11. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day, less, any applicable redemption fee, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

Payment for redeemed Shares has to be made no later than 2 Business Days after the relevant Valuation Day. If, in exceptional circumstances, the liquidity of the Sub-Fund is insufficient to enable redemption proceeds to be paid within that period, or if there are other reasons, such as exchange controls or other regulations which delay payment, payment will be made as soon as reasonably practicable thereafter, but without interest.

## **12. Conversions**

Investors may request conversions of their Shares from one Class to another of the same Sub-Fund or to Shares of another Sub-Fund.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the relevant Valuation Days in both applicable Sub-Funds/Classes. Any applications received after the application deadline will be processed in respect of the next Business Day.

### **13. Historical Performance**

Information on the historical performance of the Sub-Fund is disclosed in the relevant Key Information Document, if available.

### **14. Dividends**

Income and capital gains arising in the Sub-Fund in relation to Accumulating Shares (ACC) will be reinvested. The value of the Shares of each such Class will reflect the capitalisation of income and gains.

Income and capital gains arising in the Sub-Fund in relation to Distributing Shares (DIS) will be distributed in part or in total at least annually.

### **15. Specific risk warnings**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the Section 4. "Risk considerations" in the general part of the Prospectus.

In addition thereto, the following additional risk factors should be taken into consideration:

**It is possible that the Sub-Fund could lose money at the same time on both if investments in debt securities and its exposure to the Index.**

#### ***Index risk***

The objective of the Sub-Fund is to outperform the Index by combining an exposure to the Index and to debt securities. In relation to the exposure to the Index, the Sub-Fund's returns may not match or exceed the return of the Index for a number of reasons, including, for example, (i) the performance of derivatives in which the Sub-Fund invests may not correlate with the performance of the index; (ii) the Sub-Fund may not be able to find counterparties willing to enter into derivative instruments whose returns are based on the return of the index or find parties who are willing to do so at an acceptable cost or level of risk to the Sub-Fund; (iii) the Sub-Fund's overall performance may be adversely affected by the performance of the Sub-Fund's investments in debt instruments and (iv) errors may arise in carrying out the index's methodology, or the index provider may incorrectly report information concerning the index. Although it is anticipated that the Investment Manager will license from the index's sponsor the right to use the index as part of implementing the Sub-Fund's principal investment strategies, there can be no guarantee that the index will be maintained indefinitely or that the Sub-Fund will be able to continue to utilize the index to

implement the Sub-Fund's principal investment strategies indefinitely. If the sponsor of the index ceases to maintain the index, the Sub-Fund no longer has the ability to utilize the index to implement its investment strategies, or other circumstances exist that the Sub-Fund is substantially limited with regard to its ability to create cost-effective synthetic investment exposure to the index. Unavailability of the index could affect adversely the ability of the Sub-Fund to achieve its investment objective.

Shareholders should be aware and understand that the Sub-Fund is subject to risks which may result in the value and performance of the Shares varying from those of the index. Indices such as financial indices may be theoretical constructions which are based on certain assumptions and Sub-Funds aiming to reflect such financial indices may be subject to constraints and circumstances which may differ from the assumptions in the relevant index. Factors that are likely to affect the ability of the Sub-Fund to reflect the performance of the relevant index include:

- investment, regulatory and/or tax constraints affecting the Sub Fund but not the index;
- investments in assets other than the index giving rise to delays or additional costs/taxes compared to an investment in the index;
- constraints linked to income reinvestment;
- transaction costs and other fees and expenses to be borne by the Sub-Fund (including costs, fees and expenses to be borne in relation to the use of financial techniques and instruments);
- adjustments to OTC swap transactions to reflect index replication costs; and
- costs of rebalancing reflected in the level of the index.

### ***Models and Data Risk***

The Investment Manager utilizes various proprietary quantitative models or related data in connection with providing investment management services to the Sub-Fund. There is a possibility that one or all of the quantitative models may fail to identify profitable opportunities. In addition, failures to properly gather, organize, and analyze large amounts of data or errors in a model or data, or in the application of such models, may result in, among other things, execution and investment allocation failures and investment losses. For example, the models may incorrectly identify opportunities or data used in the construction and application of models may prove to be inaccurate or stale, which may result in misidentified opportunities that may lead to substantial losses for the Sub-Fund. A given model may be more effective with certain instruments or strategies than others, and there can be no assurance that any model can identify and incorporate all factors that will affect an investment's price or performance. Investments selected using the models may perform differently than expected as a result of, among other things, the market factors used in creating models, the weight given to each such market factor, changes from the market factors' historical trends and technical issues in the construction and implementation of the models (e.g., data problems, and/or

software issues). The Investment Manager's judgments about the weightings among various models and strategies may be incorrect, adversely affecting performance.

Investors should also specifically consider the risks of investing in the following types of securities as described in Section 4. "Risk considerations" in the general part of the Prospectus:

- Asset Backed Securities and Mortgage Backed Securities;
- Inverse Floaters and Related Securities;
- Collateralised Debt Obligations;
- High Yield Securities; and
- Debt Securities.

**SUB-FUND PARTICULAR 3**  
**DOUBLELINE FUNDS (LUXEMBOURG) – DOUBLELINE EMERGING MARKETS FIXED**  
**INCOME**

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**1. Name of the Sub-Fund**

DoubleLine Funds (Luxembourg) – DoubleLine Emerging Markets Fixed Income (the "**Sub-Fund**")

**2. Base Currency**

USD

**3. Investment objective, policy and strategy**

**Investment Objective**

The Sub-Fund's objective is to seek high total return from current income and capital appreciation.

**Principal Investment Strategy**

The Sub-Fund intends to invest at least 80% of its net assets in fixed income instruments. These fixed income instruments include but are not limited to securities issued or guaranteed by companies, financial institutions and government entities in emerging market countries and other securities bearing fixed or variable interest rates of any maturity. The Sub-Fund will generally invest in at least four emerging market countries.

The Sub-Fund may seek economic exposure in aggregate for up to 30% of its net assets to securities of Russian or Chinese issuers. No direct investments (i.e. no investments requiring local custody arrangements) will be made in the Russian Federation or in the People's Republic of China.

The Sub-Fund may invest in contingent convertible bonds up to 25% of its net assets.

The Sub-Fund may invest in money market instruments, bank deposits and other eligible liquid assets for treasury purposes and in case of unfavourable market conditions.

The Sub-Fund may hold up to 20% of its Net Asset Value in ancillary liquid assets (bank deposits at sight such as cash held in current accounts).

Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily invest up to 100% of the Sub-Fund's Net Asset Value in assets referred to in the two above paragraphs.

The Sub-Fund may invest up to 100% of its net assets in high yield securities which are below investment-grade securities that are rated BB+ or lower by S&P or Fitch Ratings Inc. or Ba1 or lower by Moody's or the equivalent by any other nationally recognized statistical rating organization or, if unrated, determined by the Investment Manager to be of comparable quality.

An "emerging market country" is a country that, at the time the Sub-Fund invests in the related fixed income instruments, is classified as an emerging or developing economy by any supranational organization such as the World Bank or the United Nations, or related entities, or is considered an emerging market country for purposes of constructing a major emerging market securities index.

The Sub-Fund may invest, within the limits set out below, in fixed income instruments of any credit quality, including those that at the time of investment are rated BB+ or lower by S&P or Ba1 or lower by Moody's or the equivalent by any other nationally recognized statistical rating organization or, if unrated, determined by the Investment Manager to be of comparable quality.

The Sub-Fund may invest up to 20% of its net assets in distressed and/or defaulted securities.

The Sub-Fund may invest in derivatives and other instruments, such as options, swaps (including credit default swaps), futures, foreign currency futures and forward contracts. These derivatives and instruments may be used to hedge the Sub-Fund's portfolio and for investment purposes. Such practices may reduce returns or increase volatility. The Sub-Fund may use derivatives transactions with the purpose or effect of creating investment leverage.

The Sub-Fund may invest in and hold equity securities (including common stock, preferred stock, partnership interests, membership interests, warrants and other UCITS eligible instruments) received as a result of or in connection with a bankruptcy, restructuring, or workout affecting an existing portfolio holding.

In allocating investments among various emerging market countries, the Investment Manager attempts to analyse internal political, market and economic factors. These factors may include:

- public finances;
- monetary policy;
- external accounts;
- financial markets;
- foreign investment regulations;
- stability of exchange rate policy; and
- labour conditions.

The Investment Manager monitors the duration of the Sub-Fund's portfolio securities to seek to assess and, in its discretion, adjust the Sub-Fund's exposure to interest rate risk. In managing the Sub-Fund's

investments, under normal market conditions, the Investment Manager intend to seek to construct an investment portfolio with a dollar-weighted average effective duration of no less than two years and no more than eight years. Duration is a measure of the expected life of a fixed income instrument that is used to determine the sensitivity of a security's price to changes in interest rates. Effective duration is a measure of the Sub-Fund's portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage pre-payment rates as determined by the Investment Manager. The effective duration of the Sub-Fund's investment portfolio may vary materially from its target range, from time to time, and there is no assurance that the effective duration of the Sub-Fund's investment portfolio will always be within its target range.

The Sub-Fund may invest without limitation in securities, derivatives and other instruments denominated in any currency, but currently expects to invest a substantial amount of its assets in investments denominated in U.S. dollars.

Portfolio securities may be sold at any time. By way of example, sales may occur when the Sub-Fund's Investment Manager perceives deterioration in the credit fundamentals of the issuer, when the Investment Manager believes there are negative macro geo-political considerations that may affect the issuer, when the Investment Manager determines to take advantage of a better investment opportunity, or when the individual security has reached the Investment Manager's sell target.

The Sub-Fund is actively managed and uses the J.P. Morgan Emerging Markets Bond Global Diversified Index (the "**Benchmark**") for performance comparison purposes only. The Investment Manager is not bound by the components or weighting of the Benchmark when selecting investments.

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

The Investment Manager for the Sub-Fund is DoubleLine Capital LP.

#### **5. Profile of the typical investor**

The Sub-Fund generally provides exposure to USD denominated emerging market debt securities. The Sub-Fund may be suitable for investors seeking current income through debt securities and with a medium to long term investment horizon of at least 3 years.

The Sub-Fund may be suitable for investors willing to accept different types of risks typically associated with investments in emerging market debt securities.

#### **6. Global Exposure**

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The leverage of the Sub-Fund, under normal market conditions, which is calculated using the "Sum of Notional" of the financial derivative instruments used, is expected to be between 0% and 100%

Investors should note that there is possibility of higher leverage levels in certain circumstances, e.g. where the Investment Manager may make more extensive use of financial derivative instruments for investment purposes (within the limits of the Sub-Fund's investment objective), hedging or efficient portfolio management purposes.

The expected levels of leverage indicated above reflect the use of all derivative instruments within the portfolio of the Sub-Fund. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may even reduce the risk.

Shareholders should note that the "Sum of Notional" calculation method of the expected level of leverage does not make a distinction as to the intended use of a derivative e.g. being either hedging or investment purposes.

The "Sum of Notional" calculation typically results in a higher leverage figure than for the commitment approach calculation predominantly due to the exclusion of any netting and/or hedging arrangements.

## 7. Fees and expenses

The Investment Management Fees and Operating Expense Fee detailed in the first table below shall be calculated as a percentage of the applicable Net Asset Value per Share Class. The other charges detailed in the second table below shall be calculated as a percentage of the investment amounts. The Investment Manager may from time to time decide to assume in its sole discretion some of the expenses incurred by the Sub-Fund in compliance with applicable laws and regulations.

- Investment Management Fees and Operating Expense Fee

<b>Class of Shares</b>	Class A Shares	Class I Shares	Class I2 Shares	Class S Shares
<b>Investment Management Fee</b>	Up to 1.20% per annum	Up to 0.60 % per annum	Up to 0.75% per annum	Up to 0.50% per annum
<b>Operating Expense Fee</b>	0.35% per annum	0.20% per annum	0.20% per annum	0.20% per annum

- Other charges

<b>Sales charge</b>	Up to 3%	N/A	N/A	N/A
<b>Redemption charge</b>	N/A	N/A	N/A	N/A
<b>Conversion charge</b>	N/A	N/A	N/A	N/A

## 8. Business Day/Valuation Day/Net Asset Value calculation

With respect to this Sub-Fund, a Business Day means any day on which banks are open for normal business banking in Luxembourg and on which the New York Stock Exchange is open.

The Net Asset Value per Share of each Class will be calculated on each Business Day (the "**Valuation Day**").

## 9. Subscription

### *a) Subscriptions during the Initial Offer Period*

During the Initial Offer Period detailed in the Application Form, subscriptions of Shares in the Sub-Fund will be accepted at an initial subscription price per Share to be determined by the Board of Directors (the "**Initial Offering Price**"), increased as the case may be, by any applicable sales charge, as disclosed under Section "Fees and expenses" of this Sub-Fund Particular.

Applications along with the relevant AML&KYC documentation must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 2 p.m. (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys must be received on the account of the Sub-Fund at the latest 2 Business Days after the last day of the Initial Offer Period.

### *b) Subscriptions after the Initial Offer Period*

Shares will be issued at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day increased, as the case may be, by any applicable sales charge, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

## **10. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day, less, any applicable redemption fee, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

Payment for redeemed Shares has to be made no later than 2 Business Days after the relevant Valuation Day. If, in exceptional circumstances, the liquidity of the Sub-Fund is insufficient to enable redemption proceeds to be paid within that period, or if there are other reasons, such as exchange controls or other regulations which delay payment, payment will be made as soon as reasonably practicable thereafter, but without interest.

## **11. Conversions**

Investors may request conversions of their Shares from one Class to another of the same Sub-Fund or to Shares of another Sub-Fund.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Days in both applicable Sub-Funds/Classes. Any applications received after the application deadline will be processed in respect of the next Business Day.

## **12. Historical Performance**

Information on the historical performance of the Sub-Fund is disclosed in the relevant Key Information Document, if available.

## **13. Dividends**

Income and capital gains arising in the Sub-Fund in relation to Accumulating Shares (ACC) will be reinvested. The value of the Shares of each such Class will reflect the capitalisation of income and gains.

Income and capital gains arising in the Sub-Fund in relation Distributing (DIS) Shares will be distributed in part or in total at least annually.

#### **14. Specific risk warnings**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the Section 4. "Risk considerations" in the general part of the Prospectus. Investors should consider all risks and specifically the risks of investing in the following types of securities as described in Section 4. "Risk considerations" in the general part of the Prospectus:

- Emerging Markets Risks;
- Foreign securities;
- Distressed securities Risk;
- High Yield Securities;
- Downgrading Risk;
- Debt Securities;
- Volatility of financial derivative instruments;
- Futures and options;
- Risk of Swap Transactions; and
- Credit Default Swap Risk.

## **SUB-FUND PARTICULAR 4**

### **DOUBLELINE FUNDS (LUXEMBOURG) – DOUBLELINE GLOBAL DIVERSIFIED CREDIT**

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**1. Name of the Sub-Fund**

DoubleLine Funds (Luxembourg) – DoubleLine Global Diversified Credit (the "**Sub-Fund**")

**2. Base Currency**

USD

**3. Investment objective, policy and strategy**

**Investment Objective**

The Sub-Fund's objective is to seek to maximize current income and total return.

**Principal Investment Strategy**

Under normal circumstances, the Sub-Fund intends to invest at least 80% of its net assets in fixed income instruments globally. These fixed income instruments can be principally invested in (but are not limited to) securities issued or guaranteed by the United States Government, its agencies, instrumentalities or sponsored corporations and corporate obligations; mortgage-backed securities of any kind, including commercial and residential mortgage-backed securities; asset-backed securities; and collateralized loan obligations of US issuers. Investment can also be made in global developed markets securities (corporate and government, including hybrid securities and emerging market securities (corporate and government including hybrid securities and collateralized loan obligations). The Sub-Fund may invest in fixed and floating rate debt securities of any kind including, among others, securitised loans, and other securities bearing fixed or variable interest rates of any maturity. Under normal circumstances, the Sub-Fund intends to invest in residential mortgage-backed securities.

The Sub-Fund may invest up to 90% of its net assets in different types of asset-backed securities (ABS) and mortgage backed securities (MBS). The Sub-Fund may invest without limit in mortgage-backed securities of any maturity or type, including those guaranteed by, or secured by collateral that is guaranteed by, the United States of America Government, its agencies, instrumentalities or sponsored corporations as well as those of private issuers not subject to any guarantee. Generally, mortgage-backed securities consist of government mortgage pass-through securities, collateralized mortgage obligations, multiclass pass-through securities, private mortgage pass-through securities, stripped mortgage securities (e.g., interest-only and principal-only securities) and inverse floaters.

Asset-backed securities have structural characteristics similar to mortgage-backed securities but have underlying assets that may not be mortgage loans or interests in mortgage loans. Asset-backed securities in

which the Sub-Fund invest may have different types of underlying assets including but not limited to motor vehicle instalments sales or instalment loan contracts, home equity loans, leases on various types of real, personal and other property (including those relating to aircrafts, containers, railroads, telecommunication, energy, and/or other infrastructure assets and infrastructure-related assets), receivables from credit card agreements and automobile finance agreements, home equity sharing agreements, student loans, consumer loans, home equity loans, mobile home loans, boat loans, and income from other non-mortgage-related income streams, such as income from business and small business loans, project finance loans, renewable energy projects, personal financial assets, timeshare receivables and franchise rights.

The Sub-Fund may invest in fixed income instruments of any credit quality, including those that are at the time of investment unrated or rated BB+ or lower by S&P or Ba1 or lower by Moody's or equivalent by recognized rating agencies. Corporate bonds and certain other fixed income instruments rated below investment grade, or such instruments that are unrated and determined by the Investment Manager to be of comparable quality, are high yield, high risk bonds.

The Sub-Fund may invest up to 12% of its net assets in the Russian Federation or in the People's Republic of China via Bond Connect.

Given the political and market environment as of the date of this Prospectus, no investments in Russia are contemplated. If and as soon as conditions for investment in Russia return to acceptable (and if considered in the interest of Shareholders), the Management Company or the Investment Manager may seek exposure to Russia and Russian issuers.

The Sub-Fund may invest up to 33 1/3% of its net assets in below investment grade or unrated (but determined by the Investment Manager to be of comparable quality) securities, and credit default swaps of companies in the high yield universe. The Investment Manager does not consider this 33 1/3 % portion to include any mortgage-backed securities or any other asset-backed securities, regardless of their credit rating or credit quality. The Sub-Fund may invest up to 20% in below investment grade or unrated (but determined by the Investment Manager to be of comparable quality) mortgage-backed or other asset-backed securities.

The Sub-Fund may invest up to 5% of its net assets in distressed or defaulted corporate securities. The Sub-Fund might do so, for example, where the portfolio managers believe the restructured enterprise valuations or liquidation valuations may exceed current market values. The Sub-Fund may invest a portion of its assets in inverse floaters and interest-only and principal-only securities.

The Sub-Fund may invest up to 10% of its net assets in contingent convertible securities.

The Sub-Fund may pursue its investment objective and obtain exposures to some or all of the asset classes described above by investing in other investment companies, including UCITS and other UCIs, eligible closed-end investment companies and ETFs.

In managing the Sub-Fund's portfolio, the Investment Manager typically uses a controlled risk approach. The techniques of this approach attempt to control the principal risk components of the fixed income markets and may include, among other factors, consideration of the Investment Manager's view of the following: the potential relative performance of various market sectors, security selection available within a given sector, the risk/reward equation for different asset classes, liquidity conditions in various market sectors, the shape of the yield curve and projections for changes in the yield curve, potential fluctuations in the overall level of interest rates, and current fiscal policy.

The Sub-Fund is actively managed and uses the Bloomberg Global Aggregate Bond Index (the "**Benchmark**") for performance comparison purposes only. The Investment Manager is not bound by the components or weighting of the Benchmark when selecting investments. The Investment Manager monitors the duration of the Sub-Fund's portfolio securities to seek to assess and, in its discretion, adjust the Sub-Fund's exposure to interest rate risk. In managing the Sub-Fund's investments, under normal market conditions, the portfolio managers intend to seek to construct an investment portfolio with a dollar-weighted average effective duration of no less than two years and no more than ten years. Duration is a measure of the expected life of a fixed income instrument that is used to determine the sensitivity of a security's price to changes in interest rates. Effective duration is a measure of the Sub-Fund's portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage prepayment rates as determined by the Investment Manager. The effective duration of the Sub-Fund's investment portfolio may vary materially from its target range, from time to time, and there is no assurance that the effective duration of the Sub-Fund's investment portfolio will always be within its target range.

The Sub-Fund may enter into derivatives transactions and other instruments of any kind for hedging purposes or otherwise to gain, or reduce, long or short synthetic exposure to one or more asset classes or issuers. The Sub-Fund may use derivatives transactions with the purpose or effect of creating investment leverage. For example, the Sub-Fund may use futures contracts and options on futures contracts, in order to gain efficient long or short investment exposures as an alternative to cash investments or to hedge against portfolio exposures; interest rate swaps, to gain indirect long or short exposures to interest rates, issuers, or currencies, or to hedge against portfolio exposures; and total return swaps (with an expected proportion of 0% and a maximum proportion of 10% of its net assets) and credit derivatives (such as credit default swaps), put and call options, and exchange-traded and structured notes, to take indirect long or short positions on indexes, securities, currencies, or other indicators of value, or to hedge against portfolio exposures. The Sub-Fund may also engage in synthetic short sales or take synthetic short positions, either to adjust its duration or for other investment purposes.

Portfolio securities may be sold at any time. By way of example, sales may occur when the Sub-Fund's Investment Manager determines to take advantage of what it considers to be a better investment opportunity, when the portfolio managers believe the portfolio securities no longer represent relatively attractive investment opportunities or when the investment team perceive deterioration in the credit fundamentals of the issuer.

The Sub-Fund may invest in money market instruments, bank deposits and other eligible liquid assets for investment and treasury purposes and in case of unfavourable market conditions.

The Sub-Fund may hold up to 20% of its Net Asset Value in ancillary liquid assets (bank deposits at sight such as cash held in current accounts).

Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily invest up to 100% of the Sub-Fund's Net Asset Value in assets referred to in the two above paragraphs.

The Sub-Fund may invest in and hold equity securities (including common stock, preferred stock, partnership interests, membership interests, warrants and other UCITS eligible instruments) received as a result of or in connection with a bankruptcy, restructuring, or workout affecting an existing portfolio holding.

#### ESG Elements of the Sub-Fund's Management

The Sub-Fund does not have sustainable investment as its objective and no index has been designed as a reference benchmark but the Sub-Fund promotes, among other characteristics, environmental or social characteristics, or a combination of both, provided that the companies in which the investments are made follow good governance practices.

The Investment Manager's overall ESG strategy encompasses different components. When evaluating an investment, the Investment Manager's investment analysts conduct a qualitative and/or quantitative assessment of relevant environmental, social and/or governance ("ESG") factors that may impact an asset's risk-return profile. While ESG factors can vary for each investment, they are generally related to the issuer's or other applicable party's (e.g., collateral, asset financed or sponsor/management company, etc.) position on the environment, human rights, employee and community well-being, corporate stewardship, and ethical conduct. The Investment Manager uses proprietary research, including information from other financial institutions and third-party ESG data providers, for assessing relevant ESG factors.

- Exclusionary screens are applied to remove companies that have any ties to controversial weapons (cluster munitions, landmines, biological and chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or non detectable fragments) and certain manufacturers and/or retailers of civilian firearms, tobacco, and thermal coal, from the Sub-fund's investable universe.

- Exclusionary screens are also applied to remove companies that do not comply with the UN Global Compact rules.

- Issuers failing to achieve a neutral or positive composite ESG score using the Investment Manager's proprietary scoring methodology will be excluded from the portfolio.

The Sub-Fund promotes certain environmental characteristics but does not commit to making investments in Taxonomy-aligned environmentally sustainable investments. It is however not excluded that the Sub-Fund may be exposed to underlying investments that contribute to climate change mitigation and/or climate change adaptation. As at the date of this Prospectus, the Investment Manager expects that the proportion of

the Sub-Fund's investments in taxonomy-aligned environmentally sustainable activities (including investments in enabling and transitional activities) amounts to 0%.

The investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities and consequently the "do no significant harm" principle does not apply. Additional information on the Investment Manager's ESG approach is available upon request from the Investment Manager. The Sub-Fund's environmental and social characteristics are further explained in the Annex to this Sub-Fund Particular.

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

The Investment Manager for the Sub-Fund is DoubleLine Capital LP.

#### **5. Profile of the typical investor**

The Sub-Fund generally provides exposure to USD denominated debt securities. The Sub-Fund may be suitable for investors seeking current income through debt securities and with a medium to long term investment horizon of at least 3 years.

The Sub-Fund may be suitable for investors willing to accept different types of risks typically associated with investments in corporate and sovereign debt securities and MBS.

#### **6. Global Exposure**

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The leverage of the Sub-Fund, under normal market conditions, which is calculated using the "Sum of Notional" of the financial derivative instruments used, is expected to be between 0% and 100%

Investors should note that there is possibility of higher leverage levels in certain circumstances, e.g. where the Investment Manager may make more extensive use of financial derivative instruments for investment purposes (within the limits of the Sub-Fund's investment objective), hedging or efficient portfolio management purposes.

The expected levels of leverage indicated above reflect the use of all derivative instruments within the portfolio of the Sub-Fund. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may even reduce the risk.

Shareholders should note that the "Sum of Notional" calculation method of the expected level of leverage does not make a distinction as to the intended use of a derivative e.g. being either hedging or investment purposes.

The "Sum of Notional" calculation typically results in a higher leverage figure than for the commitment approach calculation predominantly due to the exclusion of any netting and/or hedging arrangements.

## 7. Fees and expenses

The Investment Management Fees and Operating Expense Fee detailed in the first table below shall be calculated as a percentage of the applicable Net Asset Value per Share Class. The other charges detailed in the second table below shall be calculated as a percentage of the investment amounts. The Investment Manager may from time to time decide to assume in its sole discretion some of the expenses incurred by the Sub-Fund in compliance with applicable laws and regulations.

- Investment Management Fees and Operating Expense Fee

Class of Shares	Class A Shares	Class I Shares	Class I2 Shares	Class S Shares	Class J Shares	Class K Shares	Class L Shares
<b>Investment Management Fee</b>	Up to 0.80% per annum	Up to 0.40% per annum	Up to 0.50% per annum	Up to 0.25% per annum	Up to 0.25% per annum	Up to 0.25% per annum	Up to 0.60% per annum
<b>Operating Expense Fee</b>	0.35% per annum	0.15% per annum	0.20% per annum	0.15% per annum	0.15% per annum	0.15% per annum	0.20% per annum

- Other charges

Class of Shares	Class A Shares	Class I Shares	Class I2 Shares	Class S Shares	Class J Shares	Class K Shares	Class L Shares
<b>Sales charge</b>	Up to 3%	N/A	N/A	N/A	N/A	N/A	Up to 3%
<b>Redemption charge</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Conversion charge</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## **8. Business Day/Valuation Day/Net Asset Value calculation**

With respect to this Sub-Fund, a Business Day means any day on which banks are open for normal business banking in Luxembourg and on which the New York Stock Exchange is open.

The Net Asset Value per Share of each Class will be calculated on each Business Day (the "**Valuation Day**").

## **9. Subscription**

### *a) Subscriptions during the Initial Offer Period*

During the Initial Offer Period detailed in the Application Form, subscriptions of Shares in the Sub-Fund will be accepted at an initial subscription price per Share to be determined by the Board of Directors (the "**Initial Offering Price**"), increased as the case may be, by any applicable sales charge, as disclosed under Section "Fees and expenses" of this Sub-Fund Particular.

Applications along with the relevant AML&KYC documentation must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 2 p.m. (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys must be received on the account of the Sub-Fund at the latest 2 Business Days after the last day of the Initial Offer Period.

### *b) Subscriptions after the Initial Offer Period*

Shares will be issued at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day increased, as the case may be, by any applicable sales charge, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

## **10. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per Share calculated on the relevant Valuation Day, less, any applicable redemption fee, as detailed in Section "Fees and expenses" of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Day in order to be dealt with on the basis of the Net Asset Value per Share calculated on

that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next Business Day.

Payment for redeemed Shares has to be made no later than 2 Business Days after the relevant Valuation Day. If, in exceptional circumstances, the liquidity of the Sub-Fund is insufficient to enable redemption proceeds to be paid within that period, or if there are other reasons, such as exchange controls or other regulations which delay payment, payment will be made as soon as reasonably practicable thereafter, but without interest.

## **11. Conversions**

Investors may request conversions of their Shares from one Class to another of the same Sub-Fund or to Shares of another Sub-Fund.

Applications must be received by the Registrar and Transfer Agent no later than 2 p.m. (Luxembourg time) on the Valuation Days in both applicable Sub-Funds/Classes. Any applications received after the application deadline will be processed in respect of the next Business Day.

## **12. Historical Performance**

Information on the historical performance of the Sub-Fund is disclosed in the relevant Key Information Document, if available.

## **13. Dividends**

Income and capital gains arising in the Sub-Fund in relation to Accumulating Shares (ACC) will be reinvested. The value of the Shares of each such Class will reflect the capitalisation of income and gains.

Income and capital gains arising in the Sub-Fund in relation to Distributing (DIS) Shares will be distributed in part or in total at least annually.

## **14. Specific risk warnings**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the Section 4. "Risk considerations" in the general part of the Prospectus. Investors should consider all risks and specifically the risks of investing in the following types of securities as described in Section 4. "Risk considerations" in the general part of the Prospectus:

- Emerging Markets Risks,
- Distressed securities Risk,

- Volatility of financial derivative instruments,
- Futures and options,
- Risk of Swap Transactions,
- Credit Default Swap Risk.
- Asset Backed Securities and Mortgage Backed Securities;
- Foreign securities;
- High Yield Securities;
- Downgrading Risk
- Contingent convertible securities; and
- Debt Securities.

***Sub-Fund specific risk: ESG Investment Risk***

The use of ESG and sustainability criteria in the investment strategy process may result in the exclusion of securities in which the Sub-Fund might otherwise invest. This may have a positive or negative impact on performance and may mean that the Sub-Fund's performance profile differs to similar sub-funds which invest in a similar universe of potential investments but without applying ESG or sustainability criteria.

Furthermore, the lack of common or harmonised definitions and labels regarding ESG and sustainability criteria may result in different approaches by investment managers when integrating ESG and sustainability criteria into investment decisions. As a result, it may be difficult to compare sub-funds with ostensibly similar objectives, because these sub-funds will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar sub-funds may deviate more substantially than might otherwise be expected.

*Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852*

**Product name: DoubleLine Global Diversified Credit, a sub-fund of DoubleLine Funds (Luxembourg) (the “Sub-Fund”)**

**Legal entity identifier:** 549300Z6D7WQRBFXTK47

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**What environmental and/or social characteristics are promoted by this financial product?**

In selecting its investments, the Sub-Fund will:

- promote societal well-being by excluding certain manufacturers and retailers of products that are detrimental to the good of society, and through facilitating access to home ownership,

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- promote the conservation of the environment by excluding certain companies that derive revenue from the sale of thermal coal, and
- promote adherence to a conduct of business in compliance with basic principles of human rights, labour, environment and anti-corruption rules by excluding companies in violation of the UN Global Compact rules.

No reference index/benchmark in compliance with the above characteristics is used.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

All indicators may not all be used for all issuers. The specific factors to be considered will vary by asset class, sector, availability of data, and other circumstances.

The Sub-Fund uses the following indicators:

- Exclusionary screens are applied to remove companies that have any ties to controversial weapons (cluster munitions, landmines, biological and chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or non detectable fragments) and certain manufacturers and/or retailers of civilian firearms, tobacco, and thermal coal, from the sub-fund's investable universe.
- Exclusionary screens will be applied to remove companies that do not comply with the UN Global Compact rules.
- Issuers failing to achieve a neutral or positive composite ESG score using DoubleLine's proprietary scoring methodology will be excluded from the portfolio.

Certain issuers, including issuers of commercial mortgage-backed securities, asset-backed securities, and sovereign issuers, are not subject to these exclusionary screens. The Sub-Fund generally expects to use MSCI Inc.'s exclusionary screening methodology, although the Sub-Fund may use other third party service providers to the extent deemed necessary or appropriate by the investment manager.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No



**What investment strategy does this financial product follow?**

When evaluating an investment, the Investment Manager’s investment analysts conduct a qualitative and/or quantitative assessment of relevant environmental, social and/or governance ESG factors that may impact an asset’s risk-return profile.

The fundamental research process of the Investment Manager involves reviewing and evaluating a comprehensive set of qualitative and quantitative data, including ESG factors, and assessing whether these factors are material, affect credit quality, and/or affect valuations, prior to purchasing a security. While ESG factors can vary for each investment, they are generally related to the issuer’s or other applicable party’s (e.g., collateral, asset financed or sponsor/management company, etc.) position on the environment, human rights, employee and community well-being, corporate stewardship, and ethical conduct. The Investment Manager uses proprietary research, including information from other financial institutions and third-party ESG data providers, for assessing relevant ESG factors.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are:

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- The Sub-Fund will not invest in companies that, in each case as defined by a third-party ESG data provider engaged by DoubleLine, (1) do not comply with the UN Global Compact; (2) have any ties to controversial weapons; (3) derive more than 5% of their revenue from the manufacture and retail of civilian firearms and ammunition; (4) derive more than 5% of their revenue from tobacco-related business activities; or (5) derive more than 5% of their revenue from the mining and sale of thermal coal.
- As part of the Sub-Fund’s ESG integration strategy, each issuer (with the exception of sovereign issuers) is assigned a composite ESG score using a proprietary scoring methodology, to assess whether the issuer’s management is effectively mitigating potential material ESG risk factors. Issuers with a negative composite score are excluded from the Sub-Fund’s investable universe. Potential investments in sovereign debt are subject to ESG assessments in the same manner as other potential investments; however, no ESG scores are assigned to sovereign issuers. More information on the scoring methodology can be found on <https://www.doublelineucits.com/wp-content/uploads/Additional-Information-Regarding-DoubleLine-Global-Diversified-Credit.pdf>.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

0%. The Sub-Fund does not commit to such minimum rate.

● ***What is the policy to assess good governance practices of the investee companies?***

Qualitative assessments, which may include the review of third-party data regarding investee companies, are conducted on each potential investee company to determine that all issuers in the portfolio follow good governance practices.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



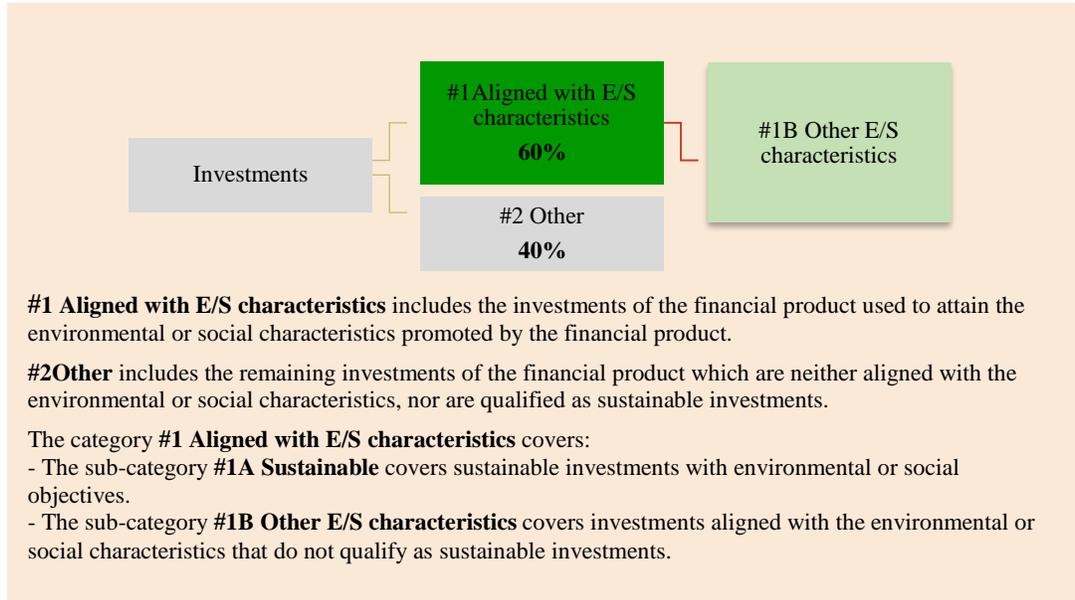
**What is the asset allocation planned for this financial product?**

As the Sub-Fund has not yet commenced operations, the proposed asset allocation targets across the fixed income sectors in which it is expected to invest are as follows: 24% in developed and emerging market government debt; 31% in structured products, including 25% in residential mortgage-backed securities; and 45% in corporate debt. It is expected that, under normal circumstances, at least 60% of the portfolio, consisting of corporate debt and residential mortgage-backed securities, will be used to meet the environmental and social characteristics promoted by the Sub-Fund. The remaining portions of the Sub-Fund’s portfolio, consisting of cash, sovereign debt (including securities issued by the U.S. government or its agencies), commercial mortgage-backed securities, and asset-backed securities, will not be aligned with E/S characteristics, but will be subject to the binding good governance and ESG integration analysis described above.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

To the extent the Sub-Fund uses derivatives, they are not expected to contribute to promotion of the sub-fund’s specified environmental and social characteristics.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

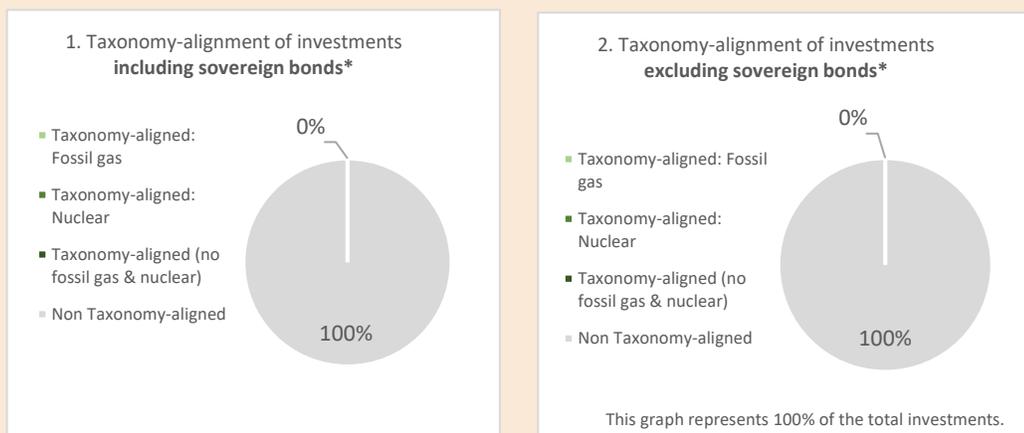
No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

0%.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0%.



**What is the minimum share of socially sustainable investments?**

0%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining portions of the Sub-Fund’s portfolio consist of cash, sovereign debt (including securities issued by the U.S. government or its agencies), commercial mortgage-backed securities, and asset-backed securities. The Sub-Fund may invest in financial derivative instruments for investment and hedging purposes.

The portions of the portfolio that are not subject to the exclusionary screens that promote the specified social and environmental characteristics remain subject to the binding good

governance (sovereign issuances excepted) and ESG integration analysis previously described.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*  
Not applicable.
- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*  
Not applicable.
- *How does the designated index differ from a relevant broad market index?*  
Not applicable.
- *Where can the methodology used for the calculation of the designated index be found?*  
Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

[www.doublelineucits.com](http://www.doublelineucits.com)

## APPENDICES

### **Appendix 1 Investment Restrictions, Use of Financial Derivative Instruments and Investment Techniques**

#### **General Investment Restrictions**

The Company or where a UCITS comprises more than one compartment, each such Sub-Fund or compartment shall be regarded as a separate UCITS for the purposes of this Appendix. The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the Company in respect of each Sub-Fund and the currency of denomination of a Sub-Fund subject to the following restrictions:

- I. (1) The Company may 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 of the European Union which is regulated, operates regularly 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 of the European Union (as acceptable by the Luxembourg supervisory authority including but not limited to any member state of the Organisation for Economic Cooperation and Development ("OECD") Singapore, or any member state of the G20) or dealt in on another market in a non-Member State of the European Union 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 provided for in the constitutional documents of the UCITS;
  - d) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within a year of the issue;
  - e) units of UCITS and/or Other UCI, whether situated in an EU Member State or not, provided that:
    - such Other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be

equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;

- the level of protection for unitholders in such Other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC, as amended;
  - the business of such Other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the Other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or Other UCIs.
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU Member State or if the registered office of the credit institution is situated in a non-EU Member State provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law;
- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Regulated Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
- the underlying consists of instruments covered by this section (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund(s) may invest according to its/their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

and/or

- h) Money Market Instruments other than those dealt in on a Regulated Market and defined in the Glossary, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets; or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority 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 to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (2) In addition, the Company may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to under (1) above.
- II. The Company may hold up to 20% of the net assets of any Sub-Fund in ancillary liquid assets (bank deposits at sight such as cash held in current accounts).
- III. a) (i) The Company will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments issued by the same issuing body.
- (ii) The Company may not invest more than 20% of the total net assets of such Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty

in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) f) above or 5% of its net assets in other cases.

- b) Moreover where the Company holds on behalf of a Sub-Fund investment in Transferable Securities and Money Market Instruments of any issuing body which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph III. a), the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each Sub-Fund:

- investments in Transferable Securities or Money Market Instruments issued by that body,
  - deposits made with that body, or
  - exposures arising from OTC derivative transactions undertaken with that body
- c) The limit of 10% laid down in sub-paragraph III. a) (i) above will be increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- d) The limit laid down in the sub-paragraph III a)(i) may be of a maximum of 25% for **covered bond as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU 2019/2162")**, and for certain debt instruments when they are issued **before 8 July 2022** by a credit institution which has its registered office in the EU and is subject by law, to special public supervision designed to protect unitholders. In particular, sums deriving from the issue of these debt instruments **issued before 8 July 2022** must be invested in accordance with the law, in assets which, during the whole period of validity of the debt instruments, are capable of covering claims attached to said instruments and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of the principal and payment of accrued interest.

If a Sub-Fund invests more than 5% of its assets in the debt instruments referred to in the above

paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Sub-Fund.

- e) The Transferable Securities and Money Market Instruments referred to in paragraphs III. c) and III. d) shall not be included in the calculation of the limit of 40% stated in paragraph III. b) above.

The limits set out in sub-paragraphs a), b) c) and d) may not be aggregated and, accordingly, investments in Transferable Securities and Money Market Instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

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

- f) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member state of the OECD, Singapore or any member state of the G20 or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the total net assets of such Sub-Fund.**

- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- V. The Company may not acquire Shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

Each Sub-Fund may acquire no more than:

- 10% of the non-voting Shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

The limits under the second and third indents 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 provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards Shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), c) and d).

- VI. a) The Company may acquire units of the UCITS and/or Other UCIs referred to in paragraph I. (1) e), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of other UCITS or Other UCI, unless otherwise provided in the Sub-Fund Particular in relation to a given Sub-Fund.

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

For the purpose of the application of the investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

Investments made in units of Other UCIs may not, in aggregate, exceed 30% of the net assets of such Sub-Fund.

- b) The underlying investments held by the UCITS or Other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- c) When the Company invests in the units of other UCITS and/or Other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or Other UCIs.

In respect of a Sub-Fund's investments in UCITS and Other UCIs linked to the Company as described in the preceding paragraph (excluding any performance fee, if any), the total management fee charged to such Sub-Fund itself and the other UCITS and/or Other UCIs concerned shall not exceed 1.5% of the relevant assets. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and Other UCIs in which such Sub-Fund has invested during the relevant period.

- d) Each Sub-Fund may acquire no more than 25% of the units of the same UCITS and/or Other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or Other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.

VII. In compliance with the applicable laws and regulations any Sub-Fund of the Company (hereinafter referred to as a "**Feeder Sub-Fund**") may be authorised to invest at least 85% of its assets in the units of another UCITS or portfolio thereof (the "**Master UCITS**"). A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with II;
- financial derivative instruments, which may be used only for hedging purposes;
- movable and immovable property which is essential for the direct pursuit of its business.

For the purposes of compliance with article 42(3) of the 2010 Law, the Feeder Sub-Fund shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of the first sub-paragraph with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder Sub-Fund investment into the Master UCITS; or
- the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder Sub-Fund investment into the Master UCITS.

A Sub-Fund of the Company may in addition and to the full extent permitted by applicable laws and regulations but in compliance with the conditions set-forth by applicable laws and regulations, be launched or converted into a Master UCITS in the meaning of Article 77(3) of the 2010 Law.

VIII. A Sub-Fund (the "**Investing Sub-Fund**") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund of the Company (each a "**Target Sub-Fund**") without the Company being, subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own Shares; under the condition however that:

- unless otherwise provided in the Sub-Fund Particular, the Investing Sub-Fund may not invest more than 10% of its Net Asset Value in a single Target Sub-Fund; and
- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund (s); and
- the investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) Net Asset Value in UCITS and UCIs; and
- voting rights, if any, attaching to the Shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

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

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in restriction III. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction III.

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 restriction.

- X. a) The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the total net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only as a temporary basis provided that the purchase of foreign currencies by way of back to back loans remains possible;
- b) The Company may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Company from acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) e), g) and h) which are not fully paid.

- c) The Company may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
  - d) The Company may not acquire movable or immovable property.
  - e) The Company may not acquire either precious metals or certificates representing them.
- XI. If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in which the Shares are marketed.

During the first six months following its launch, a new Sub-Fund may derogate from restrictions III., IV. and VI. a), b) and c) while ensuring observance of the principle of risk spreading.

## **Financial Derivative Instruments**

### *A. General*

Each Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, circulars and CSSF positions (the "**Regulations**"), invest in financial derivative instruments for hedging purposes, investment purposes or to provide protection against risks. Financial derivative instruments include, but are not limited to, futures, forwards, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), swaptions and forward foreign currency contracts. New financial derivative instruments may be developed which may be suitable for use by the Company and the Company may employ such financial

derivative instruments in accordance with the Regulations and collateral received will be according to its collateral policy.

The conditions of use and the limits applicable shall in all circumstances comply with the provisions laid down in the 2010 Law, in the rules and regulations of the CSSF and the Prospectus.

Under no circumstances shall these operations cause the Company and its Sub-Funds to diverge from its investment policies and restrictions.

The counterparties to such transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in this type of transaction. The counterparties to such transactions will be financial institutions headquartered in an OECD member state and have directly or at parent-level an investment grade credit rating from an internationally recognised rating agency. Details of the selection criteria and a list of approved counterparties is available at the registered office of the Company/Management Company.

#### *B. Total Return Swaps*

A total return swap is a derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty. A Sub-Fund may use total return swap instruments if specifically foreseen in the relevant Sub-Fund Particular. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of the Sub-Fund's investment portfolio or over the underlying of the total return swap.

When a Sub-Fund may invest in total return swaps, the underlying assets and investment strategies to which exposure will be gained are described in the relevant Sub-Fund's investment policy.

The risk of counterparty default and the effect on investors' returns are described under section 4. "Risk considerations" in the general part of the Prospectus.

All revenues arising from total return swaps, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund concerned.

In particular, fees and cost may be paid to the relevant counterparty and other intermediaries providing services in connection with total return swaps as normal compensation of their services. Information on direct and indirect operational costs and fees that may be incurred in this respect, the identity of the entities to which such costs and fees are paid as well as any relationship they may have with the Management Company or the Investment Manager will be available in the annual report of the Company.

## **Use of techniques and instruments relating to transferable securities and money market instruments**

Each Sub-Fund must comply with the Grand Ducal Regulations of 2008 and the requirements of ESMA Guidelines 2014/937 adopted by ESMA concerning ETFs and other UCITS issues as also specified within CSSF Circular 14/592 amending and/or supplementing the existing rules governing OTC derivative instruments, efficient portfolio management techniques and the management of collateral received in the context of such instruments and techniques.

### *General*

The Company may employ the following techniques and instruments related to Transferable Securities and money market instruments provided that such techniques or instruments are considered by the Board of Directors as economically appropriate to the efficient portfolio management of the Company in accordance with the investment objectives of each Sub-Fund.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in the Sub-fund specific text in this Prospectus. Such techniques and instruments may be used by any Sub-Fund for the purpose of generating additional capital or income or for reducing costs or risk, to the extent permitted by and within the limits set forth in (i) article 11 of the Grand Ducal Regulation of 2008, (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments, (iii) CSSF Circular 14/592 and (iv) any other applicable laws and regulations.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to in restriction III. above.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund concerned.

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

The counterparties to such transactions will be financial institutions headquartered in an OECD member state and have directly or at parent-level an investment grade credit rating from an internationally

recognised rating agency. Details of the selection criteria and a list of approved counterparties is available at the registered office of the Company/Management Company.

The Sub-Fund will not enter into the following securities financing transactions ("SFT") in accordance with the definitions described in the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse as amended from time to time ("SFTR"):

- Buy-sell back/sell-buy back transactions;
- The securities financing transactions pertaining to repurchase and reverse repurchase agreements;
- Securities lending;
- Margin lending.

In case the Company decides to use any of the abovementioned SFTs, the Prospectus will be updated accordingly.

### **Management of collateral and collateral policy**

#### *General*

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

#### *Eligible collateral*

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

- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (b) It should be valued mark-to-market on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Fund's Net Asset Value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such event, the relevant Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value;
- (e) It should be capable of being fully enforced by the relevant Sub-Fund at any time without reference to or approval from the counterparty;
- (f) Where there is a title transfer, the collateral received will be held by the Depositary or a sub-custodian. For other types of collateral arrangement, the collateral will be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Subject to the abovementioned conditions, collateral received by the Sub-Funds may consist of cash and negotiable debt obligations issued by the U.S. Treasury Department ("**Treasury Securities**").

Cash collateral received shall only be:

- placed on deposit with entities prescribed in the 2010 Law;
- invested in high-quality government bonds;
- invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. In case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund concerned, or (iii) yield a sum less than the amount of collateral to be returned.

#### *Level of collateral*

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

### *Haircut policy*

In line with market practice, Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Company for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Company under normal and exceptional liquidity conditions. No haircut will generally be applied to cash collateral.

The below haircuts for collateral are applied. The Company reserves the right to vary this policy at any time. In such case, the Prospectus will be updated accordingly.

<b>Eligible Collateral</b>	<b>Haircut</b>
Cash (USD)	0%
Negotiable debt obligations issued by the U.S. Treasury Department (" <b>Treasury Securities</b> ") having a remaining term to maturity of less than 1 year (AA or higher)	0.75%
Treasury Securities having a remaining term to maturity of 1 year or greater but less than 5 years (AA or higher)	2%
Treasury Securities having a remaining term to maturity of 5 years or greater but less than 10 Years (AA or higher)	3%
Treasury Securities having a remaining term to maturity of 10 years or greater (AA or higher)	7%