# JKC FUND

Société d'Investissement à Capital Variable
Luxembourg

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**Sub-Fund "LA FRANÇAISE JKC China Equity"**
**Sub-Fund "LA FRANÇAISE JKC Asia Equity"**

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**Prospectus** **January 2022**

# INTRODUCTION

**JKC FUND** (the "Fund") is an open-ended investment company organized under the laws of the Grand Duchy of Luxembourg as a "*Société d'Investissement à Capital Variable*".

The Fund is offering shares (the "Shares") of one or several separate sub-funds (individually a "Sub-Fund", collectively the "Sub-Funds") on the basis of the information contained in this prospectus (the "Prospectus") and in the documents referred to herein. No person is authorised to give any information nor to make any representations concerning the Fund other than as contained in the Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Prospectus shall be solely at the risk of the purchaser. Neither the delivery of the Prospectus nor the offer, sale or issue of Shares shall under any circumstances constitute a representation that the information given in the Prospectus is correct as at any time subsequent to the date hereof. An Addendum or updated Prospectus shall be provided, if necessary, to reflect material changes to the information contained herein.

The distribution of the Prospectus is not authorised unless it is accompanied by the most recent annual and semi-annual reports of the Fund, if any. Such report or reports are deemed to be an integral part of the Prospectus.

The Shares to be issued hereunder may be of several different classes which relate to several separate Sub-Funds of the Fund. For each Sub-Fund, the board of directors of the Fund (the "Board of Directors") may decide at any time to issue different classes of Shares (individually a "Class", collectively the "Classes") whose assets will be invested jointly according to the Sub-Fund's specific investment policy, but with specific features applicable to each class of Shares. Shares of the different Sub-Funds may be issued, redeemed and converted at prices computed on the basis of the net asset value (the "Net Asset Value") per Share of the relevant Class or Sub-Fund, as defined in the Articles of Incorporation of the Fund (the "Articles").

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Fund is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose which Sub-Fund best suits their specific risk and return expectations as well as their diversification needs.

The Fund currently offers two Sub-Funds:

- LA FRANÇAISE JKC China Equity
- LA FRANÇAISE JKC Asia Equity

The Board of Directors may, at any time, create additional Sub-Funds, whose investment objectives may differ from those of the other Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly. The same applies in case of creation of classes of Shares.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to

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

**Luxembourg** - The Fund is subject to Part I of the Luxembourg law of 17 December 2010 concerning undertakings for collective investment, as may be amended from time to time (the "Law of 2010"). However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorised and unlawful.

**European Union ("EU")** - The Fund is an Undertaking for Collective Investment in Transferable Securities ("UCITS") for within the meaning of the Council Directive 2009/65/EC, as amended (the "UCITS Directive") and the Board of Directors of the Fund proposes to market the Shares in accordance with the UCITS Directive in certain Member States of the EU. Its marketing is authorised in Luxembourg and in other countries of the EU. A list of the registrations countries is available, free of charge, at the registered office of the Management Company; its Shares may be offered and sold in all of these countries. No steps have been taken to allow the public offering of the Shares in any other jurisdiction in which such measures would be necessary. In short, prior to any subscription in a country in which the Fund is registered, prospective investors should check the Sub-Funds and Classes that are authorised to be marketed; they should also check the existence of any legal and foreign exchange constraints on the subscription, purchase, holding or sale of Shares of the Fund. Investors are specifically advised to check the costs and other charges that may be invoiced by any paying agent situated in a jurisdiction in which the Shares are offered and who carries out any subscription or redemption transaction.

**United States of America ("USA")** - The Shares have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"); they may therefore not be publicly offered or sold in the USA, or in any of its territories subject to its jurisdiction or to or for the benefit of a U.S. Person as such expression is defined by Article 10 of the Articles and hereinafter.

The Shares are not being offered in the USA, and may be so offered only pursuant to an exemption from registration under the 1933 Act, and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Fund been registered under the Investment Company Act of 1940, as amended (the "1940 Act"). No transfer or sale of the Shares shall be made unless, among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws or is made pursuant to an effective registration statement under the 1933 Act and such state securities laws and would not result in the Fund becoming subject to registration or regulation under the 1940 Act. Shares may furthermore not be sold or held either directly by nor to the benefit of, among others, a citizen or resident of the USA, a partnership organized or existing in any state, territory or possession of the USA or other areas subject to its jurisdiction, an estate or trust the income of which is subject to United States federal income tax regardless of its source, or any corporation or other entity organized under the laws of or existing in the USA or any state, territory or possession thereof or other areas subject to its jurisdiction (a "U.S. Person"). All purchasers must certify that the beneficial owner of such Shares is not a U.S. Person and is purchasing such Shares for its own account, for investment purposes only and not with a view towards resale thereof.

The present document may not be introduced, transmitted nor distributed in the USA (including their territories or possessions), or handed over to US citizens or residents, nor to companies, associations or other entities registered in the USA or governed by the laws of the USA and any US person that would fall within the ambit of the Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act enacted in March 2010 US Foreign Account Tax Compliance Act.

The Articles give powers to the Board of Directors of the Fund to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Fund are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Fund incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above. The Fund may compulsorily redeem all Shares held by any such person.

The value of the Shares may fall as well as rise and a shareholder on transfer or redemption of Shares may not get back the amount he or she initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and reliefs from, taxation may change. There can be no assurance that the investment objectives of the Fund will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, conversion, redemption or disposal of the Shares of the Fund.

All references in the Prospectus to "USD" are to the legal currency of the United States of America.

All references in the Prospectus to "EUR" are to the legal currency of the European Union Member States participating to the Economic Monetary Union.

All references in the Prospectus to "HK$" are to the legal currency of Hong Kong.

All references in the Prospectus to "Business Day" refer to any day on which banks are open for business in Luxembourg City.

Shares of the various Sub-Funds must be subscribed solely on the basis of the information contained in the Prospectus and the Key Investor Information Document ("KIID"). The KIID is a pre-contractual document that contains key information for investors. It includes appropriate information about the essential characteristics of each Class of a particular Sub-Fund.

If you are considering subscribing for Shares, you should first read the KIID carefully together with the Prospectus and its appendices, which include in particular information on the various Sub-Funds' investment policies, and you should also consult the Fund's last published annual and semi-annual reports, copies of which are available from the following internet site www.fundsquare.net, from local agents, if any, or from the entities marketing the Shares and may be obtained upon request, free of charge, at the Fund's registered office.

**Data protection**

Certain personal data of investors (including, but not limited to, the name, address and invested amount of each investor) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Fund, the Depositary, the Administrative Agent, the Registrar and Transfer Agent, the Domiciliary and Corporate Agent and any other person who provides services to the Fund from time to time and the financial intermediaries of such investors. In particular, such data may be processed for the purposes of account and distribution fee administration, anti-money laundering and terrorism financing identification, maintaining the register of shareholders, processing subscription, redemption and conversion orders (if any) and payments of dividends to shareholders and to provide client-related services, tax identification, and the case may be by virtue of the savings directive or for compliance with the Foreign Account Tax Compliance Act. Such information shall not be passed on to any unauthorised third persons.

The Fund may sub-contract to another entity (the "Processor") (such as the Administrative, Registrar and Transfer Agent) the processing of personal data. The Fund undertakes not to transfer personal data to any third parties other than the Processor except if required by law or on the basis of a prior consent of the shareholders.

The Fund may be required as part of its compliance with the Foreign Account Tax Compliance Act to disclose to the US tax authorities via the Luxembourg tax authorities personal information related to specified US persons, non-participating foreign financial institutions (FFIs), and passive non-financial foreign entities (NFFEs) with one or more controlling person that is a specified US person.

Each shareholder has a right of access to his/her/its personal data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

By subscribing to the Shares, each investor consents to such processing of its personal data.

**Benchmark Regulation**

Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation") came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all benchmark administrators providing indices which are used or intended to be used as benchmarks in the EU to be authorized or registered by the competent authority. In respect of the Sub-Funds, the Benchmark Regulation prohibits the use of benchmarks unless they are produced by an EU administrator authorized or registered by the European Securities and Markets Authority ("ESMA") or are non-EU benchmarks that are included in ESMA's public register under the Benchmark Regulation's third country regime.

Unless otherwise stated in Part B of the Prospectus with respect to a specific Sub-Fund, the Benchmarks used by the Sub-Fund are, as at the date of this Prospectus, provided by benchmark administrators who benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear yet on the public register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. EU benchmark administrators should apply for authorization or registration as an administrator under Benchmark Regulation before 1 January 2020. Updated information on the public register maintained by the ESMA should be available by 1 January 2020 at the latest. Benchmark

administrators located in a third country must comply with the third country regime provided for in the Benchmark Regulation.

The Management Company makes available a written plan setting out the actions that will be taken in the event of the benchmarks materially changing or ceasing to be provided, on request and free of charges at its registered office in Luxembourg.

**Sustainability-related disclosures**

Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended ("SFDR") governs the transparency requirements regarding the integration of sustainability risks into investment decisions, the consideration of adverse sustainability impacts and the disclosure of environment, social, and governance ("ESG") and sustainability-related information.

Sustainability risk means the occurrence of an ESG event or condition that could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment.

Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

In the area of climate change, the issuers are mainly subject to two types of risks: physical risks resulting from the damages directly caused by meteorological events and transition risks related to the effects of the implementation of a low-carbon economic model (i.e. legal evolutions, regulatory and political changes, changes in supply and demand, technological innovations and disruption, as well as the perception of clients and stakeholders as to their contribution to the transition. Biodiversity-related risks are not assessed due to a lack of data and an established methodology).

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

The Management Company and the Investment Manager integrate sustainability risks and opportunities into their research, analysis and investment decision-making processes in order to enhance their ability to manage risk more comprehensively and generate sustainable, long-term returns for investors.

The Management Company is of the view that in the short and medium term, it is mainly the transition risks that could affect investors. If, however, the rise in temperature were to be significant, the physical risks would become predominant.

The transition risks linked to the market or to the technology are latent but could materialise very quickly. The legal, economic and political risks linked, for example, to the implementation of a carbon tax or a carbon price should materialise more gradually.

The intrinsic characteristics of these risks - long-term, non-probability and without history - are often difficult to reconcile with standard investment processes that are based on probabilities established from the past.

Sustainability risks are assessed for the portfolios of each Sub-Fund and are integrated into the investment-decision process according to the probability of the occurrence of such sustainability risks. To limit the sustainability risks, the Management Company has established an exclusion policy which excludes sectors which are the most likely to create risks linked to environmental factors. In the mid-to-long term, the returns may most be affected by the transition risks.

Further information regarding the inclusion of ESG criteria in the investment policy applied by the Investment Manager, charter on sustainable investment, climate and responsible strategy report, engagement and exclusion policy, can also be found online by visiting the corporate website at the following address:

Management Company's website: https://www.la-francaise.com/fr/nous-connaitre/nos-expertises/linvestissement-durable
JK Capital Management Limited: https://jkcapitalmanagement.com/sustainable-investment/

As of the date of this Prospectus, all the Sub-Funds promote environmental and social characteristics within the meaning of Article 8 of the European (EU) 2019/2088 on SFDR.

**Regulation (EU) 2020/852 “Taxonomy"**

The European Union’s Taxonomy aims to identify economic activities that are considered as being environmentally sustainable. The Taxonomy identifies these activities according to their contribution to six major environmental objectives:
• Climate change mitigation,
• Climate change adaptation,
• Sustainable use and protection of water and marine resources,
• Transition to a circular economy (waste, prevention and recycling),
• Pollution prevention and control
• Protection and restoration of biodiversity and ecosystems.

Currently, technical screening criteria have been developed for certain economic activities that can contribute substantially to two of these objectives: climate change mitigation and climate change adaptation. These criteria are currently awaiting publication in the Official Journal of the European Union. The data presented below therefore reflect only the alignment with these two objectives, on the basis of the non-definitively published criteria, as submitted to the European co-legislators. We will update this information in the event of changes to these criteria, the development of new review criteria for these two objectives, as well as the entry into force of the criteria for the other four environmental objectives: the sustainable use and protection of water and marine resources; the transition to a circular economy, the pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

To be considered sustainable, an economic activity must demonstrate that it contributes substantially to one or more of the 6 environmental objectives, while not significantly harming

any of the other environmental objectives (the so-called DNSH principle, "Do No Significant Harm").
To be considered aligned with the European Taxonomy, the activity must also respect the human and social rights guaranteed by international law.

## DIRECTORY

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| Board of Directors: | |
| *Chairman* | Mr. Fabrice Jacob, founder and CEO, JK Capital Management Ltd |
| *Directors* | Mr Laurent Jacquier-Laforge, La Française Asset Management. |
| | Ms. Sabrina Hui Ren, partner and Portfolio Manager, JK Capital Management Ltd. |
| Registered Office: | 60, Avenue J.F. Kennedy, L-1855 Luxembourg |
| Depositary: | BNP Paribas Securities Services, Luxembourg Branch<br>60, Avenue J.F. Kennedy, L-1855 Luxembourg |
| Domiciliary and Corporate Agent, Administrative Agent, Paying Agent, Registrar and Transfer Agent: | BNP Paribas Securities Services, Luxembourg Branch<br>60, Avenue J.F. Kennedy, L-1855 Luxembourg |
| Auditors: | Deloitte Audit<br>20, Boulevard de Kockelscheuer, L-1821 Luxembourg |
| Management Company: | La Française Asset Management<br>128 boulevard Raspail, 75006 Paris |
| Investment Manager: | JK Capital Management Ltd.<br>Suite 1101, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong |
| Hedging Manager: | BNP Paribas Securities Services, Luxembourg Branch<br>60, Avenue J.F. Kennedy, L-1855 Luxembourg |

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# PART A: FUND INFORMATION

# INVESTMENT OBJECTIVES, POLICIES, TECHNIQUES AND INVESTMENT RESTRICTIONS

## I. INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to manage the assets of each Sub-Fund for the benefit of its shareholders within the limits set forth under chapter II "Investment Restrictions" herebelow. In order to achieve the investment objective, the assets of each Sub-Fund will be invested in transferable securities or other eligible assets permitted by law.

Each Sub-Fund may (a) use financial derivative instruments for investment, hedging and efficient portfolio management purposes, and (b) exploit the techniques and instruments relating to transferable securities and money market instruments for the purpose of efficient portfolio management, under the conditions and within the limits laid down by law, regulation and administrative practice, as well as under chapters II "Investment Restrictions" and III "Techniques and instruments relating to transferable securities and money market instruments" herebelow.

Each Sub-Fund shall ensure that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio. Global exposure is a measure designed to limit the leverage generated by each Sub-Fund through the use of financial derivative instruments. In order to calculate global exposure, each Sub-Fund will use the commitment approach, thereby aggregating the market value of the equivalent position of underlying assets.

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

The investment policies and structure applicable to the various Sub-Funds and Classes created by the Board of Directors are described hereinafter in Part B of the Prospectus. If further Sub-Funds and Classes are created the Prospectus will be updated accordingly.

## II. INVESTMENT RESTRICTIONS

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments of each Sub-Fund, the reference currency of each Sub-Fund and the course of conduct of the management and business affairs of the Fund.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund in Part B of the Prospectus, the investment policy shall comply with the rules and restrictions laid down hereafter.

The Fund or where a UCITS comprises more than one compartment, each Sub-Fund or compartment shall be considered as a separate UCITS for the purpose of the present section.

For best understanding, the following concepts are defined hereafter:

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| **China or Mainland China** | The People's Republic of China (excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) |
| **Group of Companies** | Companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Directive 2013/34/EU of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings |
| **Member State** | Member State as defined in the Law of 2010 |
| **MiFID** | Directive 2014/65/EU on markets in financial instruments and Regulation EU 600/2014 on markets in financial instruments and any EU or Luxembourg implementing laws and regulations. |
| **Money Market Instruments** | Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time |
| **Other Regulated Market** | Market which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency; (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that state or by that public authority such as a professional association; and (iv) on which the securities dealt are accessible to the public |
| **Other State** | Any State of Europe which is not a Member State, and any State of America, Africa, Asia, Australia and Oceania |
| **Reference Currency** | Currency denomination of the relevant Class or Sub-Fund |

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| **Regulated Market** | A regulated market as defined under MiFID, namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with nondiscretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of MiFID |
| **Regulatory Authority** | The Commission de Surveillance du Secteur Financier or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg |
| **Transferable Securities** | - Shares and other securities equivalent to shares;<br>- bonds and other forms of securitized debt (debt securities);<br>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchanges, with the exclusion of techniques and instruments |
| **UCI** | Undertaking for collective investment. |

## A. Investments in the Sub-Funds may consist solely of:

(1) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;

(2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State;

(3) Transferable Securities and Money Market Instruments admitted to official listing or dealt in on an Other Regulated Market in an Other State;

(4) 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 or on an Other Regulated Market as described under (1)-(3) above;

- such admission is secured within one year of issue;

(5) units of UCITS authorized according to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1, paragraph (2) of Directive 2009/65/EC, whether situated in a Member State or in an Other State, provided that:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured; UCIs that have been authorised under the laws of any Member State, of any member state of the Organization for Economic Cooperation and Development or under the laws of Bermuda, Hong Kong, Guernsey, Jersey, the Isle of Man, Liechtenstein and Singapore are deemed to be subject to equivalent supervision. Such list is however subject to change from time to time.

- the level of protection for unitholders in the 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;

- the business of the 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 management regulations or instruments of incorporation be invested in aggregate in units of other UCITS or other UCIs;

(6) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in Community law;

(7) financial derivative instruments, such as, but not limited to, options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

(i) the underlying assets consist of instruments covered by this Section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;

- the counterparties to OTC derivative transactions are credit institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority; and

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

(ii) under no circumstances shall these operations cause the Fund to diverge from its investment objectives;

(8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself 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 a Member State, the European Central Bank, the EU or the European Investment Bank, an

  Other State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or

- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above; or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory 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 Regulatory 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 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 securitization vehicles which benefit from a banking liquidity line.

**B. Each Sub-Fund may however:**

(1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through (4) and (8).

(2) Hold cash and cash equivalents on an ancillary basis.

Notwithstanding the above provision and if justified by exceptional market conditions, the Sub-Funds may invest up to 100% of their net assets in cash and cash equivalents, term deposits, debt securities and money market instruments dealt in on a Regulated Market and whose maturity does not exceed 12 months, monetary UCITS and UCIs, provided that sufficient diversification (duration, counterparty, …) is ensured. In general terms, the Sub-Funds will then comply with the investment restrictions and the principle of risk spreading set forth under this chapter. There is no restriction as to the currency of these securities and instruments. Term deposits and liquid assets may not exceed 49% of the Sub-Funds' net assets; term deposits and liquid assets held by any counterparty including the Depositary may not exceed 20% of the Sub-Funds' net assets.

(3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.

(4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Fund shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described under (1) to (5) and (8) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple sub-funds where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules described under items (1) to (5), (7) to (9) and (12) to (14) hereunder.

- ***Transferable Securities and Money Market Instruments***

(1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:

(i) upon such purchase more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of one single issuer; or

(ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

(2) A Sub-Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued within the same Group of Companies.

(3) The limit of 10% set forth above under (1)(i) may be increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).

(4) The limit of 10% set forth above under (1)(i) may be increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.

(5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1) (ii).

(6) **Notwithstanding the ceilings set forth above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable**

**Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any other Member State of the Organization for Economic Cooperation and Development ("OECD") or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.**

(7) Without prejudice to the limits set forth hereunder under (b), the limits set forth in (1) may be raised to a maximum of 20% for investments in shares and/or debt securities issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognized by the Regulatory Authority, on the following basis:

- the composition of the index is sufficiently diversified,

- the index represents an adequate benchmark for the market to which it refers,

- it is published in an appropriate manner.

The limit of 20% may be raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

(8) A Sub-Fund may not invest more than 20% of its assets in deposits made with the same body.

- ***Financial Derivative Instruments***

(9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in A (6) above or 5% of its net assets in other cases.

(10) Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in (1) to (5), (8), (9), (13) and (14). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in (1) to (5), (8), (9), (13) and (14).

(11) When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of (A) (7) (ii) and (D) (1) above as well as with the risk exposure and information requirements laid down in the Prospectus.

- ***Units of Open-Ended Funds***

(12) No Sub-Fund may invest more than 20% of its assets in the units of a single UCITS or other UCI.

For the purpose of the application of this limit, each compartment of a UCITS or 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 UCIs other than UCITS may not in aggregate exceed 30% of the net assets of the relevant Sub-Fund.

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

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

- ***Combined limits***

(13) Notwithstanding the individual limits laid down in (1), (8) and (9) above, a Sub-Fund may not combine, where this would lead to investment of more than 20% of its net assets in a single issuer, any of the following:

- investments in Transferable Securities or Money Market Instruments issued by that body,

- deposits made with that body, and/or

- exposures arising from OTC derivative transactions undertaken with that body.

(14) The limits set out in (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of the Fund.

**(b) Limitations on Control**

(15) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable the Fund to exercise a significant influence over the management of the issuer.

(16) The Fund may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCI.

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

The ceilings set forth above under (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;

- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;

- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s);

- Shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under C, items (1) to (5), (8), (9) and (12) to (16); and

- Shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

**D. In addition, the Fund shall comply in respect of its net assets with the following investment restrictions per instrument:**

(1) Each Sub-Fund shall ensure that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

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

(2) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Sub-Fund.

**E. Finally, the Fund shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

(1) No Sub-Fund may acquire commodities or precious metals or certificates representative thereof.

(2) No Sub-Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(3) No Sub-Fund may use its assets to underwrite any securities.

(4) No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund.

(5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in non fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).

(6) The Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A, items (5), (7) and (8).

**F. Notwithstanding anything to the contrary herein contained:**

(1) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio.

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

While ensuring observance of the principle of risk spreading, the Fund may derogate to the limits set forth above for a period of 6 months following the date of its authorisation.

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

## III. TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

Unless otherwise provided in the investment policies of the Sub-Funds, the Fund will not use "securities financing transactions" and/or invest in "total return swap", as these terms are defined by the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse.

If any Sub-Fund would intend to use such "securities financing transactions" and/or invest in "total return swap", the Prospectus will be updated.

Save as otherwise described in the investment policy of any Sub-Fund under the related section "Investment Restrictions" in Part B of the Prospectus, the Fund may employ the techniques and instruments available in the context of securities investments for the purpose of efficient asset management such as securities lending and borrowing, repurchase agreements, reverse repurchase agreements and "réméré" transactions, under the conditions and within the limits laid down by the law, regulation and administrative practice, and in accordance with the CSSF Circular 14/592 relating to the Guidelines of the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues (ESMA/2014/937) and as described hereafter.

The risk exposure to a counterparty to securities lending transactions and borrowing, sale with right of repurchase and/ or reverse repurchase and repurchase transactions must be taken into account when calculating the combined limit of maximum 20% of the net assets of each Sub-Fund in a single issuer as set forth in II. Investment Restrictions, Section C (13). Each Sub-Fund may take into account a guarantee conforming to the requirements set out under Section C. below in order to reduce the counterparty risk in securities lending and borrowing, in sale with right of repurchase and/or reverse repurchase and repurchase transactions.

### A. Securities lending and borrowing

Each Sub-Fund may enter into securities lending and borrowing transactions subject to the following restrictions:

- Each Sub-Fund may only lend securities through a standardised lending system organised by a recognised clearing institution or through a financial institution that are subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those prescribed by Community law and specialised in this type of transactions.

  Each borrower must also be subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those prescribed by Community law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement.

- As the Sub-Funds are open-ended, each Sub-Fund must be in a position to terminate outstanding loans and to recall securities lent out at all times. Should this not be the case, each Sub-Fund must ensure that securities lending transactions will be maintained at a level such that it is, at all times, able to meet its obligations to redeem Shares.

- Each Sub-Fund must receive, previously or simultaneously to the transfer of securities lent, a guarantee which complies with the requirements expressed under Section C. below. At maturity of the securities lending transaction, the guarantee will be remitted simultaneously or subsequently to the restitution of the securities lent.

- Each Sub-Fund may borrow securities only under the following specific circumstances in connection with the settlement of a sale transaction: (a) during a period over which the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time; and (c) to avoid a failed settlement when the Depositary fails to make delivery.

**B. Repurchase agreements, reverse repurchase agreements and "réméré" transactions**

- Each Sub-Fund may enter into "réméré" transactions which consist in the purchase and sale of securities with a clause reserving the seller the right to repurchase from the buyer the securities sold at a price and term specified by the two parties in a contract.

- Each Sub-Fund may enter into repurchase agreements or reverse repurchase agreements which consist in the purchase and sale of securities with a simultaneous agreement to repurchase from the buyer the securities sold at a price and term specified by the two parties in a contract.

- Each Sub-Fund may act either as buyer or seller in "réméré" transactions, repurchase agreements or reverse repurchase agreements.

- Each Sub-Fund may only enter into "réméré" transactions, repurchase agreements or reverse repurchase agreements with financial institutions subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those prescribed by Community law.

- Securities which are delivered to each Sub-Fund under a "réméré" transaction, a repurchase agreement or a reverse repurchase agreement may belong to any of the following categories of eligible assets:

- Short-term bank certificates or Money Market Instruments as set forth under II. A. (1) to (4) and (8), or
- Bonds issued and/or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings of a community, regional or worldwide nature, or
- Bonds issued by non-governmental issuers offering an adequate liquidity, or
- Shares or units of other money-market UCIs, provided that their net asset value is calculated daily and that such investment funds have a triple-A rating or any other form of rating considered as equivalent, or
- Equities admitted to official listing or negotiated on a Regulated Market of a Member State of the European Union or on a stock exchange of a Member State of the OECD on the conditions that these equities are included in a main index.

- During the life of a "réméré" transaction, a repurchase agreement or a reverse repurchase agreement, and where the Sub-Fund acts as a buyer, it may not sell or pledge/give as guarantee the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the term of the contract has expired.

- As the Sub-Funds are open-ended, each Sub-Fund must ensure that the value of purchased securities subject to a repurchase obligation or under a "réméré" transaction will be maintained at a level such that it is, at all times, able to meet its obligations to redeem Shares.

- Securities which are delivered to each Sub-Fund under a "réméré" transaction, a repurchase agreement or a reverse repurchase agreement must belong to one of the categories of assets eligible for investment by each Sub-Fund as per chapter II A hereabove and Part B of the Prospectus. When complying with the investment restrictions defined under chapter II C hereabove, each Sub-Fund will take into consideration securities held directly or through "réméré" transactions, repurchase agreements or reverse repurchase agreements.

**C. Collateral management**

As part of securities lending transactions or when entering into "réméré" transactions or repurchase agreements and reverse repurchase agreements, each Sub-Fund must receive collateral, the value of which must at the conclusion of and constantly during the contract be at least equal to 90% of the value of securities lent and of the counterparties' risk exposure.

In accordance with the ESMA's Guidelines for competent authorities and UCITS management companies (ESMA/2014/937), collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the Fund's net asset value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the 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. The

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 Fund's net asset value.

The collateral must be blocked in favour of the Fund and must be given in the form of either:

(a) Cash, other acceptable forms of liquid assets and Money Market Instruments as set forth under chapter II A (1) to (4) and (8) hereabove, or

(b) bonds issued and/or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings of a community, regional or worldwide nature, or

(c) bonds issued or guaranteed by first-class issuers offering an adequate liquidity, or

(d) equities admitted to official listing or negotiated on a Regulated Market of a Member State of the European Union, Switzerland, Canada, Japan or the United States and which are included in a main index, or

(e) shares or units of other money-market UCIs, provided that their net asset value is calculated daily and that such investment funds have a triple-A rating or any other form of rating considered as equivalent, or

(f) shares or units of other UCITS, provided that such investment funds invest primarily in instruments listed under (c) and (d) hereabove.

The Fund reserves the right to re-invest the collateral received in the form of cash in any of the following assets:

(a) short-term bank deposits, or

(b) Money Market Instruments as set forth under chapter II A (1) to (4) and (8) hereabove, or

(c) Short-term bonds issued and/or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature, or

(d) Bonds issued or guaranteed by first-class issuers offering an adequate liquidity, or

(e) Reverse repurchase agreement transactions as described hereabove, or

(f) Shares or units of other money-market UCIs, provided that their net asset value is calculated daily and that such investment funds have a triple-A rating or any other form of rating considered as equivalent.

**D. Collateral and haircut policy**

In addition to the above mentioned provisions, collateral received by the Fund to reduce counterparty risk exposure shall be limited to cash.

| Asset Class | Currency | Valuation percentage |
|---|---|---|
| Cash | EUR - USD - GBP | 100% |

Cash collateral shall only be re-invested in short term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds".

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral (i.e. 20% per issuer) according to "ESMA Guidelines for competent authorities and UCITS management companies".
In the event that the Fund (or any of its Sub-Fund(s)) receives collateral for at least 30% of the net assets, a stress testing policy may be implemented to ensure that regular stress tests are carried out under normal and exceptional liquidity conditions in order to allow it to assess the liquidity risk attached to the relevant collateral.

The liquidity stress testing policy should at least prescribe the following:

a) design of stress test scenario analysis including calibration, certification & sensitivity analysis;
b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
c) reporting frequency and limit/loss tolerance threshold/s; and
d) mitigation actions to reduce loss including haircut policy and gap risk protection.

## MANAGEMENT COMPANY

The Fund is managed by the Board of Directors which has the overall responsibility for the management and administration of the Fund, its Sub-Funds and Classes, for authorising the establishment of Sub-Funds and Classes, and for setting and monitoring their investment policies and restrictions.

For the implementation of the investment policy of each Sub-Fund and the management of their assets, the administration and the marketing of the Fund, the Board of Directors has appointed a management company. LA FRANCAISE ASSET MANAGEMENT (the "Management Company") has been appointed as management company pursuant to a novation agreement dated 1 October 2019 which aims to replace La Française AM International with La Française Asset Management.

The Management Company was incorporated on 13 October 1978 in France as a simplified joint stock company, registered with the Paris Trade and Companies Register under number 314 024 019, approved by the French Financial Markets Authority on 1 July 1997 under number GP 97076. Its corporate capital amounts to seventeen million six hundred ninety-six thousand six hundred seventy-six euros (EUR17,696,676). Its registered office is at 128, boulevard Raspail, 75006 Paris. The main purpose of the Management Company is the management of UCITS and other UCIs including the investment management, the administration and the marketing of UCITS and other UCIs.

For the purpose of a more efficient conduct of its duties, the Management Company may delegate to third parties, on its behalf and under its responsibility, the power to carry out one or more of its functions. If one or more of the Management Company’s functions are so delegated, it will be specified in Part B of the Prospectus.

Its Supervisory Board is composed as follows:

- Mr Patrick Riviere (Chairman)

- Ms Pascale Auclair
- Caisse Fédérale du Crédit Mutuel Nord Europe

Its Executive Board is composed as follows

- Mr Jean-Luc Hivert (Chairman)
- Mr Joel Konop
- Mr Laurent Jacquier-Laforge
- Mr Philippe Lecomte
- Mr Philippe Lestel
- Mr Franck Meyer

## THE SHARES

The Fund may issue Shares of different Classes reflecting the various Sub-Funds which the Board of Directors may decide to open. Within a Sub-Fund, classes of Shares may be defined from time to time by the Board of Directors so as to correspond to (i) a specific distribution policy, such as entitling to distributions or not entitling to distributions, and/or (ii) a specific sales and redemption charge structure, and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific distribution fee structure, and/or (v) specific types of investors entitled to subscribe the relevant classes of Shares, and/or (vi) a specific currency, and/or (vii) any other specific features applicable to one Class.
The availability of such classes of Shares in each Sub-Fund shall be disclosed in Part B of the Prospectus for each Sub-Fund individually.

Shares in any Sub-Fund may be issued on a registered or bearer dematerialized basis at the request of the shareholders, provided however that the Board of Directors may decide in relation to one or several Sub-Fund(s) to issue only registered Shares. This will be indicated in the specific information concerning the relevant Sub-Fund(s) contained in Part B of the Prospectus.

The inscription of the shareholder's name in the register of shareholders evidences his or her right of ownership of such registered Shares.

Unless a Share certificate is requested, a holder of registered Shares shall receive a written confirmation of his or her shareholding.

According to the Luxembourg Law of 28 July 2014 on mandatory deposit and immobilisation of bearer shares and units, a holder of bearer dematerialized Shares will have to deposit its Shares on a securities account in the name of its beneficiary with a depositary bank in Luxembourg, who is subject to the general obligations under the legislation on the combat against money laundering and terrorism financing (AML/CTF).

A holder of bearer dematerialized Shares requesting the exchange of his or her Shares for registered Shares or a holder of registered Shares requesting the exchange of his or her registered Shares for bearer dematerialized Shares shall bear the costs for such exchange.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Fund to whatever Sub-Fund it belongs is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

Fractional registered Shares may be issued to one thousandth of a Share, and such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the Shares in the relevant Sub-Fund on a pro rata basis.

If the Shares of a Sub-Fund are listed on the Luxembourg Stock Exchange, it will be specified in Part B of the Prospectus.

**Hedged Share Classes**

The Fund may issue currency hedged Share Classes which aim to hedge the currency exposure of Share Classes denominated in currencies different to the reference currency of the relevant Sub-Fund in order to attempt to mitigate the effect of fluctuations in the exchange rate between the currency of such Class and the reference currency of the Sub-Fund.

The Fund may also issue portfolio hedged Share Classes which aim to hedge the currency exposure of Shares of the Share Classes against the currency or currencies in which the underlying assets of the relevant Sub-Fund are denominated in order to reduce the currency exposure between the reference currency of such Class and the currency exposure of the underlying assets of the relevant Sub-Fund.

Any fees relating to the hedging strategy will be borne by the relevant hedged Share Class. Any gains or losses from the currency hedging shall accrue to the relevant hedged Share Class.

Over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the Management Company, however, over-hedged positions will not be permitted to exceed 105% of the net asset value of the hedged Share Classes and under-hedged positions will not, under normal circumstances, usually fall below 95% of the net asset value of the hedge Share Classes.

Investors should also note that the currency hedged Share Classes do not completely eliminate currency risk or provide a precise hedge, and as such, investors may have exposures to currencies other than the currency of the currency hedged Share Class.

Further details regarding the available hedged Share Classes and the type of hedging applied are contained in Part B of the Prospectus.

## PROCEDURE FOR SUBSCRIPTION, CONVERSION AND REDEMPTION

**Subscription of Shares**

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

After the Initial Subscription Period of a class of Shares, if any, of a Sub-Fund (as defined in Part B of the Prospectus), the subscription price per Share in the relevant class of Shares or Sub-Fund (the "Subscription Price") is the total of the Net Asset Value per Share and the sales charge as stated in Part B of the Prospectus. The Subscription Price is available for inspection at the registered office of the Fund.

Subscriptions in any class of Shares or in any Sub-Fund may be subject to a minimum investment amount and/or a minimum holding requirement as stated in Part B of the Prospectus, as the case may be.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per Share determined as of the Valuation Day (as defined in this Part A in the section "Determination of the Net Asset Value" sub 1) "Calculation and Publication") following receipt of the subscription form provided that such application is received by the Fund within the relevant time limit as stated in Part B of the Prospectus. Applications received by the Fund after the relevant time limit will be dealt with on the following Valuation Day.

Investors may be required to complete a purchase application for Shares or other documentation satisfactory to the Fund, indicating that the purchaser is not a U.S. Person or nominee thereof. Subscription forms containing such representation are available from the Fund.
Payments for Shares will be made in the Reference Currency of the relevant class of Shares or Sub-Fund.

Payments for subscriptions must be made within the time limits set out for each Sub-Fund in Part B of the Prospectus.

The Fund may agree to issue Shares as consideration for a contribution in kind of securities or other permitted assets, in compliance with the conditions set forth by Luxembourg law, in particular the obligation for the Auditors of the Fund to deliver a valuation report and provided that such securities comply with the investment policy and restrictions of the relevant Sub-Fund. Any costs incurred in connection with a contribution in kind of securities shall be borne by the relevant shareholders.

The Fund reserves the right to reject any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds.

Certificates or written confirmations of shareholding (as appropriate) will be sent to shareholders.

No Shares in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per Share in such Sub-Fund is suspended by the Fund, pursuant to the powers reserved to it by Article 12 of the Articles.

In the case of suspension of dealings in Shares, the application will be dealt with on the first Valuation Day following the end of such suspension period.

**Money Laundering Prevention and Fight against 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 Fund 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 Registrar and Transfer Agent, as delegate of the Fund and the Management Company, may require any other information that the Fund may require in order to comply with its legal and regulatory obligations, including but not limited to CRS Law (as defined under "Taxation").

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 Fund, 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.

**Conversion of Shares**

Shareholders have the right, subject to the provisions hereinafter specified, to convert Shares from one Sub-Fund for Shares of another Sub-Fund and to convert Shares of a given class of Shares to Shares of the same class of Shares of another Sub-Fund (if applicable). The Board of Directors may refuse to accept a conversion application if it is detrimental to the interests of the Fund, the Sub-Funds and the classes of Shares concerned or the relevant shareholders.

The rate at which Shares of any class of Shares or Sub-Fund shall be converted will be determined by reference to the respective Net Asset Values of the relevant classes of Shares or Sub-Funds, calculated as of the Valuation Day following receipt of the documents referred to below.

Conversions of Shares in any class of Shares or Sub-Fund may be subject to a fee based on the respective Net Asset Value of the relevant Shares as stated in Part B of the Prospectus, as the case may be. However, this amount may be increased if the subscription fee applied to the original class of Shares or Sub-Fund was less than the subscription fee applied to the class of Shares or Sub-Fund in which the Shares will be converted. In such cases, the conversion fee may not exceed the amount of the difference between the subscription rate applied to the class of Shares or Sub-Fund in which the Shares will be converted and the subscription rate applied to the initial subscription. This amount will be payable to the sales agents.

Shares may be tendered for conversion on any Valuation Day.
All terms and notices regarding the redemption of Shares shall equally apply to the conversion of Shares.

No conversion of Shares will be effected until a duly completed request for conversion of Shares has been received at the registered office of the Fund from the shareholder.

Fractions of registered Shares will be issued on conversion to one thousandth of a Share.

Certificates or written confirmations of shareholding (as appropriate) will be sent to shareholders together with the balance resulting from such conversion, if any.

In converting Shares of a class of Shares or Sub-Fund for Shares of the same class of Shares of another Sub-Fund or of another Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the acquired Sub-Fund, if any.

If, as a result of any request for conversion, the investment held by any shareholder in a class of Shares or Sub-Fund would fall below the minimum amount, if any, indicated in Part B of the Prospectus in the section "Minimum Investment" under the specific information for each Sub-Fund, the Fund may treat such request as a request to convert the entire shareholding of such shareholder.

Shares in any class of Shares or Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Share in the relevant classes of Shares or Sub-Funds is suspended by the Fund pursuant to Article 12 of the Articles.

In the case of suspension of dealings in Shares, the request for conversion will be dealt with on the first Valuation Day following the end of such suspension period.

**Redemption of Shares**

Each shareholder of the Fund may at any time request the Fund to redeem on any Valuation Day all or any of the Shares held by such shareholder in any of the classes of Shares or Sub-Funds.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the registered office of the Fund.

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant class of Shares or Sub-Fund, whether the Shares are issued with or without a Share certificate, the name in which such Shares are registered and details as to whom payment should

be made. Share certificates in proper form (if any) and all necessary documents to complete the redemption should be enclosed with such request.

Shareholders have to take due care and bear responsibility that the certificates of the Shares to be redeemed are received in proper form at the registered office of the Fund.

Shareholders whose requests for redemption are accepted will have their Shares redeemed on any Valuation Day provided that the requests have been received by the Fund within the relevant time limit as stated in Part B of the Prospectus. Requests received by the Fund after the relevant time limit will be dealt with on the following Valuation Day.

Shares will be redeemed at a price based on the Net Asset Value per Share in the relevant class of Shares or Sub-Fund determined on the first Valuation Day following receipt of the redemption request, potentially decreased by a redemption fee, as stated in Part B of the Prospectus, as the case may be.

The redemption price shall be paid within the time limits set out for each Sub-Fund in Part B of the Prospectus.

Payment will be made by transfer bank order to an account indicated by the shareholder, at such shareholder's expense and risk.

Payment of the redemption price will be made in the Reference Currency of the relevant class of Shares or Sub-Fund.

The redemption price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any class of Shares or Sub-Fund will not be redeemed if the calculation of the Net Asset Value per Share in such class of Shares or Sub-Fund is suspended by the Fund pursuant to Article 12 of the Articles.

Notice of any such suspension shall be given in all the appropriate ways to the shareholders who have made a redemption request which has been thus suspended. In the case of suspension of dealings in Shares, the request will be dealt with on the first Valuation Day following the end of such suspension period.

If as a result of any request for redemption, the investment held by any shareholder in a class of Shares or Sub-Fund would fall below the minimum amount indicated in Part B of the Prospectus, if any, the Fund may treat such request as a request to redeem the entire shareholding of such shareholder in such class of Shares or Sub-Fund.

Furthermore, if on any Valuation Day redemption requests pursuant to Article 8 and conversion requests pursuant to Article 9 of the Articles relate to more than 10 percent of the net assets of a specific Sub-Fund, the Board of Directors may decide that part or all of such requests for redemption or conversion will be deferred proportionally for such period as the Board of Directors considers to be in the best interests of the Sub-Fund. On the Valuation Days during such period, these redemption and conversion requests will be met in priority to later requests.

Under special circumstances including, but not limited to, default or delay in payments due to the relevant Sub-Fund from banks or other entities, the Fund may, in turn, delay all or part of the

payment to shareholders requesting redemption of Shares in the Sub-Fund concerned. The right to obtain redemption is contingent upon the Sub-Fund having sufficient liquid assets to honor redemptions.

The Fund may also defer payment of the redemption of a Sub-Fund's Shares if raising the funds to pay such a redemption would, in the opinion of the Board of Directors, be unduly burdensome to such Sub-Fund. The payment may be deferred until the special circumstances have ceased; redemption could be based on the then prevailing Net Asset Value per Share.

If the value of the net assets of any Sub-Fund on a given Valuation Day has decreased to an amount of USD 10 million or the equivalent in any other Reference Currency, or in case of a significant change of the economic or political situation or in order to proceed to an economic rationalization, the Board of Directors may, at its discretion, elect to redeem all, but not less than all, of the Shares of such Sub-Fund then outstanding at the Net Asset Value per Share in such Sub-Fund (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Fund shall provide at least 30 days' prior written notice of redemption to all holders of the Shares to be so redeemed. Redemption proceeds corresponding to Shares not surrendered at the date of the compulsory redemption of the relevant Shares by the Fund may be kept with the Depositary (as defined hereinafter) during a period not exceeding nine months as from the date of such compulsory redemption; after this delay, these proceeds shall be kept in safe custody at the *Caisse de Consignation*. In addition, if the net assets of any Sub-Fund do not reach or fall below the above mentioned level at which the Board of Directors considers management possible, the Board of Directors may decide the merger of one Sub-Fund with one or several other Sub-Funds of the Fund in the manner described in this Part A in the section "General Information" sub 4) "Dissolution and Merger of Sub-Funds".

The Articles contain at Article 10 provisions enabling the Fund to compulsorily redeem Shares held by U.S. persons.

**Protection against Late Trading and Market Timing practices**

The Fund respectively the Central Administration ensures that the practices of Late Trading and Market Timing will be eliminated in relation to the distribution of Shares of the Fund. The cut-off times mentioned under the sections "Subscriptions and Subscription Fee", "Redemptions" and "Conversions" set out for each Sub-Fund in Part B of the Prospectus will be observed rigidly. The investors do not know the Net Asset Value per Share at the time of their request for subscription, redemption or conversion.

## DETERMINATION OF THE NET ASSET VALUE

### 1) Calculation and Publication

The Net Asset Value per Share of each class of Shares in respect of each Sub-Fund shall be determined in the Reference Currency of that class of Shares or Sub-Fund.

The Net Asset Value per Share of each class of Shares in a Sub-Fund shall be calculated as of any Valuation Day (as defined hereinafter) by dividing the net assets of the Fund attributable to such class of Shares in that Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such class of Shares on any such Valuation Day) by the total number of Shares in the relevant class of Shares then outstanding.

The Net Asset Value per Share of each class of Shares of the various Sub-Funds is determined on the day specified for each Sub-Fund in Part B of the Prospectus (the "Valuation Day") on the basis of the value of the underlying investments of the relevant Sub-Fund, determined as follows, based on the Luxembourg GAAP:

(a) The value of any cash on hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

(b) The value of any security or other asset which is quoted or dealt in on a Regulated Market and Other Regulated Market will be based on its last available price in Luxembourg; in the event that there would be several such markets, on the basis of the last available price on the main market for the relevant security.

(c) In the event that any assets are not listed nor dealt in on any Regulated Market or on any Other Regulated Market, or if, with respect to assets listed or dealt in on any Regulated Market or on any Other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

(d) Units or shares of undertakings for collective investment will be valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis.

(e) The liquidating value of futures, spot, forward or options contracts not traded on stock exchanges nor on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, spot, forward or options contracts traded on stock exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on Regulated Markets and Other Regulated Markets on which the particular futures, spot, forward or options contracts are traded by the Fund; provided that if a futures, spot, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps will be valued at their market value.

(f) The value of money market instruments not traded on Regulated Markets nor on Other Regulated Markets and with a remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 days or less will be valued by the amortized cost method, which approximates market value.

(g) Interest rate swaps will be valued at their market value established by reference to the applicable interest rate curve.

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

The net proceeds from the issue of Shares in the relevant Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund.

The Board of Directors shall maintain for each Sub-Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

Each Sub-Fund shall only be responsible for the liabilities which are attributable to such Sub-Fund.

The value of all assets and liabilities not expressed in the Reference Currency of a class of Shares or Sub-Fund will be converted into the Reference Currency of such class of Shares or Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day.

The Board of Directors, in its discretion, may permit some other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets.

The Net Asset Value per Share and the issue, redemption and conversion prices for the Shares in each Sub-Fund may be obtained during business hours at the registered office of the Fund, and will be published in such newspapers as determined for each Sub-Fund in Part B of the Prospectus, as the case may be.

**2) <u>Temporary Suspension of the Calculation</u>**

In each Sub-Fund, the Fund may temporarily suspend the calculation of the Net Asset Value per Share and the issue, redemption and conversion of Shares:

a) during any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Fund attributable to such Sub-Fund from time to time are quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended;

b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable;

c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of such Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-Fund;

d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;

e) when for any other reason the prices of any investments owned by the Fund attributable to such Sub-Fund cannot promptly or accurately be ascertained;

f) upon the publication of a notice convening a general meeting of shareholders for the purpose of resolving the winding-up of the Fund;

g) during any period when the market of a currency in which a substantial portion of the assets of the Fund is denominated is closed otherwise than for ordinary holidays, or during which dealings therein are suspended or restricted;

h) during any period when political, economical, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Fund prevent the Fund from disposing of the assets, or determining the Net Asset Value of the Fund in a normal and reasonable manner;

i) during any period when the calculation of the net asset value per unit or share of a substantial part of undertakings for collective investment the Fund is investing in, is suspended and this suspension has a material impact on the Net Asset Value per Share in a Sub-Fund.

Notice of the beginning and of the end of any period of suspension shall be given by the Fund to all the shareholders by way of publication and may be sent to shareholders affected, i.e. having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the Net Asset Value per Share in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

## DISTRIBUTION POLICY

The Fund's principal investment objective is to achieve long-term capital growth.

Consequently, no dividend is expected to be paid to the shareholders of the different Sub-Funds.

The Board of Directors reserves however the right to propose the payment of a dividend at any time.

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

Dividends not claimed within five years of their due date will lapse and revert to the relevant Sub-Fund.

## CHARGES AND EXPENSES

### General

The Fund pays out of the assets of the relevant Sub-Fund all expenses payable by the Fund which shall include but not be limited to formation expenses, fees payable to its Management Company,

Investment Managers and Advisers, including performance fees, research fees (up to 0.20% p.a. of the average Net Asset Value of a Sub-Fund) and some expenses paid by these latters to their third party services providers, if any, fees and expenses payable to its Hedging Manager, Auditors and accountants, Depositary and correspondents, Domiciliary and Corporate Agent, Administrative Agent, Registrar and Transfer Agent, Listing Agent, any Paying Agent, any permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration (if any) of the Directors and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with Board meetings, fees and expenses for legal, research and auditing services, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, translating, advertising and distributing prospectuses, explanatory memoranda, marketing documentation, publication, periodical reports or registration statements, share certificates, and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank, and brokerage charges. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateable for yearly or other periods.

In the case where any liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such liability shall be allocated to all the Sub-Funds prorata to their Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith.

Expenses incurred in connection with the incorporation of the Fund including those incurred in the preparation and publication of the first Prospectus, as well as the taxes, duties and any other publication expenses, are supported by the Investment Manager.

**Fees of the Depositary, Domiciliary and Corporate Agent, Administrative Agent, Registrar and Transfer Agent**

The Depositary is entitled to receive a monthly fee out of the assets of the Fund which shall not exceed 0.05% per annum of the average Net Asset Value of each Sub-Fund.

In addition, any reasonable disbursements and expenses incurred by the Depositary Bank within the framework of its mandate, including (without this list being exhaustive) telephone, telex, fax, electronic transmission and postage expenses as well as correspondents' costs, shall be borne by the relevant Sub-Fund. The Depositary Bank may charge the depositary fee in the Grand Duchy of Luxembourg for services rendered in its capacity as paying agent.

BNP Paribas Securities Services, Luxembourg Branch may receive a fee in relation to its administrative, registrar and transfer and domiciliary services up to 0.20% per annum of the Net Asset Value of the Fund.

The administrative, registrar and transfer and domiciliary services are paid on a monthly basis and calculated and accrued on the end of the month considered.

## DEPOSITARY

BNP Paribas Securities Services, Luxembourg Branch has been appointed as depositary of the Fund (hereinafter the 'Depositary') within the meaning of article 33 of the Law of 2010.

BNP Paribas Securities Services Luxembourg is a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the CSSF.

The Depositary performs three types of functions, namely (i) the oversight duties (as defined in Article 34 (1) of the Law of 2010), (ii) the monitoring of the cash flows of the Fund (as set out in Article 34 (2) of the Law of 2010) and (iii) the safekeeping of the Fund's assets (as set out in Article 34 (3) of the Law of 2010).

Under its oversight duties, the Depositary is required to ensure:

(1) that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Fund are carried out in accordance with the Luxembourg Law and with the Articles,
(2) that the value of Shares is calculated in accordance with the Luxembourg Law and the Articles,
(3) to carry out the instructions of the Fund or the Management Company acting on behalf of the Fund, unless they conflict with the Luxembourg Law or the Articles,
(4) that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits;
(5) that the Fund's revenues are allocated in accordance with Luxembourg Law and its Articles.

The overriding objective of the Depositary is to protect the interests of the Shareholders of the Fund, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Fund maintains other business relationships with BNP Paribas Securities Services, Luxembourg Branch in parallel with an appointment of BNP Paribas Securities Services, Luxembourg Branch acting as Depositary.

Such other business relationships may cover services in relation to:

- Outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas Securities Services or its affiliates act as agent of the Fund or the Management Company, or

- Selection of BNP Paribas Securities Services or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary is required to ensure that any transaction relating to such business relationships between the Depositary and an entity within the same group as the Depositary is conducted at arm's length and is in the best interests of Shareholders.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
    - relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
    - implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest;
    - implementing a deontological policy;
    - recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Fund's interests; or
    - setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

In the event that such conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the Shareholders are fairly treated.

The Depositary may delegate to third parties the safe-keeping of the Fund's assets subject to the conditions laid down in the applicable laws and regulations. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment.

Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have a separate commercial and/or business relationships with the Depositary in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from cristalizing, the Depositary has implemented and maintains an internal organisation whereby such separate commercial and/or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates for its safekeeping duties is available in the website http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits_delegates_EN.pdf.

Such list may be updated from time to time. Updated information on the Depositary's custody duties, a list of delegations and sub-delegations, and conflicts of interest that may arise, may be obtained, free of charge and upon request, from the Depositary.

Updated information on the Depositary's duties and the conflict of interests that may arise are available to investors upon request.

## DOMICILIARY AND CORPORATE AGENT, ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT

The Fund has appointed BNP Paribas Securities Services, Luxembourg Branch as its domiciliary and corporate agent (the "Domiciliary and Corporate Agent"). In such capacity, it will be responsible for all corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders, in compliance with the provisions of, and as more fully described in, the agreement mentioned hereinafter.

The Management Company has appointed BNP Paribas Securities Services, Luxembourg Branch as the administrative agent (the "Administrative Agent") with respect to the Fund. In such capacity, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the bookkeeping and the calculation of the Net Asset Value per Share of any class of Shares within each Sub-Fund, in compliance with the provisions of, and as more fully described in, the agreement mentioned hereinafter.

The Management Company has appointed BNP Paribas Securities Services, Luxembourg Branch as the registrar (the "Registrar") and transfer agent (the "Transfer Agent") with respect to the Fund, which will be responsible for handling the processing of subscriptions for Shares, dealing with requests for redemptions and conversions and accepting transfers of funds, for the safekeeping of the register of shareholders of the Fund, the delivery of Share certificates, if requested, the safekeeping of all non-issued Share certificates of the Fund, for accepting Share certificates tendered for replacement, redemption or conversion, in compliance with the provisions of, and as more fully described in, the agreement mentioned hereinafter.

The rights and duties of the Domiciliary and Corporate Agent, Administrative Agent, Registrar and Transfer Agent are governed by an agreement entered into for an unlimited period of time on

31/01/2018 and which may be terminated at any time by the Management Company or BNP Paribas Securities Services, Luxembourg Branch on giving a three months' prior written notice.

## INVESTMENT MANAGER, INVESTMENT ADVISER AND HEDGING MANAGER

In order to carry out the policy of any Sub-Fund, the Management Company may delegate at the charge of the Fund the investment management function to one or more investment managers for each Sub-Fund, as specified in Part B of the Prospectus (individually the "Investment Manager" and collectively the "Investment Managers") as the case may be.

The Investment Manager provides the Management Company with advice, reports and recommendations in connection with the management of the assets of the relevant Sub-Fund(s) and shall advise the Management Company as to the selection of the securities and other assets constituting the portfolios of the relevant Sub-Fund(s) and has discretion, on a day-to-day basis and subject to the overall control and responsibility of the Management Company, to purchase and sell securities and otherwise to manage the relevant Sub-Fund's portfolio.

The Management Company and/or the Investment Manager(s) may be assisted at the charge of the Fund by one or more investment advisers for each Sub-Fund, as specified in Part B of the Prospectus (individually the "Investment Adviser" and collectively the "Investment Advisers"). An Investment Adviser may so be designated to provide investment advice on any particular category of assets of any Sub-Fund when it is considered that such an investment adviser has specific knowledge and skills in the contemplated assets. Neither the Management Company nor the Investment Manager, as the case may be, will be bound by the advice provided by the Investment Adviser.

The appointment of an Investment Manager and/or of an Investment Adviser will be indicated in the specific information concerning the relevant Sub-Fund(s) contained in Part B of the Prospectus.

## DISTRIBUTORS

The Management Company may decide to appoint at any time distributors and/or nominees (the "Distributors") to assist it in the distribution and the placement of Shares of the Fund.

The Distributors will carry out activities of marketing, placement and sale of Shares of the Fund. They will intervene in the relationship between the investors and the Fund in collecting subscription orders of Shares. They will be authorised to receive subscription and redemption orders from investors and shareholders on behalf of the Fund, and to offer Shares at a price based on the applicable Net Asset Value per Share.

The Distributors shall transmit to the Registrar and Transfer Agent of the Fund any application for the issue and/or redemption of Shares.

The Distributors will also be entitled to receive and execute the payment of the issue and redemption orders of Shares.

In the context of Distributors acting as nominees on behalf of investors, each Distributor shall be entered into the register of shareholders held by the Fund and not the clients who have invested in

the Fund. The terms and conditions of the distribution agreements will provide, among others, that a client who has invested in the Fund through a Distributor shall at all times be entitled to require the transfer of the legal title to the Shares to be registered in such client's own name, whereupon that client shall be entered in the register of shareholders upon receipt of proper instructions from the Distributor.

Investors shall nevertheless retain the possibility to invest directly in the Fund, without investing via the Distributor.

The Management Company shall be responsible for the remuneration of the Distributors, the related payments to be deducted from the investment management fees payable by the Management Company to the Investment Manager.

The Management Company may conclude distribution agreements with Distributors provided that they are professionals in the financial sector and established in any of the member states of the European Union, the European Economic Area or any other country which impose equivalent requirements within the meaning of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended. The Distributors so appointed will be mentioned in the annual and semi-annual reports of the Fund.

## TAXATION

The following summary is based on the law and practice currently applicable in the Grand Duchy of Luxembourg and is subject to changes therein.

### A. Taxation of the Fund

**Luxembourg**

The Fund is not subject to taxation in Luxembourg on its income, profits or gains. The Fund is not subject to net wealth tax in Luxembourg. No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Fund.

The Fund is not liable to any Luxembourg tax on profits or income. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter. However, this tax is reduced to 0.01% per annum for the net assets attributable to the Classes dedicated to institutional investors. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realised capital appreciation of the assets of the Fund.

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

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

## B. Taxation of the Shareholders

**Luxembourg resident individuals**

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

(i) the Shares are sold within 6 months from their subscription or purchase; or

(ii) if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the Fund.

Distributions received from the Fund will be subject to Luxembourg personal income tax. Luxembourg personal income tax is levied following a progressive income tax scale.

**Luxembourg resident corporate**

Luxembourg resident corporate investors will be subject to corporate taxation on capital gains realised upon disposal of Shares and on the distributions received from the Fund.

Luxembourg resident corporate investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment (UCI) subject to the Law of 2010, as amended, (ii) specialized investment funds subject to the law of 13 February 2007 on specialised investment funds, as amended, (ii) reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes), or (iii) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, as amended, are exempt from income tax in Luxembourg, but are instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

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

**Non Luxembourg residents**

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

**C. Automatic Exchange of Information**

The OECD has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the EU Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("**CRS Law**").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets holders to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.
Accordingly, the Fund may require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons), in order to ascertain their CRS status and report information regarding a shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Fund shall communicate any information to the investor according to which (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only 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*); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

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

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

***Shareholders should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.***

### D. Foreign Account Tax Compliance Act ("FATCA")

The Foreign Account Tax Compliance Act (**FATCA**), which forms part of the US Hiring Incentives to Restore Employment (HIRE) Act, was enacted in the US in 2010 and took effect on 1 July 2014. The Act requires that foreign financial institutions **(FFIs**), that is financial institutions established outside of the US, report information on financial accounts held by specified US persons or non-US entities with one or more controlling person that is a specified US person (together referred to as "**US reportable accounts**") to the US tax authorities (Internal Revenue Service, **IRS**) every year. A withholding tax of 30% is also levied on revenue from a US source paid to FFIs that do not comply with the requirements of FATCA (**"non participating FFIs"**).

On 28 March 2014, the Grand Duchy of Luxembourg signed an intergovernmental agreement with the US ("**Luxembourg IGA"**). Funds that are considered FFIs are required to comply with the Luxembourg IGA as introduced into national law following its ratification rather than comply directly with the FATCA regulations as issued by the US government.

Pursuant to the Luxembourg IGA, funds are required to collect specific information identifying their shareholders/unitholders and all intermediaries (nominees) acting on behalf of the latter. Funds will be required to report information they have about US reportable accounts and non-participating FFIs to the Luxembourg tax authorities, which in turn relay that information automatically to the IRS.

Funds must comply with the provisions of the Luxembourg IGA as introduced into national law following its ratification in order to be considered compliant with the FATCA and to be exempt from the 30% withholding tax levied on US investments, whether real or considered as such. To guarantee such compliance, the Fund or any authorised agent may

a. seek information or additional documentation, including US tax forms (Forms W-8 / W-9) and a GIIN (Global Intermediary Identification Number), where necessary, or any other documentary evidence of the identification of a shareholder/unitholder, intermediary, and their respective status pursuant to FATCA,

b. report information specifically related to a shareholder/unitholder and its account to the Luxembourg tax authorities if it is considered a US reportable account pursuant to the Luxembourg IGA, or if the account is believed to be held by a non-participating FFI pursuant to FATCA, and

c. where required, arrange for the deduction of US withholding tax applicable to payments made to certain shareholders/unitholders, in accordance with FATCA.

Notions and terms related to the FATCA should be interpreted and understood with reference to the definitions of the Luxembourg IGA and the texts ratifying this agreement under applicable national law, and solely on a secondary basis according to the definitions contained in the FATCA Final Regulations issued by the US government. (www.irs.gov).

The Fund may be required as part of its compliance with FATCA to disclose to the US tax authorities, via the Luxembourg tax authorities, personal information related to specified US persons, non-participating foreign financial institutions (FFIs), and passive non-financial foreign entities (passive NFFEs) with one or more controlling person that is a specified US person.

In the event of doubt concerning their status under FATCA or the implications of FATCA or the IGA in terms of their personal situation, investors are recommended to consult their financial, legal or tax advisor before subscribing for units/shares in the Fund.

**The above information is not exhaustive and does not constitute legal or tax advice. Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.**

## GENERAL INFORMATION

### 1) Corporate Information

The Fund was incorporated for an unlimited period of time on 19 January 2009 and is governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, and by the Law of 2010.

The registered office of the Fund is established at 60, Avenue J.F. Kennedy, L-1855 Luxembourg

The Fund is recorded at the "*Registre de Commerce et des Sociétés*" of Luxembourg under the number B 144551.

The Articles have been published in the "*Mémorial C, Recueil des Sociétés et Associations*" (the "Mémorial") of 20 February 2009, and have been filed with the Chancery of the District Court of Luxembourg. Any interested person may inspect the Articles on the "*Registre de Commerce et des Sociétés*" of Luxembourg website at www.rcsl.lu; copies are available on request at the registered office of the Fund.

The minimum capital of the Fund as provided by law, which must be achieved within 6 months from the date on which the Fund has been authorised as an undertaking for collective investment under Luxembourg law, is the equivalent of EUR 1,250,000. The capital of the Fund is represented by fully paid-up Shares of no par value. The initial capital of the Fund has been set at USD 31,000 divided into 310 fully paid-up Shares of no par value.

The Fund is open-ended which means that it may, at any time on the request of the shareholders, redeem its Shares at prices based on the applicable Net Asset Value per Share of the relevant Sub-Fund.

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Fund is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors of the Fund may from time to time decide to create further Sub-Funds; in that event, the Prospectus will be updated and amended so as to include detailed information on the new Sub-Funds.

The share capital of the Fund will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

The Articles, at Article 10, contain provisions enabling the Fund to restrict or prevent the ownership of Shares by U.S. Persons.

**2) <u>Meetings of, and Reports to, shareholders</u>**

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund or of any Sub-Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the Mémorial and in any Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, the quorum requirements and the conditions of admission.

If all the Shares are only issued in registered form, convening notices may be mailed by registered mail to each registered shareholder without any further publication.

If the Articles are amended, such amendments shall be filed with the "*Registre de Commerce et des Sociétés*" of Luxembourg and published in the Mémorial.

The Fund publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditors.

The Fund shall further publish semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be available within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Fund.

The accounting year of the Fund commences on the first of January and terminates on the thirty first of December of the same year.

The annual general meeting of shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the third Thursday in the month of April at 11.30 a.m. If such day is not a Business Day in Luxembourg, the annual general meeting shall be held on the next following Business Day in Luxembourg.

The shareholders of any Sub-Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund.

In accordance with the conditions laid down in the Luxembourg laws and regulations, the convening notice to any general meeting of the shareholders of the Fund may provide that the quorum and the majority applicable at the general meeting shall be determined according to the shares issued and outstanding at a certain date and a certain time prior to the general meeting (referred to as "Record Date"). The right of a shareholder to attend a meeting and to exercise the voting rights attaching to its shares are determined in accordance with the shares held by this shareholder at the Record Date.

The combined accounts of the Fund shall be maintained in USD being the currency of the share capital. The financial statements relating to the various separate Sub-Funds shall also be expressed in the relevant Reference Currency for the classes of Shares or Sub-Funds.

### 3) Dissolution and Liquidation of the Fund

The Fund may at any time be dissolved by a resolution of the general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital indicated in Article 5 of the Articles, the question of the dissolution of the Fund shall be referred to a general meeting of shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by the simple majority of the votes of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of the minimum capital set by Article 5 of the Articles; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the votes of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators who may be physical persons or legal entities appointed by the general meeting of shareholders which shall determine their powers and their compensation.

The net proceeds of liquidation corresponding to each class of Shares in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant class of Shares in such Sub-Fund in proportion to their holding of such Shares.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the Law of 2010. Such law specifies the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provides

for a deposit in escrow at the *Caisse de Consignation* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

**4) Dissolution and Merger of Sub-Funds**

In the event that for any reason the value of the net assets in any Sub-Fund has decreased to an amount below USD 10 million or the equivalent in any other Reference Currency, being the amount determined by the Board of Directors to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or if a change in the economical or political situation relating to the Sub-Fund concerned would have material adverse consequences on the investments of that Sub-Fund or in order to proceed to an economical rationalization, the Board of Directors may decide to compulsorily redeem all the Shares issued in such Sub-Fund at the Net Asset Value per Share (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. The Fund shall serve a notice to the holders of the relevant Shares at least thirty days prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of the redemption operations: registered holders shall be notified in writing and the Fund shall inform holders of bearer dematerialized Shares by publication of a notice in newspapers to be determined by the Board of Directors. Unless it is otherwise decided in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund concerned may continue to request redemption or conversion of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the effective date for the compulsory redemption.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Depositary for a period of nine months as from the date of the related decision; after such period, the assets will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

Under the same circumstances as provided in the first paragraph of this section, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Fund or to another undertaking for collective investment organized under the provisions of Part I of the Law of 2010 or to another sub-fund within such other undertaking for collective investment (the "New Sub-Fund") and to redesignate the Shares of the Sub-Fund concerned as Shares of another Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders). Such decision will be published in the same manner as described in the first paragraph of this section (and, in addition, the publication will contain information in relation to the New Sub-Fund), one month before the date on which the merger becomes effective in order to enable shareholders to request redemption or conversion of their Shares, free of charge, during such period.

In the case of a merger with another Luxembourg undertaking for collective investment of the contractual type *("fonds commun de placement"*) or with a foreign based undertaking for collective investment, the decision shall be binding only on such shareholders who have voted in favour of such merger; the other shareholders will be considered to have asked for the redemption of their Shares.

# PART B: SPECIFIC INFORMATION

# I. SUB-FUND LA FRANÇAISE JKC CHINA EQUITY

## 1. Name

The name of the Sub-Fund is "LA FRANÇAISE JKC China Equity".

## 2. Specific Investment Policy and Investment Restrictions

### Investment Objective

The Sub-Fund's objective is to provide investors with exposure to China's long term growth through investments in listed companies having their operations in China, listed predominantly but not necessarily in Hong Kong and China.

The growth of the Sub-Fund will be achieved through an active cash management, the use of hedging instruments during periods of high market volatility and a wide selection of low beta stocks that offer recurrent dividend yields. As such, the Sub-Fund's performance is expected to be different from the performance of commonly followed China indices as it is not meant to track any of them.

### Investment Policy

The sub-fund is actively and discretionarily managed. The sub-fund is not managed in reference to an index.

The Sub-Fund is a multi-cap fund focusing on bottom up stock picking of listed companies having their operations in China and on the basis of ground due diligence and compelling valuations using a value-driven investment methodology. ESG (Environmental Social Governance) characteristics are assessed and integrated into the Investment Manager's analysis of the target companies as further detailed under "ESG (Environmental Social and Governance) Integration" below.

The Sub-Fund will invest predominantly in Hong Kong and China. The Sub-Fund may invest up to 100% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect. The Investment Manager may also decide to invest in Chinese companies listed on overseas markets as companies increasingly tend to seek a listing of their shares outside of China and Hong Kong. At the date of the Prospectus, certain Chinese companies are already listed in Singapore, Taiwan, London, Frankfurt and New York, where the Sub-Fund may also invest as a result. It is expected that in the future certain Chinese companies may seek a listing of their shares on other stock markets, where the Sub-Fund will then have the flexibility to invest.

Whilst the policy of the Investment Manager is to seek to invest the assets of the Sub-Fund in pursuit of the stated investment objective, the Investment Manager may hold cash reserves and/or convert the assets of the Sub-Fund into cash or short-term investments pending reinvestment.

The Sub-Fund may hedge its portfolio with the use from time to time of index-based derivatives and with an active cash management within the limits set out in Part A of the Prospectus under Chapter III.

**Investment Restrictions**

The Sub-Fund is subject to the investment restrictions set out in Part A of the Prospectus under Chapter II. In addition, the Sub-Fund may use techniques and instruments as set out under Chapter III in Part A of the Prospectus.

The Sub-Fund shall not invest more than 10% of its assets in the units of UCITS or other UCI.

**ESG (Environmental Social Governance) Integration**

The Investment Manager maintains a record of the ESG profile of all investee companies.

This ESG profile is sourced on an on-going basis from public data and from all information collected during the Due Diligence stage (including interviews with management, official announcements and publications and on-site visits)

As part of the Due Diligence process, qualitative information that is systematically assessed includes:

- The quality of the management in terms of conflicts of interests, related parties transactions, board diversity, balance of powers and corporate culture ("Corporate Governance");
- The prospects' footprint on society and how it aligns with environmental protection and climate change issues ("Environment");
- The measures taken in terms of diversity, inclusion, corporate responsibility and respect for human rights ("Social").

When doing field level due diligence by visiting a company's premises, the Investment Manager's staff is trained to identify ESG strengths and weaknesses, hence bringing up questions about the firm's operations. Some enquiries related to environmental, social and governmental aspects are systematically asked to management during those on-site checks such as sources of energy used, disposal of solid and liquid waste and workers employment conditions among others. Visits of sales branches, headquarters, and dormitories and inspection of factories and of the storage conditions of dangerous goods are regularly requested.

Records of such meetings are kept by the Investment Manager.

For quantitative data, the Investment Manager uses Bloomberg ESG tools that gather listed companies' sustainable profiles. When available, information from third parties ESG data providers (Sustainalytics, ISS ESG, RobeccoSAM, …) are extracted from Bloomberg and compared with the peers' average scores. Key metrics such as environmental release per sales metrics (Energy, Waste, Water, GHG), social (diversity in workforce, human rights concerns, donations) and governance (board composition, executive compensation, connected transactions …) are analysed and monitored over time.

The equity investment process is also subject to a set of pre-defined negative screening that provides for the exclusion of firms involved in controversial weapons (landmines and cluster bombs), tobacco and the production of thermal coal The pre-defined negative screens are binding for the Investment Manager, who may not invest in these sectors.

Post investment, the Investment Manager follows up on its analysis of companies' sustainable activities through active engagement and proxy voting.
Through on-site visits and investor relation meetings, the Investment Manager has the opportunity to monitor any investee company by engaging in a pro-active face to face dialogue on issues that had been previously identified.

The Investment Manager also commits to its ownership responsibilities by systematically voting on proposals submitted to shareholders during general meetings.

The above-described extra-financial analysis is applied to at least the following proportion of the portfolio:

- 90% for equities issued by large capitalisation companies whose registered office is located in "developed" countries, debt securities and money market instruments with an investment grade credit rating, sovereign debt issued by developed countries;
- 75% for equities issued by large capitalisations whose registered office is located in "emerging" countries, equities issued by small and medium capitalisations, debt securities and money market instruments with a high yield credit rating and sovereign debt issued by "emerging" countries (in terms of the capitalisation of the net assets of the sub-fund).

The above-described ESG integration constitutes a framework of the Investment Manager's methodology. At the time of the investment, the companies may give a different level of satisfaction regarding their ESG profile. The Investment Manager will not only take into consideration the ESG profile at the time of the investment, but will also consider companies which have shown efforts to improve their ESG profile. The Active Engagement strategy of the Investment Manager will aim to assist companies in improving their ESG characteristics.

Further information on the ESG integration applied by the Investment Manager can be found online by visiting the corporate website of the Investment Manager at the following address https://jkcapitalmanagement.com/sustainable-investment/.

**Taxonomy Regulation**:

In line with the classification of Article 8 under the SFDR regulation, by taking into consideration, among other characteristics, environmental and social considerations, the sub-fund invests a portion of its assets in economic activities contributing to climate change mitigation or climate change adaptation. The portfolio manager looks for companies showing their "best-efforts" on climate change adaptation and climate mitigation. For instance, the portfolio manager monitors a list of ESG related metrics such as the carbon intensity trend, the carbon targets, the use of renewable energies or the treatment of waste.

The portfolio manager also avoids to be exposed to companies engaged in activities which significantly harm the following four environmental objectives:

- Sustainable use and protection of water and marine resources;
- Transition to a circular economy, waste prevention and recycling;
- Pollution prevention and control; and
- Protection of healthy ecosystems.

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 sub-fund cannot set a minimum share in Taxonomy-aligned investments contributing to climate change mitigation or climate change adaptation, transitional or enabling activities but it is expected that it will invest at least a small part of its net assets in investments contributing to climate change mitigation or climate change adaptation. Within this portion of assets invested in investments contributing to climate change mitigation or climate change adaptation, it can be reasonably anticipated that a small part will be invested in enabling and transitional activities referred to in Article 16 and Article 10(2) of Taxonomy Regulation, respectively.

The Prospectus will be updated and the minimum shares of taxonomy-aligned environmentally sustainable activities, including the proportion of investments in enabling and transitional activities will be included therein once data availability in relation to the Taxonomy Regulation improves and stabilises and once the technical screening criteria have been published.

**Risk Profile**

Investing in equity securities may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict.

China Risks

*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. Investors should note that 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.

*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 eventually across different sectors of China's economy. All these may have an adverse impact on the performance of the Sub-Fund.

*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 Exchanges to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.

*Dependence upon trading market for China A shares*

The existence of a liquid trading market for the China -A - shares may depend on whether there is supply of, and demand for China-A- shares.

*Disclosure of Substantial Shareholding*

Under China's disclosure of interest requirements, the Sub-Fund investing in China A-shares may be deemed to be acting in concert with other funds managed within the Investment Manager's group or a substantial shareholder of the Investment Manager and therefore may be subject to the risk that the Sub-Fund's holdings may have to be reported in aggregate with the holdings of such other funds mentioned above should the aggregate holding triggers the reporting threshold under China law, currently being 5% of the total issued shares of the relevant China listed company. This may expose the Sub-Fund's holdings to the public and may adversely impact the performance of the Sub-Fund concerned.

In addition, subject to the interpretation of Chinese courts and regulators, certain provisions contained in the China laws and regulations may be applicable to the Sub-Fund's investments with the result that where the holdings of the Sub-Fund (possibly with the holdings of other investors deemed as concert parties of the Sub-Fund) exceed 5% of the total issued shares of a China listed company, the Sub-Fund may not reduce its/their holdings in such company within six months of the last purchase of shares of such company. If the Sub-Fund violates the rule and sells any of its holdings in such company in the six month period, it/they may be required by the listed company to return any profits realized from such trading to the listed company.

Moreover, under China's civil procedures, the Sub-Fund's assets may be frozen to the extent of the claims made by such company.

Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect Risks

The Sub-Fund may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect (together referred to as "Stock Connect"). The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), China Securities Depository and Clearing Corporation Limited ("ChinaClear"), the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE"), respectively, with an aim to achieve mutual stock market access between the Mainland China and Hong Kong.
Stock Connect comprises a Northbound Trading Link (for investment in China A-Shares) by which investors, through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited ("SEHK"), may be able to place orders to trade eligible shares listed on SSEor SZSE, respectively together referred to as the "Chinese Securities").

The Chinese Securities listed on the SSE which are available via Shanghai – Hong Kong Stock Connect include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

The Chinese Securities listed on the SZSE which are available via Shenzhen – Hong Kong Stock Connect include any constituent stock of the SZSE Component Index and the SZSE Small/Mid

Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SZSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SZSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

Further information about the Stock Connect is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

*Quota limitations risk*

The Stock Connect is subject to quota limitations on investment, which may restrict the Sub-Fund's ability to invest in China A-Shares through the Stock Connect on a timely basis and the Sub-Fund may not be able to effectively pursue its investment policy.

*Suspension risk*

SEHK, SSE and SZSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which would affect the Sub-Fund's ability to access the Mainland China market via Stock Connect.

*Differences in trading day*

The Stock Connect operates on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but overseas investors (such as the Sub-Fund) cannot carry out any China A-Shares trading. The Sub-Fund may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

*Clearing, settlement and custody risks*

The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx (the "HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the Mainland China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors such as the Sub-Fund will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Sub-Fund, who have acquired Chinese Securities through Northbound

Trading should maintain the Chinese Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Fund.

*Nominee arrangements in holding China A-Shares*

HKSCC is the "nominee holder" of the Chinese Securities acquired by overseas investors (including the Sub-Fund) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Sub-Fund enjoy the rights and benefits of the Chinese Securities acquired through the Stock Connect in accordance with applicable laws. The CSRC has clarified in Frequently Asked Questions published on 15 May 2015 that (i) the concept of nominee shareholding is recognised in Mainland China, (ii) overseas investors shall hold Chinese Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders, (iii) Mainland China law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so, (iv) as long as certification issued by HKSCC is treated as lawful proof of a beneficial owner's holding of Chinese Securities under the Hong Kong Special Administrative Region law, it would be fully respected by CSRC and (v) as long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in Mainland China courts.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Chinese Securities in Mainland China or elsewhere. Therefore, although the Sub-Fund's ownership may be ultimately recognised and the HKSCC confirmed that it is prepared to provide assistance to the beneficial owners of Chinese Securities where necessary, this Sub-Fund may suffer difficulties or delays in enforcing their rights China A-Shares. Moreover, whether Mainland China courts will accept the legal action independently initiated by the overseas investor with the certification of holding in Chinese Securities issued by HKSCC has yet to be tested.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Sub-Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a Fund suffers losses resulting from the performance or insolvency of HKSCC.

*Investor compensation*

Investments of the Sub-Fund through Northbound Trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound Trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound Trading through securities brokers in Hong Kong but not Mainland China brokers, therefore they are not protected by the China Securities Investor Protection Fund in Mainland China.

*Operational risk*

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Sub-Fund, to access the Mainland China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.
Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The Sub-Fund's ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

*Trading costs*

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the Sub-Fund may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

*Regulatory risk*

The CSRC Stock Connect rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that Mainland China courts will recognize such rules, e.g. in liquidation proceedings of Mainland China companies.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in Mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The Sub-Fund may be affected as a result of such changes.

*Stock Connect Tax Risks*

Various tax reforms and policies have been implemented by the PRC government authorities in recent years, and existing tax laws and regulations may be revised or amended in the future. Any

changes in tax policies may reduce the after-taxation profits of the companies in the PRC and detrimentally impact the performance of the Sub-Fund.

Pursuant to Caishui 2014 No. 81 ("Notice 81"), foreign investors investing in China A-Shares listed on the Shanghai Stock Exchange through the Stock Connect would be temporarily exempted from China corporate income tax and business tax on the gains on disposal of such China A-Shares.

Pursuant to Caishui 2016 No.127 ("Notice 127"), corporate income tax, individual income tax and value-added tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A-shares under the Shenzhen Hong Kong Stock Connect Program with effect from 5 December 2016.

It is noted that Notice 81 and Notice 127 state that the corporate income tax exemptions are temporary. As such, as and when the PRC authorities announce the expiry date of the exemptions, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Sub-Fund.

Under both Notice 81 and Notice 127, Hong Kong and overseas investors (including the Sub-Fund) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. If the Hong Kong and overseas investors such as the Sub-Fund are eligible for treaty relief on dividends, the Hong Kong and overseas investors can apply for the entitlement of treaty relief and refund of the overpaid tax with the PRC tax authority of the A-share issuing company.

**Specific risks linked to investment in Environmental Social and Governance (ESG)**

The Sub-Fund may use ESG characteristics in its investment strategies, as determined by the Investment Manager set out above.

The use of ESG characteristics may affect the Sub-Fund's investment performance and, as such, investing in ESG may perform differently compared to similar sub-funds that do not use such characteristics.
ESG based exclusionary screens used in the Sub-Fund's investment policy may result in the Sub-Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.

The relevant exclusions might not correspond directly with investors own subjective ethical views.

In evaluating a security or issuer based on ESG characteristics, the Investment Manager may be dependent upon information and data from third party ESG advisers, which may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Investment Manager may incorrectly assess a security or issuer. There is also a risk that the Investment Manager may not apply the relevant ESG characteristics correctly or that the Sub-Fund could have indirect exposure to issuers who do not meet the relevant ESG assessment. Neither the Sub-Fund, the Management Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment.

**Profile of targeted investors**

This Sub-Fund is suitable for investors who want to benefit from the growth of China while minimizing the underlying volatility risk normally attached to Chinese equities through investments in value stocks listed in Hong Kong or on other markets.

The Sub-Fund offers investors a medium term investment vehicle.

Investors who wish to know the Sub-Fund's historical performance are invited to consult the KIID containing in principle data on the past 3 accounting years. Investors should, however, note that this data cannot in any event be considered as an indication of the Sub-Fund's future performance.

## 3. Distribution Policy

Since the Sub-Fund's principal investment objective is the capital growth, no dividend is expected to be paid to the shareholders.

However, the distribution of dividends may be proposed by the Board of Directors to the general meeting of shareholders at any time.

## 4. Form of Shares

Shares in Classes I EURO-HEDGED and I USD will be issued in registered form only. Shares in the other Classes may be issued in registered or bearer dematerialized form, at the election of the investors.

## 5. Classes of Shares

The Sub-Fund offers the following Classes which differ according to the type of investors, the Reference Currency, the minimum investment (see item 6 below) and the applicable management fees as the case may be (see items 15 and 17 below):

| | |
|---|---|
| Class I EURO-HEDGED: | Shares denominated in EUR and intended for institutional investors |
| Class I USD: | Shares denominated in USD and intended for institutional investors |
| Class GP* EURO-HEDGED: | Shares denominated in EUR and intended for retail investors |
| Class GP* USD: | Shares denominated in USD and intended for retail investors |
| Class P EURO-HEDGED: | Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors |
| Class P USD: | Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors |
| Class S EURO-HEDGED | Shares denominated in EUR and intended for institutional investors, subject to a high minimum of holding |

| | |
|---|---|
| Class S USD | Shares denominated in USD and intended for institutional investors, subject to a high minimum of holding |
| Class T EURO-HEDGED: | Shares denominated in EUR and intended for:<br><br>1. any investors, and, in case of subscription or distribution of shares in the EU only, who are:<br><br>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or<br>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or<br>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.<br><br>2. funds of funds. |
| Class T USD: | Shares denominated in USD and intended for:<br><br>1. any investors, and, in case of subscription or distribution of shares in the EU only, who are:<br><br>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or<br>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or<br>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit. |

| | |
|---|---|
| | 2. funds of funds. |

(*) GP for *Gestion Privée*

The assets of the Classes will be invested jointly in accordance with the Sub-Fund's investment policy. Class I EURO-HEDGED, Class GP EURO-HEDGED, Class P EURO-HEDGED, S EURO-HEDGED and T EURO-HEDGED Shares, denominated in EUR, will be managed in such a way as to reduce the foreign exchange rate risk between the EUR and the currencies of the underlying assets of the Sub-Fund linked to the USD, Asian currencies being treated in the same way as the USD.

The hedging technique used by the Hedging Manager is based on rolling over EUR/USD forward foreign exchange contracts.

## 6. Minimum Investment

The minimum initial investment and holding requirement per investor in Class I EURO-HEDGED is EUR 150,000 and USD 200,000 in Class I USD.

The minimum initial investment and holding requirement per investor in Class GP EURO-HEDGED is EUR 5,000 and USD 6,000 in Class GP USD.

The minimum initial investment and holding requirement per investor in Class P EURO-HEDGED is EUR 500 and USD 500 in Class P USD.

The minimum initial investment and holding requirement per investor in Class S EURO-HEDGED is EUR 5,000,000 and USD 5,000,000 in Class S USD.

There is no minimum initial investment and holding requirement per investor in Class T EURO-HEDGED and T USD.

The Board of Directors may decide to waive these minimum amounts at any time at its own discretion.

## 7. Subscriptions and Subscription Fee

After the Initial Subscription Period, the subscription price corresponds to the Net Asset Value per Share for the relevant Class on the relevant Valuation Day, which may be increased by a sales charge of a maximum of 5% of the applicable relevant Net Asset Value per Share and which shall revert to the sales agents.

In order to be dealt with on the basis of the relevant Net Asset Value per Share established as of a Valuation Day, duly completed and signed subscription forms must be received by the Fund in Luxembourg not later than 12.00 noon, Luxembourg time, one Business Day preceding such Valuation Day and must be accepted. Subscription forms received after this time and date will be processed as of the following Valuation Day.

Payment shall be received by the Fund not later than 3 Business Days following the relevant Valuation Day for the account of the Fund referencing the Sub-Fund and the relevant Class.

The corresponding Shares will be issued only upon receipt of the payment.

## 8. Redemptions

In order to be dealt with on the basis of the relevant Net Asset Value per Share established as of a Valuation Day, redemption requests must be received by the Fund in Luxembourg not later than 12.00 noon, Luxembourg time, one Business Day preceding such Valuation Day. Redemption requests received after this time and date will be processed as of the following Valuation Day.

The redemption price shall be based on the Net Asset Value per Share for the relevant Class as of the relevant Valuation Day. A redemption fee of a maximum of 1.5% of the applicable relevant Net Asset Value will be levied at the discretion of the Board of Directors and will revert to the Investment Manager, provided that the principle of equal treatment of shareholders be complied with. For Classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, T EURO-HEDGED, S USD, S EURO-HEDGED and T USD, no redemption fee will be levied.

The redemption price shall be paid 3 Business Days following the applicable Valuation Day.

## 9. Conversions

Shares of any Class of the Sub-Fund may be converted into Shares of any other Class of the Sub-Fund according to the procedure described in the Prospectus. No conversion fee shall be levied.

The conversion list will be closed under the same terms and conditions as applicable to redemptions in the Sub-Fund.

The minimum investment requirements applicable to the relevant Classes shall be complied with.

## 10. Reference Currencies

The Net Asset Value per Share of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED, S EURO-HEDGED and T EURO-HEDGED will be calculated in EUR.

The Net Asset Value per Share of Classes I USD, GP USD**,** P USD, S USD and T USD will be calculated in USD.

The Sub-Fund is consolidated in USD.

## 11. Frequency of the Net Asset Value (NAV) calculation and Valuation Day

The Net Asset Value per Share of each Class of the Sub-Fund will be determined on each Business Day ("Valuation Day"). The computation and publication of the Net Asset Value of each Valuation Day will be done on the following Business Day using the last available prices as of Valuation Day.

## 12. Management Company Fees

A management company fee is payable to the Management Company by the Sub-Fund in remuneration for its services. Such fee is set at a maximal annual rate of 0.10% per annum with a minimum of EUR 30,000per annum, payable quarterly in arrears and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

## 13. Investment Manager

In accordance with an agreement entered into with the Management Company in the presence of the Fund, terminable by either party giving not less than three months' prior notice to the other parties and with the approval of the Board of Directors of the Fund, JK Capital Management Ltd. is acting as Investment Manager.

JK Capital Management Ltd. is a company incorporated in Hong Kong on 21 March 1996. Its corporate capital amounts to HK$17,114,299 as at 31st December 2017. Its registered office is at Suite 1101, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong. The corporate object of the company is asset management and to advise on securities and on corporate finance.

## 14. Investment Management Fees

An investment management fee is payable to the Investment Manager by the Management Company at the charge of the Sub-Fund, in remuneration for its services. Such fee is set at the annual rate per annum set in percentage below, payable monthly in arrears and calculated on the average of the net assets of the Sub-Fund attributable to the relevant Class.

| | |
|---|---|
| Class I EURO-HEDGED | 1.50% |
| Class I USD | 1.50% |
| Class GP EURO-HEDGED | 1.50% |
| Class GP USD | 1.50% |
| Class P EURO-HEDGED | 2.20% |
| Class P USD | 2.20% |
| Class S USD | 0.95% |
| Class S EURO-HEDGED | 0.95% |
| Class T EURO-HEDGED | 1.50% |
| Class T USD | 1.50% |

In addition, for the Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EUROHEDGED, P USD, T EURO-HEDGED and T USD of the Sub-Fund, the Investment Manager is entitled to receive, within ten Business Days following the last Business Day of each calendar year, a performance fee equal to 15% of the performance of the Net Asset Value per Share for Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD.

There is a performance of the Net Asset Value per Share of the Class if there is an increase in the Net Asset Value per Share of the Class compared to the highest Net Asset Value per Share ever previously achieved for this Class ("Reference Net Asset Value", i.e. the last Net Asset Value on which a performance fee has been booked or the Initial Subscription Price for new Classes of Shares).

Under the high water mark principle, if there is an under-performance for a given period, this underperformance will be taken into consideration, which means that the Reference Net Asset

Value of the Class will be maintained, until a performance of the Net Asset Value per Share of the Class is recorded. The amount of the performance fee will be accrued on each Valuation Day, based on the outstanding Shares of the Class on that day.

The performance reference period is, throughout the life of the relevant Class, from the 1st trading day in January to the last trading day in December of each calendar year.

Sampling frequency:

The performance fee is collected for the benefit of the Investment Manager within ten Business Days following the last Business Day of each calendar year. Under no circumstances may the reference period of the fund be less than one year unless the fund is liquidated prior to the end of a calendar year

Performance fee calculation method:

• During the reference period:

- If the Sub-Fund's Net Asset Value is greater than the Reference Net Asset Value, the variable portion of performance fees will represent 15% of the performance of the Net Asset Value per Share for Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD.

- The performance fee will be calculated net of all costs.

- This difference will be the subject of a provision for performance fees when calculating the Net Asset Value.

In the event of redemption, the portion of the provision made, corresponding to the number of units redeemed, is definitively acquired by the Investment Manager.

• At the end of the reference period:

- If during the performance reference period the Reference Net Asset Value has changed, the performance fees provisioned during the reference period is definitively acquired by the Investment Manager.

- If during the performance reference period the Reference Net Asset Value did not change, the performance fees will be zero

For example:
For the Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EUROHEDGED, P USD, T EURO-HEDGED and T USD of the Sub-Fund:

| Reference period | Performance | | |
|---|---|---|---|
| | Highest Net Asset Value reached during the reference period ("Reference Net Asset Value") | Increase of Reference Net Asset Value | Performance fees |
| D 1 | 100 | 0% | NO |
| Year 1 | 100 | 0% | NO |
| Year 2 | 105 | 5% | YES |
| Year 3 | 105 | 0% | NO |
| Year 4 | 106 | 0.95% | YES |

The Investment Manager is further entitled to be reimbursed by the Management Company at the charge of the Sub-Fund, the expenses paid to third party services providers by the Investment Manager for the use of computer databases necessary to the day-to-day management of the Sub-Fund (such as subscriptions to Bloomberg, Reuters, Dow Jones News Services, etc.), such reimbursements to be capped to USD 4,000 per month.

## 15. Hedging Manager

In accordance with an agreement entered into with the Management Company, terminable by either party giving not less than three months' prior notice to the other parties, BNP Paribas Securities Services, Luxembourg Branch is acting as Hedging Manager.

## 16. Hedging Management Fees

The Sub-Fund will pay a hedging fee to the Hedging Manager at the charge of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED, S EURO-HEDGED and T EURO-HEDGED at the rate of 0.05% per annum, payable monthly in arrears and calculated on the average of the net assets of the Sub-Fund attributable to these Classes for the relevant month, in remuneration for its implementing the hedging technique as described under item 5 above.

## 17. Listing on the Luxembourg Stock Exchange

Some of the Shares of the Sub-Fund are listed on the Luxembourg Stock Exchange on the exchange-regulated Euro MTF market.

## 18. Publication of the NAV

The Net Asset Value per Share and the issue and redemption prices of the Shares will be available at the registered office of the Fund and will be available on Bloomberg.

## 19. Taxation

The Sub-Fund is liable to a tax of 0.05% per annum of its Net Asset Value (*taxe d'abonnement*), such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Fund at the end of the relevant calendar quarter. However, this tax is reduced to 0.01% per annum for the net assets attributable to Classes I EURO-HEDGED, I USD, S USD and S EURO-HEDGED.

## 20. ISIN codes

| | |
|---|---|
| Class I EURO-HEDGED | LU0547182096 |
| Class I USD | LU0438073230 |
| Class GP EURO-HEDGED | LU0421713362 |
| Class GP USD | LU0415808285 |
| Class P EURO-HEDGED | LU0611873836 |
| Class P USD | LU0611873919 |
| Class S USD | LU1863334113 |
| Class S EURO-HEDGED | LU1863334386 |
| Class T EURO-HEDGED | LU1023729996 |
| Class T USD | LU1023730069 |

# PART B: SPECIFIC INFORMATION

# II. SUB-FUND LA FRANÇAISE JKC ASIA EQUITY

## 1. Name

The name of the Sub-Fund is "LA FRANÇAISE JKC Asia Equity".

## 2. Specific Investment Policy and Investment Restrictions

### Investment Objective

The Sub-Fund's objective is to provide investors with exposure to the Asian continent through investments in companies operating predominantly in Asia excluding Japan. The Sub-Fund aims at providing above-average returns with a lower-than-average volatility by implementing a bottom-up value approach investment methodology combined with a top-down macro-driven country allocation.

The lower volatility of the Sub-Fund will be achieved through an active cash management, the use of hedging instruments during periods of high market volatility and a wide selection of low beta stocks that offer recurrent dividend yields. As such, the Sub-Fund's performance is expected to be different from the performance of commonly followed Asian indices as it is not meant to track any of them.

### Investment Policy

The sub-fund is actively and discretionarily managed. The sub-fund is not managed in reference to an index.

The Sub-Fund is a multi-cap fund focusing on bottom up stock picking of listed companies having their operations in Asia excluding Japan and on the basis of ground due diligence and compelling valuations using a value-driven investment methodology. ESG (Environmental Social Governance) characteristics are assessed and integrated into the Investment Manager's analysis of the target companies as further detailed under "ESG (Environmental Social and Governance) Integration" below.

The Sub-Fund will invest predominantly on the stock markets of Hong Kong, Mainland China, Singapore, Korea, Taiwan, Malaysia, Indonesia, India, Philippines and Thailand. The Sub-Fund may invest up to 50% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect. Investments may also be made on a case by case basis in new markets such as Vietnam or Mongolia. The Sub-Fund does not intend to invest in Japan. The Investment Manager may also decide to invest in companies that have the bulk of their operations in Asia and that are listed on overseas markets as companies may seek a listing of their shares outside of Asia. For instance, as at the date of the Prospectus, certain Chinese companies are already listed in Singapore, Taiwan, London, Frankfurt and New York, where the Sub-Fund may also invest as a result. It is expected that in the future certain Asian companies may seek a listing of their shares on other stock markets, where the Sub-Fund will then have the flexibility to invest.

The Sub-Fund may also invest in Participatory Notes (or P-Notes) denominated in any currency.

For the avoidance of doubt P-Notes will mainly be used in order to gain exposure where access to local markets is restricted (*i.a.* in Indian market). It is understood that according to their specific nature, these P-Notes qualify as securities within the meaning of Article 41 (1) of the Law of 2010 and section 2 of the Grand-Ducal Regulation of February 8, 2008 and / or securities embedding derivative instruments with the meaning of Article 41 instrument (1) of the Law of 2010 and section 10 of the Grand-Ducal Regulation of February 8, 2008.

Whilst the policy of the Investment Manager is to seek to invest the assets of the Sub-Fund in pursuit of the stated investment objective, the Investment Manager may hold cash reserves and/or convert the assets of the Sub-Fund into cash or short-term investments pending reinvestment.

The Sub-Fund may hedge its portfolio with the use from time to time of index-based derivatives and with an active cash management within the limits set out in Part A of the Prospectus under Chapter III.

**Investment Restrictions**

The Sub-Fund is subject to the investment restrictions set out in Part A of the Prospectus under Chapter II. In addition, the Sub-Fund may use techniques and instruments as set out under Chapter III in Part A of the Prospectus.

The Sub-Fund shall not invest more than 10% of its assets in the units of UCITS or other UCI.

The investment restrictions may not be complied with during a transitional period of 6 months from the payment date of the Initial Subscription Period as defined here below, provided that the Sub-Fund will endeavour to ensure, at all times, an appropriate level of diversification of risk within the portfolio of the Sub-Fund.

**ESG (Environmental Social Governance) Integration**

The Investment Manager maintains a record of the ESG profile of all investee companies.

This ESG profile is sourced on an on-going basis from public data and from all information collected during the Due Diligence stage (including interviews with management, official announcements and publications and on-site visits)

As part of the Due Diligence process, qualitative information that is systematically assessed includes:

- The quality of the management in terms of conflicts of interests, related parties transactions, board diversity, balance of powers and corporate culture ("Corporate Governance");
- The prospects' footprint on society and how it aligns with environmental protection and climate change issues ("Environment");
- The measures taken in terms of diversity, inclusion, corporate responsibility and respect for human rights ("Social").

When doing field level due diligence by visiting a company's premises, the Investment Manager's staff is trained to identify ESG strengths and weaknesses, hence bringing up questions about the firm's operations. Some enquiries related to environmental, social and governmental aspects are systematically asked to management during those on-site checks such as sources of energy used, disposal of solid and liquid waste and workers employment conditions among

others. Visits of sales branches, headquarters, and dormitories and inspection of factories and of the storage conditions of dangerous goods are regularly requested.

Records of such meetings are kept by the Investment Manager.

For quantitative data, the Investment Manager uses Bloomberg ESG tools that gather listed companies' sustainable profiles. When available, information from third parties ESG data providers (Sustainalytics, ISS ESG, RobeccoSAM, …) are extracted from Bloomberg and compared with the peers' average scores. Key metrics such as environmental release per sales metrics (Energy, Waste, Water, GHG), social (diversity in workforce, human rights concerns, donations) and governance (board composition, executive compensation, connected transactions …) are analysed and monitored over time.

The equity investment process is also subject to a set of pre-defined negative screening that provides for the exclusion of firms involved in controversial weapons (landmines and cluster bombs), tobacco and the production of thermal coal The pre-defined negative screens are binding for the Investment Manager, who may not invest in these sectors.

Post investment, the Investment Manager follows up on its analysis of companies' sustainable activities through active engagement and proxy voting.

Through on-site visits and investor relation meetings, the Investment Manager has the opportunity to monitor any investee company by engaging in a pro-active face to face dialogue on issues that had been previously identified.

The Investment Manager also commits to its ownership responsibilities by systematically voting on proposals submitted to shareholders during general meetings.

The above-described extra-financial analysis is applied to at least the following proportion of the portfolio:

- 90% for equities issued by large capitalisation companies whose registered office is located in "developed" countries, debt securities and money market instruments with an investment grade credit rating, sovereign debt issued by developed countries;
- 75% for equities issued by large capitalisations whose registered office is located in "emerging" countries, equities issued by small and medium capitalisations, debt securities and money market instruments with a high yield credit rating and sovereign debt issued by "emerging" countries (in terms of the capitalisation of the net assets of the sub-fund).

The above described ESG integration constitutes a framework of the Investment Manager's methodology. At the time of the investment, the companies may give a different level of satisfaction regarding their ESG profile. The Investment Manager will not only take into consideration the ESG profile at the time of the investment, but will also consider companies which have shown efforts to improve their ESG profile. The Active Engagement strategy of the Investment Manager will aim to assist companies in improving their ESG characteristics.

Further information on the ESG integration applied by the Investment Manager can be found online by visiting the corporate website of the Investment Manager at the following address https://jkcapitalmanagement.com/sustainable-investment/.

**Taxonomy Regulation**:

In line with the classification of Article 8 under the SFDR regulation, by taking into consideration, among other characteristics, environmental and social considerations, the sub-fund invests a portion of its assets in economic activities contributing to climate change mitigation or climate change adaptation. The portfolio manager looks for companies showing their "best-efforts" on climate change adaptation and climate mitigation. For instance, the portfolio manager monitors a list of ESG related metrics such as the carbon intensity trend, the carbon targets, the use of renewable energies or the treatment of waste.

The portfolio manager also avoids to be exposed to companies engaged in activities which significantly harm the following four environmental objectives:

- Sustainable use and protection of water and marine resources;
- Transition to a circular economy, waste prevention and recycling;
- Pollution prevention and control; and
- Protection of healthy ecosystems.

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 sub-fund cannot set a minimum share in Taxonomy-aligned investments contributing to climate change mitigation or climate change adaptation, transitional or enabling activities but it is expected that it will invest at least a small part of its net assets in investments contributing to climate change mitigation or climate change adaptation. Within this portion of assets invested in investments contributing to climate change mitigation or climate change adaptation, it can be reasonably anticipated that a small part will be invested in enabling and transitional activities referred to in Article 16 and Article 10(2) of Taxonomy Regulation, respectively.

The Prospectus will be updated and the minimum shares of taxonomy-aligned environmentally sustainable activities, including the proportion of investments in enabling and transitional activities will be included therein once data availability in relation to the Taxonomy Regulation improves and stabilises and once the technical screening criteria have been published.

**Risk Profile**

Investing in equity securities may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict.

Investment in Asia to the extent described in the investment objective and policy described above offers new growth opportunities. However, certain target markets may be affected by risks inherent to emerging markets, such as social and political modifications encountered in such country. Certain economic or financial factors such as inflation rate, regulation and restrictions on foreign exchange, restrictions on investments, limited liquidity of the markets, higher volatility in prices, rates and currencies, delayed settlements and transactions costs, counterparty risks linked to payments made prior to delivery of securities, differences in auditing and information on the issuers of securities, entail a degree of risks greater than the degree of risks associated with investment in more sophisticated markets such as the United States or the European Union.

The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

Participatory Notes also known as P-Notes are financial instruments that may be used to obtain exposure to an equity investment, including common stocks and warrants, in a local market where direct ownership is not allowed. Investment in P-Notes involves an OTC transaction with a third party. Therefore the Sub-Fund investing in P-Notes is exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in the loss of the full market value of the equity.

China Risks

*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. Investors should note that 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.

*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 eventually across different sectors of China's economy. All these may have an adverse impact on the performance of the Sub-Fund.

*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 Exchanges to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.

*Dependence upon trading market for China Ashares*

The existence of a liquid trading market for the China A-shares may depend on whether there is supply of, and demand for, China A-shares.

*Disclosure of Substantial Shareholding*

Under China's disclosure of interest requirements, the Sub-Fund investing in China A-shares may be deemed to be acting in concert with other funds managed within the Investment Manager's group or a substantial shareholder of the Investment Manager and therefore may be subject to the risk that the Sub-Fund's holdings may have to be reported in aggregate with the holdings of such other funds mentioned above should the aggregate holding triggers the reporting threshold under China law, currently being 5% of the total issued shares of the relevant China listed company. This may expose the Sub-Fund's holdings to the public and may adversely impact the performance of the Sub-Fund concerned.

In addition, subject to the interpretation of Chinese courts and regulators, certain provisions contained in the China laws and regulations may be applicable to the Sub-Fund's investments with the result that where the holdings of the Sub-Fund (possibly with the holdings of other investors deemed as concert parties of the Sub-Fund) exceed 5% of the total issued shares of a China listed company, the Sub-Fund may not reduce its/their holdings in such company within six months of the last purchase of shares of such company. If the Sub-Fund violates the rule and sells any of its holdings in such company in the six month period, it/they may be required by the listed company to return any profits realized from such trading to the listed company.

Moreover, under China's civil procedures, the Sub-Fund's assets may be frozen to the extent of the claims made by such company.

Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect Risks

The Sub-Fund may invest and have direct access to certain eligible China A-Shares via the Stock Connect. The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), China Securities Depository and Clearing Corporation Limited ("ChinaClear"), the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE"), respectively, with an aim to achieve mutual stock market access between the Mainland China and Hong Kong.

Stock Connect comprises a Northbound Trading Link (for investment in China A-Shares) by which investors, through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited ("SEHK"), may be able to place orders to trade eligible shares listed on SSEor SZSE, respectively together referred to as the "Chinese Securities").
The Chinese Securities listed on the SSE which are available via Shanghai – Hong Kong Stock Connect include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

The Chinese Securities listed on the SZSE which are available via Shenzhen – Hong Kong Stock Connect include any constituent stock of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SZSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SZSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

Further information about the Stock Connect is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

*Quota limitations risk*

The Stock Connect is subject to quota limitations on investment, which may restrict the Sub-Fund's ability to invest in China A-Shares through the Stock Connect on a timely basis and the Sub-Fund may not be able to effectively pursue its investment policy.

*Suspension risk*

SEHK, SSE and SZSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which would affect the Sub-Fund's ability to access the Mainland China market via Stock Connect.

*Differences in trading day*

The Stock Connect operates on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but overseas investors (such as the Sub-Fund) cannot carry out any China A-Shares trading. The Sub-Fund may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

*Clearing, settlement and custody risks*

The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx (the "HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the Mainland China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through the Stock Connect are issued in scripless form, so investors such as the Sub-Fund will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Sub-Fund, who have acquired Chinese Securities through Northbound Trading should maintain the Chinese Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Fund.

*Nominee arrangements in holding China A-Shares*

HKSCC is the "nominee holder" of the Chinese Securities acquired by overseas investors (including the Sub-Fund) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Sub-Fund enjoy the rights and benefits of the Chinese Securities acquired through the Stock Connect in accordance with applicable laws. The CSRC has clarified in Frequently Asked Questions published on 15 May 2015 that (i) the concept of nominee shareholding is recognised in Mainland China, (ii) overseas investors shall hold Chinese Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders, (iii) Mainland China law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so, (iv) as long as certification issued by HKSCC is treated as lawful proof of a beneficial owner's holding of Chinese Securities under the Hong Kong Special Administrative Region law, it would be fully respected by CSRC and (v) as long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in Mainland China courts.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Chinese Securities in Mainland China or elsewhere. Therefore, although the Sub-Fund's ownership may be ultimately recognised and the HKSCC confirmed that it is prepared to provide assistance to the beneficial owners of Chinese Securities where necessary, this Sub-Fund may suffer difficulties or delays in enforcing their rights China A-Shares. Moreover, whether Mainland China courts will accept the legal action independently initiated by the overseas investor with the certification of holding in Chinese Securities issued by HKSCC has yet to be tested.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Sub-Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a Fund suffers losses resulting from the performance or insolvency of HKSCC.

*Investor compensation*

Investments of the Sub-Fund through Northbound Trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound Trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound Trading through securities brokers in Hong Kong but not Mainland China brokers, therefore they are not protected by the China Securities Investor Protection Fund in Mainland China.

*Operational risk*

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Sub-Fund, to access the Mainland China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

*Trading costs*

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the Sub-Fund may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

*Regulatory risk*

The CSRC Stock Connect rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that Mainland China courts will recognize such rules, e.g. in liquidation proceedings of Mainland China companies.
The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in Mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The Sub-Fund may be affected as a result of such changes.

*Stock Connect Tax Risks*

Various tax reforms and policies have been implemented by the PRC government authorities in recent years, and existing tax laws and regulations may be revised or amended in the future. Any changes in tax policies may reduce the after-taxation profits of the companies in the PRC and detrimentally impact the performance of the Sub-Fund.

Pursuant to Caishui 2014 No. 81 ("Notice 81"), foreign investors investing in China A-Shares listed on the Shanghai Stock Exchange through the Stock Connect would be temporarily exempted from China corporate income tax and business tax on the gains on disposal of such China A-Shares.

Pursuant to Caishui 2016 No.127 ("Notice 127"), corporate income tax, individual income tax and value-added tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A-shares under the Shenzhen Hong Kong Stock Connect Program with effect from 5 December 2016.

It is noted that Notice 81 and Notice 127 state that the corporate income tax exemptions are temporary. As such, as and when the PRC authorities announce the expiry date of the exemptions,

the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Sub-Fund.

Under both Notice 81 and Notice 127, Hong Kong and overseas investors (including the Sub-Fund) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. If the Hong Kong and overseas investors such as the Sub-Fund are eligible for treaty relief on dividends, the Hong Kong and overseas investors can apply for the entitlement of treaty relief and refund of the overpaid tax with the PRC tax authority of the A-share issuing company.

**Specific risks linked to investment in Environmental Social and Governance (ESG)**

The Sub-Fund may use ESG characteristics in its investment strategies, as determined by the Investment Manager set out above.

The use of ESG characteristics may affect the Sub-Fund's investment performance and, as such, investing in ESG may perform differently compared to similar sub-funds that do not use such characteristics.
ESG based exclusionary screens used in the Sub-Fund's investment policy may result in the Sub-Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.

The relevant exclusions might not correspond directly with investors own subjective ethical views.

In evaluating a security or issuer based on ESG characteristics, the Investment Manager may be dependent upon information and data from third party ESG advisers, which may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Investment Manager may incorrectly assess a security or issuer. There is also a risk that the Investment Manager may not apply the relevant ESG characteristics correctly or that the Sub-Fund could have indirect exposure to issuers who do not meet the relevant ESG assessment. Neither the Sub-Fund, the Management Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment.

**Profile of targeted investors**

This Sub-Fund is suitable for investors who want to benefit from the growth of Asia (excluding Japan) while minimizing the underlying volatility risk normally attached to Asian equities through investments in value stocks listed on major Asian markets.

The Sub-Fund offers investors a medium term investment vehicle.

## 3. Distribution Policy

Since the Sub-Fund's principal investment objective is the capital growth, no dividend is expected to be paid to the shareholders.

However, the distribution of dividends may be proposed by the Board of Directors to the general meeting of shareholders at any time.

## 4. Form of Shares

Shares in Classes I EURO-HEDGED and I USD will be issued in registered form only. Shares in the other Classes may be issued in registered or bearer dematerialized form, at the election of the investors.

## 5. Classes of Shares

The Sub-Fund will offer the followings Classes which differ according to the type of investors, the Reference Currency, the minimum investment (see item 6 herebelow) and the applicable management fees as the case may be (see items 15 and 17 herebelow):

| | |
|---|---|
| Class I EURO-HEDGED: | Shares denominated in EUR and intended for institutional investors |
| Class I USD: | Shares denominated in USD and intended for institutional investors |
| Class GP* EURO-HEDGED: | Shares denominated in EUR and intended for retail investors |
| Class GP* USD: | Shares denominated in USD and intended for retail investors |
| Class P EURO-HEDGED: | Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors |
| Class P USD: | Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors |
| Class T EURO-HEDGED: | Shares denominated in EUR and intended for:<br><br>1. any investors, and, in case of subscription or distribution of shares in the EU only, who are:<br><br>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or<br>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or<br>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit. |

| | |
|---|---|
| | 2. funds of funds. |
| Class T USD: | Shares denominated in USD and intended for:<br><br>1. any investors, and, in case of subscription or distribution of shares in the EU only, who are:<br><br>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or<br>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or<br>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.<br><br>2. funds of funds. |

(*) GP for *Gestion Privée*

The assets of the Classes will be invested jointly in accordance with the Sub-Fund's investment policy. Class I EURO-HEDGED, Class GP EURO-HEDGED, Class P EURO-HEDGED and Class T EURO-HEDGED Shares, denominated in EUR, will be managed in such a way as to reduce against the foreign exchange rate risk between the EUR and the currencies of the underlying assets of the Sub-Fund linked to the USD, Asian currencies being treated in the same way as the USD.

The hedging technique used by the Hedging Manager is based on rolling over EUR/USD forward foreign exchange contracts.

## 6. Minimum Investment

The minimum initial investment and holding requirement per investor in Class I EURO-HEDGED is EUR 150,000 and USD 200,000 in Class I USD.

The minimum initial investment and holding requirement per investor in Class GP EURO-HEDGED is EUR 5,000 and USD 6,000 in Class GP USD.

The minimum initial investment and holding requirement per investor in Class P EURO-HEDGED is EUR 500 and USD 500 in Class P USD.

There is no minimum initial investment and holding requirement per investor in Class T EURO-HEDGED and T USD.

The Board of Directors may decide to waive these minimum amounts at any time at its own discretion.

## 7. Subscriptions and Subscription Fee

After the Initial Subscription Period, the subscription price corresponds to the Net Asset Value per Share for the relevant Class on the relevant Valuation Day, which may be increased by a sales charge of a maximum of 5% of the applicable relevant Net Asset Value per Share and which shall revert to the sales agents.

In order to be dealt with on the basis of the relevant Net Asset Value per Share established as of a Valuation Day, duly completed and signed subscription forms must be received by the Fund in Luxembourg not later than 12.00 noon, Luxembourg time, one Business Day preceding such Valuation Day and must be accepted. Subscription forms received after this time and date will be processed as of the following Valuation Day.

Payment shall be received by the Fund not later than 3 Business Days following the relevant Valuation Day for the account of the Fund referencing the Sub-Fund and the relevant Class.

The corresponding Shares will be issued only upon receipt of the payment.

## 8. Redemptions

In order to be dealt with on the basis of the relevant Net Asset Value per Share established as of a Valuation Day, redemption requests must be received by the Fund in Luxembourg not later than 12.00 noon, Luxembourg time, one Business Day preceding such Valuation Day. Redemption requests received after this time and date will be processed as of the following Valuation Day.

The redemption price shall be based on the Net Asset Value per Share for the relevant Class as of the relevant Valuation Day. A redemption fee of a maximum of 1.5% of the applicable relevant Net Asset Value will be levied at the discretion of the Board of Directors and will revert to the Investment Manager, provided that the principle of equal treatment of shareholders be complied with. For Classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD, no redemption fee will be levied.

The redemption price shall be paid 3 Business Days following the applicable Valuation Day.

## 9. Conversions

Shares of any Class of the Sub-Fund may be converted into Shares of any other Class of the Sub-Fund according to the procedure described in the Prospectus. No conversion fee shall be levied.

The conversion list will be closed under the same terms and conditions as applicable to redemptions in the Sub-Fund.

The minimum investment requirements applicable to the relevant Classes shall be complied with.

## 10. Reference Currencies

The Net Asset Value per Share of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED and T EURO-HEDGED will be calculated in EUR.
The Net Asset Value per Share of Classes I USD, GP USD, P USD and T USD will be calculated in USD.

The Sub-Fund is consolidated in USD.

## 11. Frequency of the Net Asset Value (NAV) calculation and Valuation Day

The Net Asset Value per Share of each Class of the Sub-Fund will be determined as of each Business Day ("Valuation Day"). The computation and publication of the Net Asset Value of each Valuation Day will be done on the following Business Day using the last available prices as of Valuation Day.

## 12. Management Company Fees

A management company fee is payable to the Management Company by the Sub-Fund in remuneration for its services. Such fee is set at the annual rate of 0.10% per annum with a minimum of EUR 30,000 per annum, payable quarterly in arrears and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

## 13. Investment Manager

In accordance with an agreement entered into with the Management Company in the presence of the Fund, terminable by either party giving not less than three months' prior notice to the other parties and with the approval of the Board of Directors of the Fund, JK Capital Management Ltd. is acting as Investment Manager.

JK Capital Management Ltd. is a company incorporated in Hong Kong on 21 March 1996. Its corporate capital amounts to HK$17,114,299 as at 31st December 2017. Its registered office is at Suite 1101, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong. The corporate object of the company is asset management and to advise on securities and on corporate finance.

## 14. Investment Management Fees

An investment management fee is payable to the Investment Manager by the Management Company at the charge of the Sub-Fund, in remuneration for its services. Such fee is set at the annual rate per annum set in percentage below, payable monthly in arrears and calculated on the average of the net assets of the Sub-Fund attributable to the relevant Class.

| | |
|---|---|
| Class I EURO-HEDGED | 1.50% |
| Class I USD | 1.50% |
| Class GP EURO-HEDGED | 1.50% |
| Class GP USD | 1.50% |
| Class P EURO-HEDGED | 2.20% |

| | |
|---|---|
| Class P USD | 2.20% |
| Class T EURO-HEDGED | 1.50% |
| Class T USD | 1.50% |

In addition, for each Class of the Sub-Fund, the Investment Manager is entitled to receive, within ten Business Days following the last Business Day of each calendar year, a performance fee equal to 15% of the performance of the Net Asset Value per Share of the Class.

There is a performance of the Net Asset Value per Share of the Class if there is an increase in the Net Asset Value per Share of the Class compared to the highest Net Asset Value per Share ever previously achieved for this Class ("Reference Net Asset Value", i.e. the last Net Asset Value on which a performance fee has been booked or the Initial Subscription Price for new Classes of Shares).

Under the high water mark principle, if there is an under-performance for a given period, this underperformance will be taken into consideration, which means that the Reference Net Asset Value of the Class will be maintained, until a performance of the Net Asset Value per Share of the Class is recorded. The amount of the performance fee will be accrued on each Valuation Day, based on the outstanding Shares of the Class on that day.

The performance reference period is, throughout the life of the relevant Class, from the 1st trading day in January to the last trading day in December of each calendar year.

Sampling frequency:

The performance fee is collected for the benefit of the Investment Manager within ten Business Days following the last Business Day of each calendar year. Under no circumstances may the reference period of the fund be less than one year unless the fund is liquidated prior to the end of a calendar year.

Performance fee calculation method:

• During the reference period:

- If the Sub-Fund's Net Asset Value is greater than Reference Net Asset Value, the variable portion of performance fees will represent 15% of the performance of the Net Asset Value per Share of the Class.

- The performance fee will be calculated net of all costs.

- This difference will be the subject of a provision for performance fees when calculating the Net Asset Value.

In the event of redemption, the portion of the provision made, corresponding to the number of units redeemed, is definitively acquired by the Investment Manager.

• At the end of the reference period:

- If during the performance reference period the Reference Net Asset Value has changed, the performance fees provisioned during the reference period is definitively acquired by the Investment Manager.

- If during the performance reference period the Reference Net Asset Value did not change, the performance fees will be zero

For example:

| Reference period | Performance | | |
|---|---|---|---|
| | Highest Net Asset Value reached during the Reference Period ("Reference Net Asset Value") | Increase of Reference Net Asset Value | Performance fees |
| D 1 | 100 | 0% | NO |
| Year 1 | 100 | 0% | NO |
| Year 2 | 105 | 5% | YES |
| Year 3 | 105 | 0% | NO |
| Year 4 | 106 | 0.95% | YES |

The Investment Manager is further entitled to be reimbursed by the Management Company at the charge of the Sub-Fund, the expenses paid to third party services providers by the Investment Manager for the use of computer databases necessary to the day-to-day management of the Sub-Fund (such as subscriptions to Bloomberg, Reuters, Dow Jones News Services, etc.), such reimbursements to be capped to USD 4,000 per month.

## 15. Hedging Manager

In accordance with an agreement entered into with the Management Company, terminable by either party giving not less than three months' prior notice to the other parties, BNP Paribas Securities Services, Luxembourg Branch is acting as Hedging Manager.

## 16. Hedging Management Fees

The Sub-Fund will pay a hedging fee to the Hedging Manager at the charge of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED, T EURO-HEDGED at the rate of 0.05% per annum, payable monthly in arrears and calculated on the average of the net assets of the Sub-Fund attributable to these Classes for the relevant month, in remuneration for its implementing the hedging technique as described under item 5 above.

## 17. Listing on the Luxembourg Stock Exchange

Some of the Shares of the Sub-Fund are listed on the Luxembourg Stock Exchange on the exchange-regulated Euro MTF market.

## 18. Publication of the NAV

The Net Asset Value per Share and the issue and redemption prices of the Shares will be available at the registered office of the Fund and will be available on Bloomberg.

## 19. Taxation

The Sub-Fund is liable to a tax of 0.05% per annum of its Net Asset Value (*taxe d'abonnement*), such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Fund at the end of the relevant calendar quarter. However, this tax is reduced to 0.01% per annum for the net assets attributable to Classes I EURO-HEDGED and I USD.

## 20. ISIN codes

| | |
|---|---|
| Class I EURO-HEDGED | LU0611874057 |
| Class I USD | LU0611874131 |
| Class GP EURO-HEDGED | LU0611874214 |
| Class GP USD | LU0611874305 |
| Class P EURO-HEDGED | LU0611874487 |
| Class P USD | LU0611874560 |
| Class T EURO-HEDGED | LU1023730226 |
| Class T USD | LU1023730499 |

# MISCELLANEOUS

**Documents available**

In addition to the Prospectus, KIID, annual and semi-annual reports, copies of the following documents may be obtained during usual business hours on any Business Day in Luxembourg at the registered office of the Fund:

(i) the Articles of Incorporation of the Fund;

(ii) the Subscription Forms

Copies of the Prospectus, KIID, articles of incorporation and latest published annual and semi-annual reports may also be consulted from the following website www.fundsquare.net.

A brief description of the strategy put in place by the Management Company for determining when and how voting rights attached to instruments held in the Fund's portfolio are to be exercised and information regarding procedure on clients' complaints handling may be consulted at the registered office of the Management Company.

In accordance with the Directive 2009/65/EC and Article 111bis of the 2010 Law, the Management Company has established a remuneration policy for those categories of staff whose professional activities have a material impact on the risk profiles of the Management Company or the Fund. Those categories of staff includes any employees who are decision takers, fund managers, risk takers and persons who take real investment decisions, control functions, persons who have the power to exercise influence on such employees or members of staff, including investment advisors and analysts, senior management and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and decision takers.

The remuneration policy is compliant with and promotes a sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Fund or with its Articles and which are in line with the business strategy, objective values and interests of the Management Company and does not interfere with the obligation of the Management Company to act in the best interests of the Fund. The remuneration policy includes an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the long-term performance of the Fund and its investment risks. The variable remuneration component is also based on a number of other qualitative and quantitative factors. The remuneration policy contains an appropriate balance of fixed and variable components of the total remuneration.

The La Française Group has established a remuneration committee that operates on a group-wide basis. The remuneration committee is organised in accordance with internal rules in compliance with the principles set out in the Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy has been designed to promote sound risk management and to discourage risk taking that exceeds La Française's level of tolerated risk, having regard to the investment profiles of the funds managed and to establish measures to avoid conflicts of interest. The remuneration policy is reviewed on an annual basis.

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, is made available at http://lfgrou.pe/MnDZx7. A paper copy is available free of charge upon request at the Management Company's registered office.

**Subscription Forms**

Subscription forms may be obtained from the Fund's registered office on request.

**Official language**

The official language of the Prospectus and of the Articles is English. However, the Board of Directors, the Depositary, the Management Company, the Domiciliary and Corporate Agent may, on their own behalf and on the Fund's behalf, consider it essential that these documents be translated into the languages of the countries in which the Fund's Shares are offered and sold. In case of any discrepancies between the English text and any other language into which the Prospectus is translated, the English text will prevail.

## INFORMATION FOR INVESTORS IN CERTAIN COUNTRIES

## A. ADDITIONAL INFORMATION FOR UK INVESTORS

In connection with the Fund's recognition under section 264or 272 (dependent upon scheme type) of the 2000 Financial Services and Markets Act, the Fund, by way of a UK Facilities Agent Agreement dated 25 June 2014, has appointed BNP Paribas Securities Services (the "Facilities Agent") to maintain the facilities required of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook ("COLL") published by the Financial Conduct Authority.

The facilities will be located at the offices of the Facilities Agent: BNP Paribas Securities Services SCA, London Branch, Facilities Agency Services, c/o Company Secretarial Department, 55 Moorgate, London, EC2R 6PA, United Kingdom during usual business hours on any week day (other than UK public holidays):

At these facilities, any person may:

1. inspect (free of charge) and (obtain free of charge) in the case of document (c) and (d)

(a) the instrument constituting the scheme;
(b) any instrument amending the instrument constituting the scheme;
(c) the latest prospectus (which must include the address where the facilities are maintained and details of those facilities);
(d) for a section 264 recognised scheme, the EEA key investor information document;
(e) the latest annual and half-yearly reports.

For a section 264 recognised scheme, the requirement in (1) for documents to be in English applies only to the EEA key investor information document referred to in 1(d).

2. any other documents required from time to time by COLL to be made available.

3. obtain information (in English) about the prices of Shares;

4. redeem or arrange for the redemption of its Shares and obtain payment in relation to such redemption; any redemption requests received by the UK Facilities Agent shall be sent to the administrator of the Fund, for processing.

5. make a complaint about the operation of the Fund, which complaint the Facilities Agent will transmit to the operator.

## B. ADDITIONAL INFORMATION FOR GERMAN INVESTORS

The function of the Paying and Information Agent in the Federal Republic of Germany is performed by:

BNP Paribas Securities Services S.C.A. Zweigniederlassung Frankfurt am Main
Address: Europa-Allee 12, 60327 Frankfurt am Main, Germany

(hereinafter: Paying and Information Agent)

Requests for redemptions or conversion of shares may be submitted to the Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions and other payments may, upon request, be conducted through the Paying and Information Agent.

The following documents may be obtained, free of charge, in hardcopy form at the office of the Paying and Information Agent:

- the prospectus,
- the key investor information documents,
- the current annual and semi-annual reports,
- the Articles of Incorporation of the fund,

The issue and redemption prices, the net asset value as well as any notices to investors are available at the Paying and Information Agent. In addition, the issue, redemption and conversion prices and any notices to investors are published on the website www.fundinfo.com.

No shares of EU UCITS will be issued as printed individual certificates.

In addition, communications to investors in Germany will be made available by means of a durable medium (section 167 of the Investment Code) in the following cases:

- suspension of the redemption of the shares,
- termination of the management of the fund or its liquidation,
- any amendments to the articles of incorporation which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.

## C. ADDITIONAL INFORMATION FOR SWISS INVESTORS

1) **Representative in Switzerland**
The representative is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich.

2) **Paying agent in Switzerland**
The paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich

3) **Location where the relevant documents may be obtained**
The prospectus, the Key Investor Information Documents, the articles of association, as well as the annual and semi-annual reports may be obtained free of charge from the representative.

4) **Publications**
Publications concerning the fund are made in Switzerland on the electronic platform www.fundinfo.com.

Each time units are issued or redeemed, the issue and the redemption prices or the net asset value together with a reference stating "excluding commissions" must be published on the electronic platform www.fundinfo.com. Prices are published on a daily basis.

5) **Payment of retrocessions and rebate**
The fund management company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- Establishment of processes for the subscription and holding or custody of units Shares;
- Storage and distribution of marketing and legal documents;
- Transmission or provision of access to publications required by law as well as other publications;
- Understanding and performance of due diligence activities delegated by the Fund in areas such as money laundering, clarifying customer needs and sales restrictions;
- Appointment of a duly authorised person for the audit to ensure the duties of the distributor have been properly undertaken, in particular the guidelines for the distribution of collective investment schemes of the Swiss Funds Asset Management Association (SFAMA).
- Operation and maintenance of an electronic platform for distribution and/or information purposes;
- Clarifications and replies to specific requests from Investors regarding the Sub-funds;

- Development of fund analysis material;
- Organisation of a road show;
- Participation in fairs and events;
- Relationship management;
- Subscription to Shares as the "nominated party" for several clients on behalf of the Fund;
- Training client advisors in collective capital investment schemes;
- Appointment and monitoring of other distributors.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In the case of distribution activity in or from Switzerland, the fund management company and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that:

- they are paid from fees received by the fund management company and therefore do not represent an additional charge on the fund assets;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the fund management company are as follows:

- the volume subscribed by the Investor or the total volume held by him in the Sub-funds, or in the range of products offered by the promoter;
- the amount of fees generated by the Investor;
- the financial expectations of the Investor (e.g. expected investment term);
- the willingness of the investor to provide support in the launch phase of a Sub-fund.

At the request of the investor, the fund management company must disclose the amounts of such rebates free of charge.

6) **Place of performance and jurisdiction**
In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative.

7) **State of origin**
The state of the origin of the fund is Luxembourg.