


**VISA 2019/156359-7116-0-PC**

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

Luxembourg, le 2019-05-08

Commission de Surveillance du Secteur Financier



## **Arcano Fund**

*Société d'Investissement à Capital Variable*

—

*Fonds d'Investissement Spécialisé*

## **Placement Memorandum**

**April 2019**

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## ARCANO FUND

*Société d'Investissement à Capital Variable – Fonds d'Investissement Spécialisé*

Registered office: 33A, avenue J-F Kennedy, L-1855 Luxembourg

Grand Duchy of Luxembourg

RCS Luxembourg: B 161.863

### INTRODUCTION

Arcano Fund (the "**SICAV**") is an open-ended umbrella investment company with variable capital (*société d'investissement à capital variable*) specialised investment fund ("**SIF**") (*fonds d'investissement spécialisé*) registered in the Grand Duchy of Luxembourg on the official list of specialised investment funds pursuant to the 2007 Law (as defined below). This registration however, does not imply approval by any Luxembourg authority of the contents of this Placement Memorandum (as defined below) or the portfolios of securities held by the SICAV.

The object of the SICAV is to invest its assets, directly or indirectly via subsidiaries, in securities and other instruments permitted by the 2007 Law with the purpose of spreading the investment risks and affording its Shareholders (as defined below) the result of the management of its assets.

The Shares (as defined below) of the SICAV are offered only to Well-Informed Investors (as defined below) on the basis of the information and representations contained in this Placement Memorandum. Any information or representation given or made by any selling agent or other person not contained herein or in the documents referred to herein should be regarded as unauthorised and should accordingly not be relied upon.

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

The distribution of this Placement Memorandum and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Placement Memorandum and any persons wishing to subscribe for Shares pursuant to this Placement Memorandum to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

When marketing Shares in any territory of the European Economic Area ("**EEA**") (other than Luxembourg) to professional investors that are domiciled or have a registered office in the EEA, the AIFM intends to utilise the marketing passport made available under the provisions of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010. Shares of the SICAV may only

be marketed pursuant to such passport to professional investors (as defined in the AIFM Directive) in those territories of the EEA in respect of which the passport has been obtained.

The information contained in this Placement Memorandum is considered to be accurate at the date of its publication. To reflect material changes, this Placement Memorandum may be updated from time to time and potential investors should enquire of the SICAV as to the issue of any later Placement Memorandum.

The Directors (as defined below) of the SICAV, whose names appear in section 1 "Organisation of the SICAV" of this Placement Memorandum, have taken all reasonable care to ensure that the facts stated herein be correctly and fairly presented with respect to all questions of importance and that no important fact, the omission of which would make misleading any of the statements herein, be omitted.

The SICAV has not been registered under the U.S. Investment Company Act of 1940. In addition, no Shares of either Sub-Fund have been registered under the U.S. Securities Act of 1933, as amended. Participating Shares will not be offered from within the United States or to Investors who are US Persons. A US Person is any person who:

(i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;

(ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));

(iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));

(iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or

(v) any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Fund.

## **IMPORTANT INFORMATION**

Prospective investors who are in any doubt about the contents of this Placement Memorandum or the annual reports of the SICAV should as well as in general inform themselves and consult their financial adviser as to the possible tax consequences, the legal requirements and any foreign exchange restriction 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, holding or disposal of Shares.

**This part of the Placement Memorandum is applicable to all Sub-Funds, unless the relevant Appendix derogates therefrom.**

## **1. ORGANISATION OF THE SICAV**

### **1.1 Board of Directors**

Ms Marta Velasco, professionally residing at C/ Jose Ortega y Gasset 29, 4<sup>th</sup> floor, 28006, Madrid, Spain.

Mr Yvon Lauret, professionally residing at 40, rue Glesener, L-1630 Luxembourg, Grand Duchy of Luxembourg.

Mr Alain Bastin, professionally residing at 42, rue de la Vallée, L-2661 Luxembourg.

### **1.2 Administration**

#### **AIFM**

#### **Arcano Capital SGIIC, S.A.U.**

C/ José Ortega y Gasset 29, 4<sup>th</sup> floor,  
28006 Madrid  
Spain

#### **AIFM Conducting Officers**

#### **Manuel Mendivil**

Calle José Ortega y Gasset 29, 4<sup>th</sup> floor,  
28006 Madrid  
Spain

#### **José Luis del Río Galán**

Calle José Ortega y Gasset 29, 4<sup>th</sup> floor,  
28006 Madrid  
Spain

#### **Depository**

#### **UBS Europe SE, Luxembourg Branch**

33A, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

#### **Central Administration Agent**

#### **Northern Trust Global Services SE**

6, rue Lou Hemmer  
L-1748 Senningerberg  
Grand Duchy of Luxembourg

#### **Registrar Agent**

#### **Northern Trust Global Services SE**

6, rue Lou Hemmer

L-1748 Senningerberg  
Grand Duchy of Luxembourg

**Domiciliary and Corporate Agent** **UBS Europe SE, Luxembourg Branch**  
33A, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Paying Agent** **UBS Europe SE, Luxembourg Branch**  
33A, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### 1.3 **Service Providers**

**Auditor** **PricewaterhouseCoopers, société coopérative**  
2, rue Gerhard Mercator  
L-2182 Luxembourg

**Legal and Tax Advisors** **Clifford Chance**  
10 boulevard G.D. Charlotte  
L-1330 Luxembourg  
Grand Duchy of Luxembourg

## **2. DEFINITIONS**

The following definitions apply throughout the Placement Memorandum:

|                               |   |
|-------------------------------|---|
| <b>1915 Law</b>               | the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time  |
| <b>2004 Law</b>               | the Luxembourg law of 12 November 2004 relating to the fight against money-laundering and the financing of terrorism, as amended from time to time  |
| <b>2007 Law</b>               | the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended from time to time   |
| <b>2010 Law</b>               | the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended from time to time   |
| <b>Accounting Currency</b>    | the currency of consolidation of the SICAV  |
| <b>Actualization Interest</b> | the interest payment payable by a subsequent Investor in a Class in a Sub-Fund, to the extent applicable in accordance with the provisions set out in the relevant Appendix   |
| <b>Advisory Fee</b>           | has the meaning ascribed to it in section 18.6 of this Placement Memorandum   |
| <b>Affiliate</b>              | an undertaking in the same group as the AIFM, the Investment Advisor and/or the Portfolio Manager or any other person whose relationship with the AIFM, the Investment Advisor and/or Portfolio Manager may be reasonably expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties |
| <b>AIFM</b>                   | the alternative investment fund manager appointed in accordance with article 17 of the Articles of Incorporation and the Placement Memorandum, or such other person as may be subsequently appointed to act in such capacity  |

|                                     |   |
|-------------------------------------|---|
| <b>AIFM Agreement</b>               | the agreement entered between the AIFM and the SICAV, as amended from time to time  |
| <b>AIFM Directive</b>               | the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 |
| <b>AIFM Fee</b>                     | has the meaning ascribed to it in section 18.4 of this Placement Memorandum   |
| <b>Appendix</b>                     | an appendix to this Placement Memorandum in which the specifics of a Sub-Fund are set out   |
| <b>Arcano Group</b>                 | has the meaning ascribed to it in section 42 of the Spanish Commercial Code (Código de Comercio) and section 5 of the Spanish Securities Act (Real Decreto Legislativo 4/2015, sobre el Mercado de Valores)                             |
| <b>Articles of Incorporation</b>    | the articles of incorporation of the SICAV as the same may be amended, supplemented and modified from time to time  |
| <b>Auditor</b>                      | the auditor of the SICAV qualifying as an independent auditor ( <i>réviseur d'entreprises agréé</i> ), as further described in section 4.11 of this Placement Memorandum  |
| <b>Board of Directors</b>           | the board of directors of the SICAV   |
| <b>Business Day</b>                 | a full bank business day in Luxembourg  |
| <b>Category(ies)</b>                | the category(ies) or sub-class(es) in which each Class of Shares may be sub-divided as further detailed in section 10 "The Offer" of the Placement Memorandum and the relevant Appendix   |
| <b>Central Administration Agent</b> | Northern Trust Global Services SE, acting in its capacity as administrative agent of the SICAV in Luxembourg,   |



or such other entity as may subsequently be appointed to act in such capacity

|  |  |
|--|--|
| <b>Class(es)</b>                             | one or more classes of Shares that may be available in each Sub-Fund as further detailed in section 3.4 of this Placement Memorandum and in the relevant Appendix  |
| <b>CSSF</b>                                  | the Luxembourg supervisory authority of the financial sector, the <i>Commission de Surveillance du Secteur Financier</i>   |
| <b>Conversion Price</b>                      | the price at which Shares are converted, as further described in section 13 of this Placement Memorandum and in the Appendices   |
| <b>Cut-Off Time</b>                          | the deadline, as specified for each Sub-Fund in the Appendices, before which applications for subscription, redemption, or conversion of Shares of any Class and/or Category in any Sub-Fund must be received by the Registrar Agent in order to be dealt with in respect to a Valuation Day |
| <b>Delegated Regulation</b>                  | the European Commission's delegated regulation 231/2013 of 19 December 2012 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision   |
| <b>Depositary</b>                            | UBS Europe SE, Luxembourg Branch, acting in its capacity as depositary of the SICAV, or such other credit institution within the meaning of Luxembourg law dated 5 April 1993 relating to the financial sector, as amended, that may subsequently be appointed as depositary of the SICAV    |
| <b>Depositary and Paying Agent Agreement</b> | the agreement between UBS Europe SE, Luxembourg Branch, as depositary and paying agent, the AIFM and the SICAV   |
| <b>Denomination Currency</b>                 | the currency in which a Class of Shares can be denominated and which can defer from a Sub-Fund's   |

|  |  |
|--|--|
|  | Reference Currency, as further detailed in the Appendices  |
| <b>Director</b>                        | a member of the Board of Directors of the SICAV  |
| <b>Distribution Fee</b>                | has the meaning ascribed to it in section 18.8 of this Placement Memorandum  |
| <b>Domiciliary and Corporate Agent</b> | UBS Europe SE, Luxembourg Branch, acting in its capacity as domiciliary and corporate agent of the SICAV, or such other entity as may subsequently be appointed to act in such capacity  |
| <b>EEA</b>                             | the twenty-eight member states of the European Union plus the states that are contracting parties to the agreement creating the European Economic Area, i.e., currently Iceland, Norway and Liechtenstein  |
| <b>Equalisation Factor</b>             | a fee that can be levied as further described for the relevant Sub-Fund in its Appendix  |
| <b>Euro or EUR</b>                     | the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty on the Functioning of the European Union  |
| <b>Financial Year</b>                  | the financial year of the SICAV, which ends on the last day of December of each year   |
| <b>Gross Asset Value</b>               | with respect to the SICAV, any Sub-Fund or Class, the value of the assets held by the SICAV or respectively attributable to such Sub-Fund or Class, as determined in accordance with Section 16 hereof and the Articles of Incorporation               |
| <b>Initial Price</b>                   | the subscription price at which the Shares of any Class and any Category are offered at the Initial Subscription Day or during the Initial Subscription Period as further described in section 10.4 of this Placement Memorandum and in the Appendices |

|   |   |
|---|---|
| <b>Initial Subscription Day or Period</b> | the initial subscription day or initial subscription period during which the Shares of any Class and any Category may be issued at the Initial Price as specified for each Class and Category of any Sub-Fund in the Appendices   |
| <b>Investment Advisor(s)</b>              | the entity or person as may be appointed as investment advisor(s) of one or more Sub-Funds as referred to in the relevant Appendix and as further described in section 4.4 of this Placement Memorandum   |
| <b>Investment Advisory Agreement</b>      | the agreement(s) concluded with the respective Investment Advisor(s)  |
| <b>Investment Objective</b>               | the investment objective of the SICAV and/or of a specific Sub-Fund   |
| <b>Investment Policy</b>                  | the investment policy of the SICAV and/or of a specific Sub-Fund  |
| <b>Investment Powers and Restrictions</b> | the investment powers and restrictions applicable to the SICAV and/or of a specific Sub-Fund  |
| <b>Investor</b>                           | Well-Informed Investor who has signed an application form for Shares, which has been accepted by the Board of Directors or who has acquired shares from another Investor (for the avoidance of doubt, the term includes, where appropriate, the Shareholders)   |
| <b>Launch Date</b>                        | the launch date of a Sub-Fund that takes place at the Initial Subscription Day or at the end of the Initial Subscription Period as specified for each Sub-Fund in the relevant Appendix. If no subscriptions have been accepted on the Initial Subscription Day or during the Initial Subscription Period, the Launch Date will be the next following Valuation Day on which the first subscriptions for the relevant Sub-Fund will have been accepted at the Initial Price |
| <b>Liquid Assets</b>                      | cash or investments denominated in EUR and other currencies in (i) bank deposits and money market instruments, (ii) shares or units of investment funds investing in assets referred to in (i)  |

|   |   |
|---|---|
| <b>Lock-up Period</b>                       | any period of time during which Investors in the relevant Class or Category in the relevant Sub-Fund will not be able to redeem their Shares  |
| <b>Minimum Subscription</b>                 | a minimum number of Shares or amount in the Reference Currency, which a Shareholder must subscribe in a Sub-Fund, Class or Category as further detailed for the respective Sub-Fund, Class or Category in the relevant Appendix                                       |
| <b>Net Asset Value</b>                      | the net asset value of a given Sub-Fund, Class or Category as determined in accordance with the Articles of Incorporation and section 16 of this Placement Memorandum   |
| <b>Operational and Administrative Costs</b> | all costs and expenses incurred in relation to the fees and expenses, operation and administration of the SICAV generally as further described in section 18.2 of this Placement Memorandum, which include for the avoidance of doubt any investment related expenses |
| <b>Operational Fee</b>                      | has the meaning ascribed to it in section 18.3 of this Placement Memorandum   |
| <b>Organisational Expenses</b>              | all out-of-pocket costs and expenses incurred for the purposes of structuring, establishing and closing the SICAV and any Sub-Fund  |
| <b>Paying Agent</b>                         | UBS Europe SE, Luxembourg Branch, acting in its capacity as paying agent of the SICAV, or such other entity as may subsequently be appointed to act in such capacity  |
| <b>Performance Fee</b>                      | has the meaning ascribed to it in section 18.7 of this Placement Memorandum   |
| <b>Placement Agent</b>                      | one or more persons or entities as may be charged by the SICAV with the placement of Shares   |

|                                       |  |
|---------------------------------------|--|
| <b>Placement Memorandum</b>           | the placement memorandum of the SICAV as the same may be amended, supplemented and modified from time to time  |
| <b>Portfolio Management Agreement</b> | the agreement(s) concluded with the respective Portfolio Manager(s)  |
| <b>Portfolio Management Fee</b>       | has the meaning ascribed to it in section 18.5 of this Placement Memorandum  |
| <b>Portfolio Manager(s)</b>           | the entity or person as may be appointed as portfolio manager(s) of one or more Sub-Funds as referred to in the relevant Appendix and as further described in section 4.3 of this Placement Memorandum   |
| <b>Prohibited Person</b>              | any person, firm, partnership or corporate body, if in the sole opinion of the SICAV the holding by such person may be detrimental to the interests of the existing Shareholders or of the SICAV, if such holding may result in a breach of any law or regulation, whether Luxembourg or otherwise, or if as a result thereof the SICAV may become exposed to tax or other regulatory disadvantages, fines or penalties that it would not have otherwise incurred; the term "Prohibited Person" includes any person, firm, partnership or corporate body, which does not meet the definition of Well-Informed Investors as described below |
| <b>Reference Currency</b>             | the currency in which the Net Asset Value of each Sub-Fund is calculated, as specified for each Sub-Fund in the relevant Appendix  |
| <b>Registrar Agent</b>                | Northern Trust Global Services SE, acting in its capacity as registrar agent of the SICAV, or such other entity as may subsequently be appointed to act in such capacity   |
| <b>Redemption Price</b>               | the price at which the Shares are redeemed, as further described in section 12 of this Placement Memorandum and in the Appendices  |
| <b>RESA</b>                           | means the <i>Recueil Electronique des Sociétés et Associations</i>   |

|                           |  |
|---------------------------|--|
| <b>SFTR Regulation</b>    | means 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  |
| <b>Share(s)</b>           | a share of any Class and any Category of any Sub-Fund in the capital of the SICAV, the details of which are specified in the Appendices. For the avoidance of doubt, reference to "Share(s)" includes references to any Class(es) and/or Category(ies) when reference to specific Class(es) and/or Category(ies) is not required |
| <b>Shareholder(s)</b>     | the holder of one or more Shares of any Class and any Category of any Sub-Fund in the capital of the SICAV   |
| <b>SICAV</b>              | Arcano Fund, a Luxembourg investment company with variable capital ( <i>société d'investissement à capital variable</i> ) – specialised investment fund ( <i>fond d'investissement spécialisé</i> ) incorporated as a public limited company ( <i>société anonyme</i> )  |
| <b>SICAVs</b>             | investment companies with variable capital ( <i>sociétés d'investissement à capital variable</i> )   |
| <b>SICAV Documents</b>    | the Articles of Incorporation together with this Placement Memorandum  |
| <b>Soft Closing Date</b>  | if applicable in respect of a Sub-Fund, shall have the meaning as set out in the relevant Appendix   |
| <b>Sub-Fund</b>           | any sub-fund of the SICAV, the details of which are specified in the Appendices  |
| <b>Subscription Price</b> | the subscription price at which the Shares of any Class and any Category are offered after the Initial Subscription Day or after the end of the Initial Subscription Period as further described in section 10.4 of this Placement Memorandum and in the Appendices  |
| <b>Subsidiary</b>         | any local or foreign corporation or partnership or other entity (including for the avoidance of doubt any Wholly Owned Subsidiary) (a) in which the SICAV holds,   |

through one or more Sub-Funds, in aggregate more than 50% of the voting rights or (b) which is otherwise controlled by the SICAV, and which in either case also meets all of the following conditions: (i) it does not have any activity other than the holding of investment instruments, which qualify under the investment objective and policy of the SICAV and the relevant Sub-Fund(s), (ii) the majority of the managers or board members of such subsidiary are board members of the SICAV, except to the extent that this is not practicable for tax or regulatory reasons, (iii) to the extent required under applicable laws and regulations, the accounts of such subsidiary are audited by or under the supervision of the auditor of the SICAV and (iv) to the extent required under applicable laws and regulations, such subsidiary is consolidated in the annual accounts of the SICAV; any of the above mentioned local or foreign corporations or partnerships or other entities shall be deemed to be "controlled" by the SICAV if (i) it has the right to appoint or remove a majority of the members of the managing body of that entity or (ii) it controls more than 50% of the voting rights in that entity pursuant to an agreement with the other shareholders

**Transitional Period**

period, ending one year after the launch of the relevant Sub-Fund, during which a Sub-Fund may not comply with its Investment Powers and Restrictions or any other period as set out in the relevant Appendix

**UCITS**

an undertaking for collective investment in transferable securities, pursuant to the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009

**USD**

the currency of the United States of America

**Valuation Day**

the Business Day determined by the Board of Directors for the calculation of the Net Asset Value per Share of any Class and/or Category of any of the Sub-Funds according to in section 16 of this Placement Memorandum and as specified in the Appendices

**Well-Informed Investor**

has the meaning ascribed to it in the 2007 Law, and includes:

- a) institutional investors;
- b) professional investors, being those investors who are, in accordance with Luxembourg laws and regulations, deemed to have the experience, knowledge and expertise to make their own investment decisions and properly assess the risk they incur; and
- c) any other well-informed investor who fulfils the following conditions: (i) has declared in writing his adhesion to the status of well-informed investor; and (ii) invests a minimum of EUR 125,000 in the SICAV or has been subject of an assessment by a credit institution within the meaning of Directive 2006/48/EC, by an investment firm within the meaning of Directive 2004/39/EC, or by a management company within the meaning of Directive 2009/65/EC, certifying his/her expertise, his/her experience and his/her knowledge in adequately appraising an investment in the SICAV

**Wholly Owned Subsidiary**

means any company or entity in which the SICAV has a one hundred percent (100%) ownership interest



### **3. GENERAL INFORMATION**

#### **3.1 Legal Form**

Arcano Fund is an investment company with variable capital - specialised investment fund (*société d'investissement à capital variable - fonds d'investissement spécialisé*) organised under the laws of the Grand Duchy of Luxembourg as a public limited company (*société anonyme*) and qualifies as an alternative investment fund governed by Part II of the Law of 13 February 2007.

The SICAV was incorporated in Luxembourg on 30 June 2011 for an unlimited period of time. The Articles of Incorporation have been deposited with the Luxembourg Trade and Companies Register, the *Registre de Commerce et des Sociétés de Luxembourg*.

The SICAV is registered with the *Registre de Commerce et des Sociétés de Luxembourg*, Luxembourg under number B 161.863.

#### **3.2 Share Capital**

The minimum share capital of the SICAV shall be, as provided by the 2007 Law, at least one million two hundred and fifty thousand Euro (EUR 1,250,000.-) and must be reached within twelve (12) months after the date on which the SICAV has been authorised as a *société d'investissement à capital variable*.

The amount of the share capital of the SICAV will be at all times equal to its Net Asset Value.

The Accounting Currency of the SICAV is Euro.

#### **3.3 Sub-Funds**

The SICAV is structured to provide Investors with the choice between a variety of Sub-Funds with a specific Investment Objective and Policy and certain Sub-Funds may also offer the choice between Denomination Currencies. This "umbrella" structure enables Investors to select from a range of Sub-Funds the Sub-Fund(s) that best suit their individual requirements and thus make their own strategic allocation by combining holdings in various Sub-Funds of their own choosing.

Although the SICAV constitutes one sole legal entity, for the purpose of the relations between Shareholders, each Sub-Fund will be deemed to be a separate entity. The right of Investors and creditors regarding a Sub-Fund or raised by the constitution, operation or liquidation of a Sub-Fund are limited to the assets of this Sub-Fund, and the assets of a Sub-Fund will be answerable exclusively for the rights of the Shareholders relating to this Sub-Fund and for those of the creditors whose claim arose in relation to the constitution, operation or liquidation of this Sub-Fund.

Each Sub-Fund shall be designated by its own name. The specific characteristics, Investment Objectives, Policies and Restrictions of each Sub-Fund are defined in the relevant Appendix to this Placement Memorandum. Each such Appendix forms an integral part of the Placement Memorandum.

The Board of Directors may, at any time and in its discretion, decide to create additional Sub-Funds the investment objectives and policies, risk profile or other features of which may differ from those of the Sub-Funds then existing and, in such cases, this Placement Memorandum will be updated accordingly.

### **3.4 Classes and Categories of Shares**

The Shares of each Sub-Fund may, as the Board of Directors shall so determine from time to time, be issued in one or more Classes of Shares, the assets of which shall be commonly invested pursuant to a specific Investment Policy of the respective Sub-Fund, but to which a specific sales and redemption charge structure, fee structure, distribution policy, hedging policy, Denomination Currency or other specificity may be applied to each such Class.

Each Class of Shares may be sub-divided into Categories, which may differ, *inter alia*, with regard to their distribution policy. More specifically Shares of each Class may be issued either with accumulation of income and/or distribution of income as more fully described in the Appendices to this Placement Memorandum. The accumulation Categories are indicated by the subscript <sub>a</sub> and the distribution Categories by the subscript <sub>d</sub>.

The specific characteristics of Classes and Categories available to the investors in each Sub-Fund are defined in the relevant Appendix to this Placement Memorandum. For the avoidance of doubt, reference to "Share(s)" in this Placement Memorandum includes references to any Class(es) and/or Category(ies) when reference to specific Class(es) and/or Category(ies) is not required.

The Board of Directors may, at any time and in its discretion, decide to create further Classes and/or Categories of Shares the features of which may differ from those of the existing Classes and/or Categories, and in such cases, this Placement Memorandum will be updated accordingly.

Shareholders of the same Category in a Sub-Fund and Class will be treated pro-rata to the number of Shares held by them in the relevant Category.

### **3.5 Investment Objective**

As further described in section 5 of this Placement Memorandum, the overall investment objective of the SICAV is to invest its assets, directly or indirectly via the use of Subsidiaries, in a wide range of securities and other assets permitted to a specialised

investment fund governed by the 2007 Law with the purpose of spreading investment risks and affording its Investors the results of the management of its portfolio.

Investors are given the opportunity to invest in one or more Sub-Funds and thus determine their own preferred exposure to the different investment strategies of each Sub-Fund.

The list of the Sub-Funds and the specific Investment Objective, Policy and Restrictions of each Sub-Fund are set out in the relevant Appendix to this Placement Memorandum.

The Articles of Incorporation of the SICAV may be amended from time to time in accordance with the quorum and majority requirements laid down by Luxembourg law and the Articles of Incorporation.

This Placement Memorandum, and including particularly the investment objective and/or investment policy, may be amended from time to time by the Board of Directors, subject to the prior written acceptance of the AIFM, with the prior approval of the CSSF in accordance with Luxembourg legal and regulatory requirements.

#### **4. MANAGEMENT AND ADMINISTRATION**

##### **4.1 Board of Directors**

The Board of Directors is responsible, while observing the principle of risk diversification, for implementing the Investment Policy of the Sub-Funds and for monitoring the business activity of the SICAV. It may carry out all acts of management and administration on behalf of the SICAV; in particular purchase, sell, subscribe or exchange any eligible assets under the 2007 Law compliant with the relevant Sub-Fund's Investment Policy and exercise all rights directly or indirectly attached to the SICAV's portfolio of assets.

The Board of Directors may delegate its functions, privileges and duties to purchase and sell eligible assets as agent for the SICAV and otherwise to manage the portfolios of the Sub-Funds for the account and in the name of the SICAV to whom it may consider appropriate, provided that the Board of Directors shall always remain liable and responsible for any loss or omission on the part of such person, firm or corporation as if such act or omission was its own, except in the case of error of judgment or erroneous construction of law on the part of such person, firm or corporation or committed in good faith in the performance of the duties delegated to it. The supervision and ultimate responsibility of such person, firm or corporation shall lie with the Board of Directors.

The Board of Directors may also enter into any other agreements that it may deem necessary, useful or advisable for carrying out its functions.

The list of the members of the Board of Directors as well as of the other administering bodies of the SICAV may be found in section 1 "Organisation of the SICAV" of this Placement Memorandum.

#### 4.2 AIFM

Arcano Capital SGIIC,S.A.U., a limited liability company, having its registered office at Calle José Ortega y Gasset 29, 4<sup>th</sup> floor, 28006 Madrid, Spain (the "**AIFM**") has been designated, according to an agreement entered into between the AIFM and the SICAV dated 1 October 2017 (the "**AIFM Agreement**") as amended from time to time, to serve as the SICAV's alternative investment fund manager within the meaning of Chapter II of Directive 2011/61/EU and in accordance with the provisions of Part II of the 2007 Law.

The AIFM was incorporated for an unlimited duration under the laws of Spain, holds Spanish tax identification number (N.I.F) A-84561919 and has been authorised as fully licensed alternative investment fund manager by the Spanish supervisory authority, the *Comisión Nacional del Mercado de Valores* (the "**CNMV**") under registration number 240.

The share capital of the AIFM amounts to EUR 300.510,00. The share capital is fully held by its parent company and head company of Arcano Group, Arcano Asesores Financieros S.L, with tax identification number B-83680322. It was duly incorporated and duly exists in accordance with the laws of Spain, and is registered in the Madrid Corporate Registry under Volume 18.982, Page 1, Section 8, Sheet M-331611. The AIFM holds appropriate additional own funds as well as an appropriate indemnity insurance covering any potential professional liability resulting from its activities as alternative investment fund manager, in accordance with the provisions of the AIFM Directive and the Delegated Regulation.

The AIFM will, under the supervision of the Board of Directors, perform its functions in accordance with the Placement Memorandum, the Articles of Incorporation, the AIFM Directive, the 2007 Law and the AIFM Agreement (as amended from time to time) and in the best interest of the SICAV or its Investors.

As alternative investment fund manager, the AIFM shall in particular be responsible for the investment management of the assets of the SICAV (namely portfolio and risk management as regards these assets). Furthermore, the AIFM shall be responsible for carrying out the notification formalities contemplated in the AIFM Directive with respect to the marketing of Shares in Luxembourg and/or in the EEA. The AIFM will act as global distributor and will thus supervise distributors it appoints in respect of the SICAV In addition, the AIFM shall following proper instructions received from the Board of Directors carry out the necessary reporting to competent Spanish and Luxembourg authorities in accordance with applicable laws and regulations to ensure

compliance with regulatory reporting obligations of the SICAV (including with respect to FATCA).

In accordance with applicable laws and regulations and with the prior consent of the CSSF, the AIFM is empowered to delegate, under its responsibility, part of its duties and powers to any person or entity, which it may consider appropriate and which disposes of the requisite expertise and resources, it being understood that this Placement Memorandum shall the case being be amended accordingly. Any such delegations will be performed in compliance with the provisions of Part II of the 2007 Law and the AIFM Directive. The AIFM's liability towards the SICAV and the Investors shall not be affected by the fact that the AIFM has delegated functions to a third party, or by any further sub-delegation.

For the time being the duties of risk management have not been delegated.

The AIFM may delegate the portfolio management to Portfolio Manager(s) in respect of some or all of the Sub-Funds, in which case such delegation will be indicated in the relevant Appendices.

Except if otherwise provided for in the Appendix of a specific Sub-Fund, the AIFM shall carry out the independent valuation of the assets of the SICAV with the support of professional experts in compliance with the provisions of Part II of the 2007 Law. Such valuation will be performed independently from the portfolio management function in accordance with the requirements of the AIFM Directive.

The AIFM will receive fees as described in Section 18.3 and the Appendices of the relevant Sub-Fund.

#### 4.2.1 Conducting Officers of the AIFM

In compliance with the provisions of Part II of the 2007 Law and the AIFM Directive, the AIFM has granted a mandate in order to effectively conduct its day-to-day business to Manuel Mendivil and José Luis del Río Galán, both professionally residing at Calle José Ortega y Gasset 29, 4<sup>th</sup> floor, 28006, Madrid (the "**Conducting Officers**").

The Conducting Officers shall ensure that, at all time, the tasks of the AIFM are performed in compliance with the 2007 Law, the 2010 Law, the AIFM Directive, the Articles of Incorporation of the SICAV and the present Placement Memorandum. Risk Management Function

The AIFM has established and maintains a dedicated risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor appropriately all risks relevant to the

Sub-Fund's investment strategy including in particular market, credit, liquidity, counterparty, operational and all other relevant risks. Furthermore, the risk management process ensures an independent review of the valuation policies and procedures as per Article 70 (3) of the Delegated Regulation.

The risk profile of each Sub-Fund shall correspond to the size, portfolio structure and investment objective as specified for each Sub-Fund in the relevant Appendices.

Each Sub-Fund may, for the purpose of hedging, use all financial derivative instruments.

The AIFM applies a comprehensive process based on qualitative and quantitative risk measures to assess the risks of each Sub-Fund.

The risk management personnel within the AIFM supervises the compliance of these provisions in accordance with the requirements of applicable circulars or regulation issued by the CNMV, the CSSF or any European authority authorised to issue related regulation or technical standards which are applicable to the SICAV.

#### 4.2.2 Leverage

In accordance with the AIFM Directive, the AIFM will for each Sub-Fund provide to competent authorities and make available to Investors at its registered office the level of leverage of the SICAV both on a gross basis in accordance with the gross method as set out in Article 7 of the Delegated Regulation and on a commitment basis in accordance with the commitment method as set out in Article 8 of the Delegated Regulation.

The Sub-Funds will set a maximum level of leverage which may be employed as indicated for the respective Sub-Funds in the relevant Appendix.

#### 4.2.3 Liquidity Management

The AIFM employs appropriate liquidity management system and adopts procedures which enable it to monitor the liquidity risk of each Sub-Fund, which include among other tools the use of stress tests under both normal and exceptional liquidity conditions. The AIFM ensures that, for each Sub-Fund, the investment and financing strategy, the liquidity profile, the distribution policy and the redemption policy are consistent with liquidity needs.

In accordance with Article 16 (1) of the AIFM Directive, the liquidity management provisions described in the preceding paragraph will not apply to unleveraged closed-ended Sub-Funds.

#### 4.2.4 Fair Treatment of Investors

Shareholders are being given a fair treatment by ensuring that they are treated in accordance with the applicable requirements of the AIFM Directive (and notably in adequately implementing the inducement and conflict of interest policies).

Notwithstanding the foregoing paragraph, it cannot be excluded that a Shareholder be given a preferential treatment in the meaning of, and to the widest extent allowed by, the Articles of Incorporation. Whenever a Shareholder obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of Shareholders who obtained such preferential treatment and, where relevant, their legal or economic links with the SICAV or the AIFM will be made available at the registered office of the AIFM within the limits required by the AIFM Directive.

#### 4.2.5 Exercise of Voting Rights

The AIFM has developed adequate and effective strategies for determining when and how any voting rights held in the Sub-Fund's portfolios are to be exercised to the exclusive benefit of the SICAV and its Investors.

The strategy for the exercise of voting shall include but will not be limited to the following measures and procedures for:

- monitoring relevant corporate actions;
- ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the SICAV;
- preventing or managing any conflicts of interest arising from the exercise of voting rights.

The AIFM will in principle not exercise voting rights attached to the instruments held in the SICAV, except if it is specifically mandated by the SICAV to do so, and in that case, it will only exercise voting rights in certain circumstances where it believes that the exercise of voting rights is particularly important to protect the interests of the Investors. If mandated by the SICAV, the decision to exercise voting rights, in particular the determination of the circumstances referred to above, is in the sole discretion of the AIFM.

Details of the strategies for the exercise of voting actions taken will be made available to investors free of charge at the AIFM's registered office and/or upon request.

#### 4.2.6 Best Execution

Appropriate information on the execution policy referred to in Article 28 of the Delegated Regulation (headed "Placing orders to deal on behalf of AIFs with other entities for execution") and on any material changes to that policy is available at the registered office of the AIFM.

#### 4.2.7 Remuneration

The AIFM has established a remuneration policy in accordance with the AIFM Directive. Any relevant disclosures shall be made in the financial statements, if applicable, in accordance with the AIFM Directive.

### 4.3 Portfolio Manager

The AIFM is responsible for the management of the Sub-Funds. In order to carry out the Investment Objective and Investment Policy of any Sub-Fund, the AIFM may, if and when it deems appropriate, appoint one or more Portfolio Managers to which the performance of portfolio management in respect to one or several Sub-Funds will be delegated.

The appointment of a Portfolio Manager will be indicated in the Appendix concerning the relevant Sub-Fund.

### 4.4 Investment Advisor

The Portfolio Manager may appoint one or more Investment Advisor(s), as disclosed in the Appendices.

The Investment Advisor is not vested with the power to make investments. Its services – which it will perform within the parameters of an Investment Advisory Agreement, subject to the Portfolio Manager's overall responsibility – will include, but are not limited to, the following: identifying, analysing and structuring of new investments; preparation of and assistance to negotiating investments and the financing thereof, and assistance to the acquisition and disposition of investments. Also, the Investment Advisor may act as Placement Agent for the SICAV.

The Investment Advisor may, upon prior approval of the AIFM, delegate at its own cost the performance of all or part of its investment advisory services in relation to any Sub-Fund to one or more sub-investment advisors or sub-placement agents in order to benefit from their expertise and experience in particular markets, pursuant to the relevant sub-investment advisory agreements respectively sub-placement agency agreements.



#### 4.5 **Depository**

UBS Europe SE, Luxembourg Branch, has been appointed as depository of the SICAV in the sense of the 2007 Law. The Depository shall hold assets of the SICAV including the securities and cash, entrusted to the Depository for safe custody, which will be held either directly or, under its responsibility, through nominees, agents or delegates of the Depository.

The SICAV may furthermore directly entrust assets of the SICAV to other banks for safe custody.

UBS (Luxembourg) S.A. has been merged into UBS Deutschland AG which has adopted the form of an European Company (Societas Europaea, SE) under the name "UBS Europe SE", while the business conducted in Luxembourg is carried on by the Luxembourg branch under the name "UBS Europe SE, Luxembourg Branch".

The Depository carries out its duties and assumes the responsibilities resulting from the 2007 Law as well as from its agreement with the SICAV. Such agreement provides that it will remain in force for an unlimited period and that either party may terminate it by giving 3 months' written notice to the other party.

The Depository has been entrusted with the safekeeping of the SICAV's assets than can be held in custody and/or, as the case may be, the recordkeeping of the SICAV's assets that cannot be held in custody, in which case the Depository shall verify their ownership. The Depository shall fulfil all the obligations and duties provided for by Part II of the 2007 Law and the AIFM Directive. In particular, the Depository shall ensure an effective and proper monitoring of the SICAV's cash flows. It will further ensure that:

- ensure that the sale, issue, re-purchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law and the Articles of Incorporation.
- ensure that the value of Shares of the SICAV is calculated in accordance with Luxembourg law, the Articles of Incorporation and the procedures laid down in article 19 of the AIFM Directive.
- carry out the instructions of the AIFM and/or the Portfolio Manager, unless they conflict with Luxembourg laws or the SICAV Documents.
- ensure that in transactions involving the SICAV's assets any consideration is remitted to the SICAV within the usual time limits.
- ensure that the incomes of the SICAV are applied in accordance with Luxembourg law and the SICAV Documents,

- assess the risks associated with the nature, scale and complexity of the SICAV's strategy and the AIFM's organisation in order to devise oversight procedures which are appropriate to the SICAV and the assets in which it invests and which are then implemented and applied. Such procedures will be regularly updated.

In accordance with the provisions of the Depositary and Paying Agent Agreement, the AIFM Directive and Part II of the 2007 Law, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all of its safe-keeping duties with regard to financial instruments to one or more sub-custodian(s) appointed by the Depositary from time to time. When selecting and appointing a sub-custodian, the Depositary shall exercise all due skill, care and diligence as required by the AIFM Directive to ensure that it entrusts the SICAV's assets only to a sub-custodian who may provide an adequate standard of protection. The Depositary's liability as described below shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by, the AIFM Directive.

The Depositary is liable to the SICAV or its Investors for the loss of a financial instrument held in custody by the Depositary or a sub-custodian pursuant the provisions of the AIFM Directive. The Depositary is also liable to the SICAV or its Investors for all other losses suffered by them as a result of the Depositary's gross negligent or intentional failure to properly fulfil its duties in accordance with the AIFM Directive. However, where the event which led to the loss of a financial instrument is not the result of the Depositary's own act or omission (or that of its sub-custodian), the Depositary is discharged of its liability for the loss of a financial instrument where the Depositary can prove that, in accordance with the conditions as set out in the AIFM Directive and in the Delegated Regulation, the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions and reasonable efforts.

In addition, where the objective reasons regarding the discharge of liability for the loss of a financial instrument as envisaged in the AIFM Directive and in the Delegated Regulation are established, the Depositary may refuse acceptance of a financial instrument in custody, unless the SICAV and the Depositary enter into an agreement discharging the Depositary of its liability in case of loss of a financial instrument. The Depositary shall be deemed to have objective reasons for contracting a discharge of liability agreement in cases when it had no other option but to delegate, in particular this shall be the case where (i) the law of a non-EEA country requires that certain financial instruments are held in custody by a local entity and the Portfolio Manager or the AIFM (if applicable) acting on behalf of the SICAV instructed the Depositary to delegate the custody of such financial instruments to such a local entity but where the Depositary has established that there are no local entities subject to effective prudential regulation, including minimum capital requirements, and supervision in a particular jurisdiction, and no local entity is subject to an external periodic audit to ensure that the financial

instruments are in possession, or (ii) where the Portfolio Manager or AIFM (if applicable) acting on behalf of the SICAV insists of maintaining or initiating an investment in a particular jurisdiction although as a result of its initial or on-going due diligence review the Depositary is not or no longer satisfied that the custody risk in the respective jurisdiction is acceptable for the Depositary.

The Placement Memorandum will be amended with regard to each Sub-Fund in relation to which/in the case where such discharge of liability shall be allowed. For the avoidance of doubt, the relevant investors will be duly informed of that discharge and of the circumstances justifying the discharge prior to their investment.

The agreement between the SICAV and the Depositary provides that it will remain in force for an unlimited period and that the SICAV may terminate it at any time giving 3 months' written notice,

#### 4.6 **Prime Broker**

The AIFM or, when the portfolio management has been delegated, the Portfolio Manager on behalf of the SICAV, may use the services of one or more prime broker in respect of any Sub-Fund and its assets (the "**Prime Broker(s)**").

The services offered by the Prime Broker to the SICAV primarily include the financing or execution of transactions in financial instruments as counterparty and clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities.

Pursuant to the agreement with the Prime Broker (the "**Prime Broker Agreement**"), the AIFM or, where applicable, the Portfolio Manager will ensure that the Prime Broker will make available to the Depositary no later than the close of the next business day in particular (1) (i) the value of the assets held by the Prime Broker for the SICAV, where safe-keeping functions are delegated, (ii) the value of the other assets referred to in point (b) of Article 21(8) of AIFM Directive held as collateral by the Prime Broker in respect of secured transactions entered into under the Prime Broker Agreement, (iii) the value of the assets where the Prime Broker has exercised a right of use in respects of the Sub-Fund's assets and (iv) a list of all the institutions at which the Prime broker holds or may hold cash of the SICAV in an account opened in the name of the SICAV or in the name of the AIFM or, where applicable, the Portfolio Manager acting on behalf of the SICAV, as well as (2) details of any other matters necessary to ensure that the Depositary has up-to-date and accurate information about the value of assets the safekeeping of which has been delegated.

Where safe-keeping functions are delegated, the Depositary shall ensure that the Prime Broker (i) has the structures and the expertise that are adequate and proportionate to the nature and complexity of the assets of the SICAV which have been entrusted to it, (ii)

segregates the assets of the SICAV from its own assets and from the assets of the Depositary in such a way that they can at any time be clearly identified as belonging to the SICAV and (ii) does not make use of the assets without the prior consent of the SICAV or the AIFM or, where applicable, the Portfolio Manager acting on behalf of the SICAV and prior notification to the Depositary. Furthermore, the Depositary shall comply with Article 21(8) of AIFM Directive and shall in particular ensure that all the financial instruments that can be registered in a financial instruments account opened in the Prime Broker's books are registered in the Prime Broker's books within segregated accounts, opened in the name of the SICAV or the AIFM or, where applicable, the Portfolio Manager acting on behalf of the SICAV, so that they can be clearly identified as belonging to the SICAV in accordance with the applicable law at all times.

The assets referred to above shall not be reused by the Depositary without the prior consent of the SICAV or the AIFM acting on behalf of the SICAV.

The Prime Broker shall act honestly, fairly, professionally, independently and in the interest of the SICAV and the Shareholders.

The Prime Broker shall not carry out activities with regard to the SICAV or the AIFM or, where applicable, the Portfolio Manager on behalf of the SICAV that may create conflicts of interest between the SICAV, the Shareholders, the AIFM or, where applicable, the Portfolio Manager and itself, unless the Prime Broker has functionally and hierarchically separated the performance of its delegated safe-keeping tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the Shareholders of the SICAV.

The AIFM or, where applicable, the Portfolio Manager will monitor that the Prime Broker is subject to ongoing effective prudential regulation, including minimum capital requirements and supervision by a public authority, as well as to an external periodic audit to ensure that the financial instruments are in its possession.

The Prime Broker shall be required to act with due care and diligence in the selection of the relevant correspondents and/or nominees. The Prime Broker shall also be required to supervise the correspondents and/or nominees so as to ensure that they perform their duties in compliance with AIFM Directive.

As continuing security for the due payment of the liabilities of the SICAV towards the Prime Broker, some or all assets of the SICAV held by or to the order of the Prime Broker may be charged in favour of the Prime Broker.

The SICAV grant collateral to the Prime Broker including by way of an outright transfer of title of certain assets. Any money received or held by a Prime Broker may not be subject to the protections conferred by applicable rules with respect to client money. As a consequence, the respective SICAV's monies may not be or may only be partially

segregated from those of the Prime Broker and may therefore be used by the Prime Broker in the course of its business and the SICAV may therefore in relation thereto rank as a general unsecured creditor of the Prime Broker.

In relation to the transfer of title of certain assets of the relevant Sub-Fund to the Prime Broker and the Sub-Fund's corresponding right to receive equivalent securities, the SICAV may not benefit from a security over a Prime Broker's assets. In the event of an insolvency of a Prime Broker, the SICAV might not be able to recover their cash or the entire value of the relevant securities or any assets at all.

#### **4.7 Central Administration Agent**

Northern Trust Global Services SE has been appointed as Central Administration Agent of the SICAV, including the functions of administrative agent. As such, Northern Trust Global Services SE is responsible, among other things, for the general administrative functions required by Luxembourg law, the calculation of the Net Asset Value of the Shares of each Sub-Fund and Class, the maintenance of accounting records, the mailing of statements, reports, notices and other documents to the Shareholder in accordance with the Articles of Incorporation, for executing distribution payments or arranging for distribution payments to Shareholders as well as making payment or cause payment to be made of proceeds from the redemption of Shares, but only after all the conditions described in the Articles of Incorporation have been satisfied.

The Central Administration Agent may be authorised to delegate at own costs and own liability one or more of its functions to other entity(ies) or service provider(s).

The agreement between the SICAV, the AIFM and the Central Administration Agent provides that it will remain in force for an unlimited period and that the SICAV may terminate it at any time giving 3 months' written notice.

#### **4.8 Domiciliary and Corporate Agent**

The Domiciliary and Corporate Agent is responsible for, amongst others, (i) keeping safely the files and corporate documents of the SICAV, (ii) providing premises required to validly hold the annual general meeting or any other general meeting, (iii) organising the annual general meeting of the SICAV, (iv) organising and administrating the meetings of the Board of Directors, (v) filing and recording the minutes of the Board of Directors/circular resolutions of the Board of Directors and general meeting minutes, (vi) overseeing the composition of the Board of Directors (vii) publishing any document on the Luxembourg Trade and Companies Register, if and as required by the Articles of Incorporation and/or any Applicable Law, (viii) liaising with the Luxembourg Trade and Companies Register to request excerpts, (ix) liaising with notaries, ministry of foreign affairs, embassies for legalization / apostille requests

and (x) informing the SICAV promptly of any legal action instituted by any person concerning the SICAV.

The agreement between the SICAV, the AIFM, the Central Administration Agent and the Domiciliary and Corporate Agent provides that it will remain in force for an unlimited period and that the SICAV may terminate it at any time giving 3 months' written.

#### 4.9 **Registrar Agent**

The Registrar Agent is responsible for handling the processing of subscriptions for Shares, complying with anti-money laundering provisions and dealing with any subscriptions, transfers or redemptions of Shares, in each case in accordance with the Placement Memorandum, and in connection therewith for accepting transfers of funds and for the mailing of statements, reports, notices and other documents to the Shareholders.

#### 4.10 **Paying Agent**

The Paying Agent is responsible for executing distribution payments or arrange for distribution payments to Shareholders. The Paying Agent shall make payment or cause payment to be made of proceeds from the redemption of Shares, but only after all the conditions described in the Placement Memorandum have been satisfied.

The agreement between the SICAV and the Paying Agent provides that it will remain in force for an unlimited period and that the SICAV may terminate it at any time giving 3 months' written.

#### 4.11 **Sub-Distributor**

The AIFM may appoint a sub-distributor (each a "**Sub-Distributor**") at its discretion and own cost for the purpose of assisting in the distribution of the Shares pursuant to a sub-distribution agreement. The AIFM will inform the Board of Directors of such appointment(s). Where the Shares are subscribed through a Sub-Distributor acting on behalf of its clients, enhanced customer due diligence will be applied to such Sub-Distributor in accordance with applicable laws and regulations in order to ensure that the anti-money laundering obligations imposed by Luxembourg law or at least equivalent obligations are complied with.

The AIFM and any Sub-Distributor may not offer all of the Sub-Funds and/or Classes of Shares to their clients. It is recommended that prospective investors consult the AIFM or the Sub-Distributor (as applicable) for further details.

#### 4.12 Auditor

PricewaterhouseCoopers has been appointed as auditor of the SICAV's transactions, accounts and annual reports.

### 5. INVESTMENT OBJECTIVE AND POLICY OF THE SICAV

The SICAV aims to provide its Investors with a choice of Sub-Funds investing in a wide range of securities and other assets permitted to a specialised investment fund governed by the 2007 Law with the purpose of spreading investment risks and affording its Investors the results of the management of its portfolio, as further detailed in the relevant Appendix.

Each Sub-Fund plans to meet its return targets by actively seeking to identify and invest in eligible assets under the 2007 Law which are compliant with its Investment Objective and Policy.

Each Sub-Fund may hold its assets either directly or indirectly through one or more companies (including Subsidiaries) and/or in conjunction with one or more third parties. As a co-investor, each Sub-Fund may hold majority or minority participations in any one company holding the assets.

Unless otherwise indicated in the relevant Appendix, each Sub-Fund may borrow money in any form and may give security for any borrowings subject to the restriction set out in section 6 below.

Each Sub-Fund may also, on an ancillary basis and not exceeding forty nine (49) per cent of the Net Asset Value of such Sub-Fund, hold Liquid Assets for cash management purposes, including for the payment of redemptions or ongoing operating liabilities, or pending the acquisition of assets as an intermediary investment prior to the investment of any balance not invested pursuant to its Investment Objective and Policy and Investment Powers and Restrictions.

Each Sub-Fund may, for the purpose of acquiring and financing the acquisition of assets, directly or indirectly grant to, or for the benefit of companies, including Subsidiaries, any assistance including financial assistance, loans, advances or guarantees and fund such companies using either funds provided by such Sub-Fund in the form of equity investments in, or debt instruments, or funds generated by the companies, provided that the Investment Policy and Investment Powers and Restrictions of such Sub-Fund are respected. Each Sub-Fund may set up local or foreign Subsidiaries and contribute capital to such Subsidiaries for the purposes of financing directly the acquisition and financing the acquisition of eligible assets.

The specific Investment Objective, Investment Policy and Investment Powers and Restrictions in relation to each Sub-Fund are referred to in the Appendices to this Placement Memorandum. In addition, each Sub-Fund is also managed in accordance with the Investment Powers and Restrictions applicable to the SICAV as set out in section 6 "Investment Powers and Restrictions" of this Placement Memorandum and may use financial derivatives or use financial techniques and instruments in accordance with section 7 "Financial Techniques and Instruments" of this Placement Memorandum.

## **6. INVESTMENT POWERS AND RESTRICTIONS**

Each Sub-Fund will be managed in accordance with the general Investment Powers and Restrictions described below, and its specific Investment Powers and Restrictions specified in the relevant Appendix. Each Sub-Fund will comply with the risk-spreading requirements of CSSF circular 07/309.

By making use of its power to determine the investment policy of each Sub-Fund, the Board of Directors has resolved the following investment restrictions that apply, in principle, for each Sub-Fund, provided that it is not decided and indicated otherwise in respect of any particular Sub-Fund in the relevant Appendix:

- (1) The SICAV, in each Sub-Fund, may invest up to one hundred per cent (100%) of its assets in non-listed securities.
- (2) The SICAV, in each Sub-Fund, may acquire up to one hundred per cent (100%) of the instruments issued by the same issuing body.
- (3) Each Sub-Fund's investment in any single eligible asset issued by the same issuer may at the time of such investment not exceed thirty (30) per cent of the Sub-Fund's Gross Asset Value at the time of acquisition. If the Sub-Fund invests through one or several company(ies) in which it is a shareholder of more than 50%, the thirty (30) per cent restriction above-mentioned will apply at the level of the respective company(ies) on such Sub-Fund's (indirect) share of the value of the underlying eligible assets, i.e. a look through will apply in this case. Should a Sub-Fund be in a passive breach of the thirty (30) per cent threshold above-mentioned for reasons beyond the reasonable control of the Board of Directors - (i) after the Transitional Period and (ii) after the Sub-Fund has complied with such threshold by the end of the Transitional Period - due namely to a change in the market value of the portfolio of the Sub-Fund, the Board of Directors shall use reasonable efforts to bring the Sub-Fund back within the Investment Powers and Restrictions except where the Board of Directors reasonably believes that this would be prejudicial to the interests of the Sub-Fund.



- (4) The SICAV, in each Sub-Fund, may invest in financial derivative instruments (including any financial instruments embedding derivatives or a derivative component), dealt in on a regulated market and/or non-regulated market and/or over the counter (OTC), provided that:
- the underlying of the financial derivative instruments consists of one or more of the following assets: securities, money market instruments, interest rates, foreign exchange rates or currencies which fall into the scope of the investment objectives and restrictions of such Sub-Fund; investments in other financial derivative instruments not referred to above which derive from shares in investment funds and/or financial indices may not exceed thirty per cent (30%) of the Sub-Fund's assets, unless otherwise specified by the relevant Appendix; and
  - the counter-parties to OTC derivative transactions are rated financial institutions specialising in these types of transactions and being reliable counter-parties in the OTC markets; and
  - the risk exposure to a counter-party of the SICAV in an OTC derivative transaction may not exceed thirty per cent (30%) of the SICAV's net assets; and
  - the potential market risk exposure (*Marktrisikopotential*) of each Sub-Fund may at most be doubled, unless otherwise specified by the relevant Appendix.
- (5) Unless otherwise specified by the relevant Appendix, the SICAV shall ensure that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.
- (6) Unless otherwise specified by the relevant Appendix, the SICAV, in each Sub-Fund, may not enter into physical short sales of securities, shares in investment funds and money market instruments.
- (7) Unless otherwise specified by the relevant Appendix, the SICAV, in each Sub-Fund, may borrow up to twenty five per cent (25%) of the net assets of such Sub-Fund from financial institutions.
- (8) The SICAV, in each Sub-Fund, may also hold, on an ancillary basis, liquid assets, such as money market instruments and bank deposits.

In order to comply with the laws and regulations of the countries where the Shares are offered or placed, the Board of Directors may from time to time impose further

investment restrictions to all or several Sub-Funds as shall be compatible with or be in the interest of the Shareholders.

The investment restrictions may not be complied with during the Transitional Period.

Upon the Sub-Fund entering into its liquidation phase or upon some or all of the investments having been fully repaid, the above Investment Powers and Restrictions might no longer be complied with, as the disposal of assets or the maturing of an investment will have an impact on the weightings between assets, which in principle will not be corrected by the Board of Directors.

In accordance with article 70(8) of the 2007 Law, a Sub-Fund may subscribe, acquire and/or hold shares to be issued or already issued by one or several other Sub-Funds without the SICAV being subject to the requirements regarding the subscription, acquisition and/or holding by a company of its own shares set out in the 1915 Law, under the conditions however, that:

- (1) the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
- (2) the voting rights, if any, which might be attached to the shares concerned will be suspended for as long as they are held by the relevant Sub-Fund and without prejudice to an appropriate treatment in accounting and in the periodical reports; and
- (3) in any case, as long as these shares are held by the SICAV, their value shall not be taken into account for the calculation of the Fund's net assets for the control of the minimum threshold of net assets imposed by the 2007 Law.

## **7. FINANCIAL TECHNIQUES AND INSTRUMENTS**

For the purpose of efficient portfolio management and/or to protect its assets, the SICAV may arrange for each Sub-Fund to make use of techniques and instruments, unless otherwise specified by the Appendices.

The techniques and instruments referred to in this paragraph include, among others, the purchase and sale of call and put options and the purchase and sale of future contracts or the entering into swaps relating to foreign exchange rates, currencies (i.e. currency hedges), securities, loans, indices, interest rates or other admissible financial instruments. The Sub-Funds shall use instruments dealt in on a regulated market or dealt in over-the-counter. Under no circumstances shall the use of such techniques and instruments cause the SICAV and/or a Sub-Fund to diverge from its Investment Objectives and Restrictions. The underlying assets of the financial derivatives instruments used by the SICAV must be diversified in accordance with the 2007 Law.

Furthermore, unless otherwise specified by the Appendices, each Sub-Fund may, for efficient portfolio management and/or hedging purposes, engage in securities lending transactions either against collateral and a market-driven consideration or with a standardised system organised securities clearing institution or a first rate financial institution specialised in this type of transaction provided that such transactions are compatible with or in the interest of the Shareholders.

Moreover, each Sub-Fund may engage in sale with a right of repurchase transactions and/or reverse repurchase transactions/repurchase transactions with a bank or a financial service institution provided that such transactions relate to securities that may be acquired for the respective Sub-Fund and the term of such transactions does not exceed. Cash collateral received by the SICAV in relation to these transactions may be reinvested.

## **8. INVESTMENT STRATEGY**

The primary objective of each of the Sub-Funds is to achieve over the medium term a level of return consisting of income and capital appreciation. Each Sub-Fund will seek to achieve this objective in accordance with the relevant Investment Policy.

Each Sub-Fund may, for the purpose of efficient portfolio management and to hedge against market risks, engage in portfolio strategies that include transactions in financial derivatives, as the Sub-Fund may seek to protect its investments, obtain leverage, hedge their investments against currency fluctuations or interest rate movements.

## **9. RISK CONSIDERATIONS**

An investment in any Sub-Fund established by the SICAV is speculative and investors should consider the following risks before subscribing for their interests, which, individually or in aggregate, could have a material adverse effect on the Sub-Funds or their assets and may result in the loss of the Shareholders' invested capital or lower returns than those discussed herein. An investment in any Sub-Fund established by the SICAV should be made only after consultation with independent qualified sources of investment, tax, legal and other appropriate professional advice.

A prospective investor should consider the following factors the description of which is neither detailed nor exhaustive:

### **9.1 General Risk Considerations Relating to an Investment in the SICAV**

The value of an investment in any investment fund may go up as well as down. There is a possibility of a total or partial loss of the invested capital. Investors should not subscribe to or invest in the SICAV unless they can readily bear the consequences of such loss. No guarantee or representation is made that the Sub-Funds will reach their

investment objectives, and investment results may vary over time. Additionally, the SICAV is primarily designed as a long-term investment and not as a trading vehicle. Where the currency of the SICAV varies from the Investor's home currency, or where the currency of the Sub-Fund varies from the currencies of the markets in which the SICAV invests, there is the prospect of additional loss (or the prospect of additional gain) to the Investor greater than the usual risks of investment.

#### 9.1.1 Changes in Applicable Law

The SICAV must comply with legal requirements, including requirements imposed by the securities laws and company laws in various jurisdictions, including Luxembourg. Should any of these laws change over the duration of the SICAV, the legal requirements to which the SICAV and the Shareholders may be subject could differ substantially from current requirements.

#### 9.1.2 Operating History

The past experience of the persons involved in the management of the SICAV is not necessarily indicative of the prospects of the SICAV and of any Sub-Fund. In addition, new Sub-Funds launched from time to time will have no operating history or track record. There is no guarantee that the SICAV will realise its investment objectives, that the Shareholders will receive any return on, or the return of, their invested capital.

#### 9.1.3 Key Persons

The success of the SICAV or of its Sub-Funds will largely depend on the experience, relationships and expertise of the key persons within the Board of Directors, the AIFM, the Portfolio Manager and the Investment Advisor, which have long-term experience in the respective area of investment. The performance of the SICAV or any Sub-Fund may be negatively affected if any of the key persons involved in the management or investment process of the SICAV or particular Sub-Fund would for any reason cease to be involved. Furthermore, the key persons might be involved in other businesses, including in similar projects or investment structures, and not be able to devote all of their time to the SICAV or the respective Sub-Fund. In addition the involvement in similar projects or investment structures may create a source for potential conflicts of interest.

#### 9.1.4 Liquidity risk

An investment in the SICAV represents a general liquidity risk and the question whether a Shareholder will be able to sell its Shares or have its Shares redeemed (where applicable) will depend on a variety of factors. The Shares may also be affected by restrictions on resale imposed under applicable law. The value of

the Shares will fluctuate based upon the performance of the SICAV or relevant Sub-Fund, other relevant factors and any third party's assessment thereof. Accordingly, if an Investor transfers its Shares or has its Shares redeemed, the sales price may be lower than the originally invested amount.

## **9.2 Risk Considerations Relating to an Investment in the Sub-Funds**

Any investment of the Sub-Funds, in particular in a foreign country, involves the risk of adverse political developments, including nationalisation, confiscation without fair compensation, and acts of terrorism or war and of changes in governmental policies. Furthermore, foreign jurisdictions may impose restrictions to prevent capital flight, which could make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals which would not exist in the investor's country of origin and may require financing and structuring alternatives which differ significantly from those customarily used in the investor's country of origin. No assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the different Sub-Funds. It may be infeasible for the Sub-Funds to invest in certain investment structures as otherwise the Sub-Fund or certain investors or potential investors may be subject to adverse tax, regulatory or other detrimental consequences; this may limit the investment opportunities of the Sub-Funds.

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries. Hours of business, customs and access to these markets by outside investors may also vary. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the ability of the SICAV, the AIFM (if applicable) and the Portfolio Manager to invest in securities of certain issuers located in those countries. In addition, there may be a lack of adequate legal recourse for the redress of disputes and in some countries the pursuit of such disputes may be subject to a highly prejudiced legal system.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-Fund is uninvested and no return is earned thereon. The inability of the SICAV, the AIFM (if applicable) and the Portfolio Manager to make intended security purchases due to settlement problems could cause the SICAV, the AIFM (if applicable) and the Portfolio Manager to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses by such Sub-Fund, and therefore the SICAV, due to subsequent declines in value of the portfolio security or, if

such Sub-Fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

#### 9.2.1 Competitive Environment

Each Sub-Fund will operate in a competitive environment in which there will be a degree of uncertainty in identifying and completing investment transactions. There may be other investment vehicles that have similar or identical objectives that will target similar assets.

#### 9.2.2 Concentration and Diversification

The Sub-Funds are subject to few investment restrictions, there may be a concentration in a particular issuer, industry or country. If any Sub-Fund elects to concentrate the Sub-Fund's investments in a particular issuer, industry or country, the Sub-Fund will become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular issuer, industry or country.

#### 9.2.3 Market Risk

The market price of assets owned by the Sub-Funds may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries. The value of a security may decline due to general market conditions, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline due to factors, which affect a particular industry or industries.

#### 9.2.4 Redemption in Specie

While the Sub-Funds expect to distribute cash to a Shareholder upon a redemption of Shares, there can be no assurance that the Sub-Fund will have sufficient cash to satisfy redemption requests, or that they will be able to liquidate investments at favourable prices at the time of such redemption request. Under the foregoing circumstances, and under other circumstances deemed appropriate by the SICAV, a Shareholder may receive in specie redemptions from the respective Sub-Fund's portfolio. Such investments so distributed may not be readily marketable or sellable and may have to be held by such Shareholder for an indefinite period of time.

#### 9.2.5 Counterparty Risk

In its daily dealings, the SICAV, the AIFM (if applicable) and the Portfolio Manager will have multiple relationships with financial institutions, including

brokerage firms and banks, with which the Sub-Funds do business, enter into participation agreements or derivative financial agreements, or to which securities will be entrusted for custodial purposes by the SICAV. There is a possibility that such financial institutions encounter financial difficulties that may impair their operational capabilities or result in losses to the SICAV.

In addition, the Sub-Funds may effect their transactions "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Sub-Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Sub-Fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. This exposes the Sub-Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss.

#### 9.2.6 Risk of Fraud

There exists a possibility of material misrepresentation or omission on the part of the borrower/issuer. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or securities or may adversely affect the ability of the Sub-Funds to perfect or effectuate a lien on the collateral securing the loan or security. The Sub-Funds will rely on the accuracy and completeness of representations made by the borrowers/issuers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Sub-Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance of a preferential payment.

#### 9.2.7 Exchange Rate Fluctuations; Currency Considerations And Hedging Transactions

The Reference Currency of each Sub-Fund is not necessarily the investment currency of the Sub-Fund concerned. Investments are made in those currencies that best benefit the performance of the Sub-Funds in the view of the Board of Directors.

To the extent they are unhedged, changes in the rates of exchange between the Reference Currency and other currencies will have an effect that may reduce the value of certain portfolio securities that are denominated in the latter currency and that may affect the performance of the relevant Sub-Fund. A Sub-Fund may utilise financial instruments for risk management purposes in order to hedge the

currency exchange rate on any particular Sub-Fund's assets and expected future income arising from those assets. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will generally not be possible because the future value of such securities will change as a consequence of market movements of the value of such securities between the date when the forward agreement is entered into and the date when it matures. Therefore the successful execution of a hedging strategy which matches exactly the profile of the investments of any Sub-Fund cannot be assured.

#### 9.2.8 Illiquidity of Investments; Unregulated Transactions.

The Sub-Funds may invest in securities that are subject to legal or other restrictions on transfer or for which the liquidity of the market may be restricted. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Sub-Funds may not be able to sell them when they desire to do so or to realise what they perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Companies the securities of which are not publicly traded are not subject to the same disclosure and reporting requirements that are generally applicable to companies with publicly traded securities, nor is the trading of such non-publicly traded securities regulated by any government agency. Accordingly, the protections accorded by such regulation will not be available in making such investments. When the Board of Directors, the Portfolio Manager and the AIFM (if applicable) deem it appropriate, such investments may constitute a material portion of the Sub-Funds' assets.

#### 9.2.9 Use of Leverage

Some of the Sub-Funds may use leverage with the objective of enhancing investment performance, or to provide liquidity to investors that want their shares redeemed. While the use of leverage may increase the return on the invested capital, it also creates greater potential for loss, and increases and decreases in the value of the Sub-Fund's portfolio will be magnified when the Sub-Fund uses leverage. There can be no assurance that the respective Sub-Fund, in incurring debt, will be able to meet its loan obligations.



The Sub-Funds may provide collateral to the lenders by registering some of the interests of the Sub-Fund in favour of the leverage provider. Moreover, the Sub-Fund may enter into leverage agreements that establish the possibility of the Sub-Fund having to post additional collateral in the form of cash to the lender in the case that the price of the underlying investments fall below pre-defined thresholds. In the case that the SICAV cannot meet the additional collateral requirements, or some of the investments that are registered in favour of the lender default, the lender may be entitled to sell such investment at market price and make whole its claim against the Sub-Fund. This may result in the complete loss of some of the Sub-Fund's interests.

In addition, the credit markets remain volatile and the availability of leverage at commercially reasonable terms has become more difficult to ascertain. Because of this, there cannot be assurance that the Sub-Funds will be able to obtain the desired amount of indebtedness. The failure by the SICAV to obtain leverage on favourable terms or at all could adversely affect the returns of the Sub-Fund and its ability to achieve its investment objective.

#### 9.2.10 Issuer Risk

The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services. Additionally, a debtor may be unable to make principal and interest payments when due. The companies in which the Sub-Funds invest may be highly levered, which may limit the ability of such companies to borrow additional money for its working capital, capital expenditure or debt servicing requirements. It may also require the company to dedicate a large portion of its cash to the repayment of indebtedness, reducing cash flow available for other purposes. Companies with high leverage may also be at a competitive disadvantage when compared to peers.

Highly levered companies may also be subject to restrictive financial and operating covenants, which may preclude them from favourable business activities or the financing of future operations or capital needs.

#### 9.2.11 Non Performing Nature of Debt

Securities or loans acquired or underwritten by the relevant Sub-Fund may become after investment, non-performing for a wide variety of reasons. Such non-performing loans may require workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such loan, replacement financing will not be available. Purchases of

participations in loans raise many of the same risks as investments in loans and also carry risks of illiquidity and lack of control. It is possible that the Board of Directors may find it necessary or desirable to foreclose on collateral securing one or more loans purchased by the relevant Sub-Fund. The foreclosure process can be lengthy and expensive. In some countries, foreclosure actions can take up to several years or more to litigate. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process.

Also, depending on the laws and regulations of the relevant countries in which the Sub-Fund may invest, the Sub-Fund may hold a claim on a collateral which is junior in comparison to other creditors' claims such as tax and social security authorities. Therefore, in case of default of the debtor the Sub-Fund may not be able to recover part or all of its claim from the assets (if any) given as collateral in consideration for the loan.

### **9.3 Risks Associated with Specific Investments**

#### **9.3.1 Bank Loans**

The Sub-Fund's investment program may include investments in significant amounts of bank loans and participations. Loan investments are relatively illiquid, particularly in times of economic downturn. The ability of the Sub-Funds to vary their investments in response to changes in economic and other conditions is limited. Furthermore, in purchasing a participation the Sub-Fund may not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result, the Sub-Fund would assume the risk of both the obligor and the selling institution, which would remain the legal owner of record of the loan.

Such loans may be secured or unsecured. Loans that are fully secured offer a Sub-Fund more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation. In addition, investments in loans through a direct assignment include the risk that if a loan is terminated, a Sub-Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral.

A loan is often administered by an agent bank acting as agent for all holders. Unless, under the terms of the loan or other indebtedness, a Sub-Fund has direct recourse against the corporate borrower, the Sub-Fund may have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies against a corporate borrower.

The loan participations or assignments in which a Sub-Fund intends to invest may not be rated by any internationally recognised rating service.

### 9.3.2 Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Information relating to the credit quality of the fixed income securities of a particular Sub-Fund is given in the relevant Appendix. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry.

Investors should note that credit ratings may not necessarily reflect the true risk of an investment and that the AIFM (if applicable), the Portfolio Manager, the Investment Advisor and the Board of Directors may use its own set of credit rating criteria to perform its credit analysis, which may differ from the criteria used by the credit rating agencies.

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

### 9.3.3 High-Yield Securities

Sub-Funds may invest in high-yield securities. These fixed income securities (rated BB+ by Standard & Poor's or Ba1 by Moody's or lower) typically are subject to greater market fluctuations and to greater risk of loss of income and principal due to default by the issuer than are higher-rated fixed income securities. Lower rated fixed income securities values tend to reflect short term corporate, economic and market developments and investor perceptions of the issuer's credit quality to a greater extent than lower yielding higher-rated fixed income securities. In addition, it may be more difficult to dispose of, or to determine the value of, high yield fixed income securities. There are fewer investors in lower-rated securities, and it may be harder to buy and sell securities at an optimum time. Fixed income securities rated BB+ or Ba1 or lower are described by the ratings agencies as "predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions".

#### 9.3.4 Short Sales

A short sale involves the sale of a security that the seller does not own in anticipation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the seller must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. When a short sale is made, the seller must leave the proceeds thereof with the broker and deposit with the broker an amount of cash or Government securities sufficient under current margin regulations to collateralise its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. In addition, a short sale involves the risk that borrowed securities will have to be returned to the lender at a time when such securities cannot be borrowed from other sources, potentially requiring a short sale transaction to be closed at an inopportune time or under disadvantageous circumstances. A Sub-Fund may have no policy limiting the amount of capital it may deposit to collateralise its obligation to replace borrowed securities sold short.

A similar risk applies in case derivatives are used to achieve a result equal to a short sale.

#### 9.3.5 Use of Derivative Contracts

The Sub-Funds may invest, either directly or indirectly, in derivatives permissible under Luxembourg laws and regulations. Generally, derivatives are financial contracts the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. Some of these derivatives take the form of swap agreements, call options, put options and forward trading. The Sub-Funds' use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other more traditional investments. Particular derivative instruments such as without limitation put options, call options and forward contracts may be associated with specific risks, which are not discussed below. The following provides a general discussion of important risk factors relating to all derivative instruments that may be used by the Sub-Funds. Details of the information statement in accordance with article 15 of the SFTR Regulation will be made available to Investors free of charge at the registered office of the AIFM and/or upon request.

(a) Management Risk

Derivative products are highly specialised instruments that require investment techniques and risk analyses different from those associated with stocks or bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

(b) Credit Risk

The use of a derivative instrument involves the risk that a loss may be sustained as a result of the failure of the counterparty to make required payments or otherwise comply with the contract's terms.

(c) Liquidity Risk

If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

(d) Leverage Risk

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When the Sub-Funds use derivatives for leverage, investments in the Sub-Funds will tend to be more volatile, resulting in larger gains or losses in response to market changes.

(e) Lack of Availability

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. There is no assurance that the Sub-Funds will engage in derivatives transactions at any time or from time to time. The Sub-Funds' ability to use derivatives may also be limited by certain regulatory and tax considerations.

(f) Market and Other Risks

Like most other investments, derivative instruments are subject to the risk that the market value of the instrument will change in a way detrimental to

the Sub-Funds' interest. If the AIFM (if applicable) or the Portfolio Manager incorrectly forecasts the values of securities, currencies or interest rates or other economic factors in using derivatives for the Sub-Funds, the Sub-Funds might have been in a better position if they had not entered into the transaction at all. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Sub-Funds' investments. The respective Sub-Fund may also have to buy or sell a security at a disadvantageous time or price because the Sub-Fund is legally required to maintain offsetting positions or asset coverage in connection with certain derivatives transactions.

(g) Other Derivative Risks

Other risks in using derivatives include the valuation risk and the potential inability to correlate perfectly with underlying assets, rates and indexes. Many derivatives are privately negotiated, complex and its valuation can be subjective. Improper valuations can result in increased cash payment requirements to counterparts or a loss of value to the respective Sub-Fund. Also, the value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track.

Furthermore, it should be noted that Classes within a Sub-Fund are not separate legal entities. Thus, all of the assets of such a given Sub-Fund are available to meet all of the liabilities of such Sub-Fund. For this reason, transactions within the scope of hedging currencies for single Classes of a Sub-Fund may have a negative impact on the NAV of other Classes of the same Sub-Fund.

9.3.6 Loans of Portfolio Securities

For the purpose of achieving income, the Sub-Funds may lend their portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralised. When the respective Sub-Fund lends portfolio securities, its investment performance will continue to reflect changes in the value of the securities loaned, and the Sub-Fund will also receive a fee or interest on the collateral. Securities lending involves the risk of loss of rights in the collateral or delay in recovery of the collateral if the borrower fails to return the security loaned or becomes insolvent. The Sub-Fund may pay lending fees to a party arranging the loan.

9.3.7 Repurchase Agreements

Sub-Funds may enter into repurchase and reverse repurchase agreements. When the Sub-Fund enters into a repurchase agreement, it "sells" securities to a broker-

dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Sub-Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Sub-Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Sub-Fund involves certain risks. For example, if the seller of securities to the Sub-Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Sub-Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Sub-Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Sub-Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Sub-Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

#### 9.3.8 Credit Risk; Lower Credit Quality Securities.

The Sub-Funds may be exposed to the risk that one or more of the issuers of debt securities in the Sub-Funds' portfolio may default in paying principal or interest. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Sub-Funds' investment in any instrument, and a significant portion of the obligations and preferred stock in which the SICAV invests may be less than investment grade. As a result, the Sub-Funds may lose all or substantially all of their investment in any particular instance.

There are no restrictions on the credit quality of the investments of the Sub-Funds. Securities in which the Sub-Funds may invest may be deemed by rating companies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the low credit ratings or may be unrated. Lower rated and unrated securities in which the Sub-Funds may invest have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative.

### 9.3.9 Small and Medium Capitalisation Companies

Each Sub-Fund may invest a portion of its assets in the securities of companies with small- to medium-sized market capitalisations. While the Board of Directors believes they often provide significant potential for appreciation, such securities, particularly of companies having small capitalisation, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of securities of small-capitalisation and even medium-capitalisation companies are often more volatile than prices of securities of large-capitalisation companies and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalisation companies, an investment in those companies may be illiquid.

### 9.3.10 Emerging Markets

Potential investors should be aware that investment in emerging markets may involve, due to the economic and political development process which some of these countries are undergoing, a higher degree of risk which could adversely affect the value of the investments. Among other things, investment in emerging markets involves risks such as the restriction on foreign investment, counterparty risk, higher market volatility and the illiquidity of the companies' assets depending on the market conditions in certain emerging markets. Moreover, companies may be subject to considerably less state supervision and less differentiated legislation. Their accounting and auditing do not always match western standards.

Investments in some emerging countries are also exposed to higher risks in respect of the possession and custody of securities. Ownership of companies is for the most part determined by registration in the books of the company or its registrar (who is not, however, an agent of the custodian nor liable to the latter). Certificates evidencing the ownership of companies are frequently not held by the custodian, any of its correspondents or an efficient central depository. As a result and due to lack of efficient regulation by government bodies, the SICAV may lose the possession of or the registration of shares in companies through fraud, serious fault or negligence.

### 9.3.11 Money Market Instruments

The term "money market instruments" refers to a variety of short-term, liquid investments. Some common types are government bills and notes, which are securities issued by a government; commercial paper, which are promissory notes issued by large companies or financial firms; banker's acceptances, which



are credit instruments guaranteed by banks; and negotiable certificates of deposit, which are issued by banks in large denominations. Money market securities can pay fixed, variable, or floating rates of interest. The Sub-Funds are subject to income risk, where the respective Sub-Fund's income will decline because of falling interest rates. A fund's income declines when interest rates fall, because the fund then must invest in lower-yielding instruments. Because the Sub-Funds' income is based at least partially on short-term interest rates—which can fluctuate significantly over short periods—income risk is expected to be high.

#### 9.4 General Tax Risks

Tax laws are complex and quite often not completely clear, and the tax consequences of a particular structure chosen might be questioned or might be subject to challenge by the relevant tax authority in the country concerned. Furthermore, tax laws may change, so that the tax consequences of a particular investment may adversely change after it has been made. The Sub-Funds' Shareholders may be subject to income taxes or other taxes in multiple jurisdictions outside of their country. In addition, withholding tax or other taxes may be imposed on earnings of a Sub-Fund from investments in such jurisdictions. Local tax incurred in various jurisdictions by a Sub-Fund or entities through which it invests may not be creditable to or deductible by the Shareholders. The SICAV intends to take into account tax consequences at the level of the Sub-Fund and the investment structures in which it invests at the time an investment is made, however, as the Sub-Funds do not control the investment structures in which it invests, it cannot be excluded that adverse tax consequences occur, e.g. as a result of a restructuring of an investment structure after the investment was made or subsequent changes in law. Furthermore, the SICAV will not be in a position to take into account the tax consequences at the level of Shareholders in the different Sub-Funds.

**Shareholders are therefore advised to consult their own tax advisors with regard to their individual situation before they acquire Sub-Fund Shares as well as during their investment in a Sub-Fund.**

*The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing into the Sub-Funds. Potential investors should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time.*

## **10. THE OFFER**

### **10.1 The Shares**

The SICAV will issue Shares in registered form only and the register of the Shareholders is conclusive evidence of ownership. The SICAV will treat the registered owner of Shares as the absolute and beneficial owner thereof.

Shares are issued without par value and must be fully paid upon issue. Upon issue, Shares are entitled to participate equally in the profits and dividends attributable to the relevant Class and Category of the relevant Sub-Fund, as well as in the liquidation proceeds of the SICAV attributable to the relevant Class and Category.

Shares do not carry any preferential or pre-emptive rights. Each Share, irrespective of the Class, Category or Sub-Fund to which it belongs or its Net Asset Value, is entitled to one vote at all general meetings of Shareholders.

Fractions of Shares up to three decimal places will be issued, the SICAV being entitled to receive the adjustment. Fractions of Share are not entitled to a vote, but are entitled to participate in the distributions and the liquidation proceeds.

Shares may be subject to certain transfer restrictions as set forth in the Articles of Incorporation.

### **10.2 Classes and Categories of Shares**

The Board of Directors may, at its sole discretion, issue different Classes of Shares within each Sub-Fund, which may carry different rights and obligations, *inter alia*, with regard to their distribution policy, their fee structure, their minimum initial and subsequent subscription and holding amounts or their target investors as more fully described in the Appendices to this Placement Memorandum. Certain Classes of Shares are available to non-institutional investors while other Classes of Shares are available only to institutional investors.

Each Class of Shares may be sub-divided into Categories, which may differ *inter alia* with regard to their distribution policy or valuation currency. More specifically Shares of each Class may be issued either with accumulation of income and/or distribution of income as more fully described in the Appendices. The accumulation Categories are indicated by the subscript <sub>a</sub> and the distribution Categories by the subscript <sub>d</sub>.

Shareholders of the same Category in a Sub-Fund and Class will be treated pro-rata to the number of Shares held by them in the relevant Category.

Before investing in a specific Class and Category of any Sub-Fund, prospective investors should ensure that such Class and Category best suit their needs and should consider the

local tax implications subject to their personal circumstances and local tax laws. Investors are recommended to contact a tax advisor or their financial advisor for further information.

The amounts invested in the different Classes and Categories in each Sub-Fund are themselves invested in a common underlying portfolio of investments.

### 10.3 **Restriction to the Ownership of Shares**

Shares are available to Well-Informed Investors only in accordance with article 2 of the 2007 Law.

Additional restrictions on the ownership of Shares of a given Sub-Fund, Class and/or Category may be specified in the Appendices.

The SICAV may restrict or prevent the ownership of Shares in the SICAV by Prohibited Persons.

The SICAV retains the right to offer only one or several Classes and/or Categories as for subscription in any particular jurisdiction in order to conform to local law, custom, business practice or the SICAV's commercial objectives.

### 10.4 **Subscription for Shares**

Applications for Shares should be made on an application form which should be posted or sent by facsimile (with the original application form sent by post immediately thereafter) to the Registrar Agent (the "**Subscription Order**").

When Subscription Orders are received by the Registrar Agent, and the relevant subscription monies (increased by a sales charge if any) are received by the Registrar Agent, before the relevant Cut-Off Time (as defined in the Appendices), they will be dealt with on the relevant Valuation Day at the Subscription Price of the relevant Class and/or Category of each Sub-Fund prevailing on the relevant Valuation Day (plus any applicable sales charge). Any application received after the relevant Cut-Off Time will be processed on the next relevant Valuation Day on the basis of the Subscription Price per Share determined on such Valuation Day (plus any applicable sales charge).

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

The Minimum Subscription for initial and subsequent subscriptions for each Share in any Sub-Fund, Class and/or Category are specified in the Appendices. The Board of Directors may, at its discretion, waive or modify such minimum limits.

On the Initial Subscription Day or during the Initial Subscription Period, Shares of any Class and/or Category in each Sub-Fund will be offered at an initial price (the "**Initial Price**") as specified for each Class and/or Category in each Sub-Fund in the relevant Appendix. The Initial Price may be increased by a sales charge to be paid to the AIFM and/or to the intermediary acting in relation to the distribution of shares. Such a sales charge is detailed for each Sub-Fund in the relevant Appendix to this Placement Memorandum.

After the Initial Subscription Day or after the end of the Initial Subscription Period, the Shares of any Class and/or Category in any Sub-Fund are issued at the Net Asset Value of the relevant Class and/or Category of the relevant Sub-Fund calculated on each relevant Valuation Day (the "**Subscription Price**"), which amount may be increased by a sales charge to be paid to the AIFM and/or to the intermediary acting in relation to the distribution of shares. Such a sales charge is detailed for each Sub-Fund in the relevant Appendix to this Placement Memorandum.

No Shares of any Sub-Fund will be issued during any period when the determination of the Net Asset Value of the relevant Sub-Fund Class and/or Category is suspended by the SICAV as described in section 16.2 "Suspension of the Determination of the Net Asset Value" of this Placement Memorandum.

Each Sub-Fund may from time to time accept subscriptions for Shares in consideration of a contribution in kind of assets, which could be acquired by the Sub-Fund pursuant to its Investment Objective, Investment Policy and Investment Powers and Restrictions. Any such contribution in kind will be valued in a report established by an auditor qualifying as a *réviseur d'entreprises agréé* drawn up in accordance with the requirements of Luxembourg law, the costs of which report will be borne by the incoming subscriber.

## **10.5 Payments Procedure**

The settlement period for payments of subscription monies is set out for each Sub-Fund in the relevant Appendix of this Placement Memorandum. Shares will be allocated once payments have been received by the Depositary.

The Initial Price and the Subscription Price are payable in the applicable Denomination Currency of the relevant Sub-Fund.

## **10.6 Late Trading and Market Timing**

### **a) Late Trading**

The price of the Shares is determined on a forward basis. This means that it is not possible to know in advance the Net Asset Value per Share at which Shares will be bought or sold (exclusive of any sales charges). Subscription applications

have to be received and will be accepted only in accordance with the provisions of the relevant Appendix and the Cut-Off Time rules as laid down in the present Placement Memorandum.

b) Market Timing

The Sub-Funds are not designed for investors with short term investment horizons. Activities which may adversely affect the interests of the SICAV's Shareholders (for example that disrupt investment strategies or impact expenses) such as market timing or the use of the SICAV as an excessive or short term trading vehicle are not permitted.

Whilst recognising that Shareholders may have legitimate needs to adjust their investments from time to time, the Board of Directors in their discretion may, if they deem such activities adversely affect the interests of the SICAV's Shareholders, take action as appropriate to deter such activities.

Accordingly if the Board of Directors determine or suspect that a Shareholder has engaged in such activities, they may suspend, cancel, reject or otherwise deal with that Shareholder's subscription or conversion applications and take any action or measures as appropriate or necessary to protect the SICAV and its Shareholders.

## **11. PREVENTION OF MONEY LAUNDERING**

Pursuant to the Luxembourg law of 12 November 2004 relating to the fight against money-laundering and the financing of terrorism the Grand Ducal Regulation dated 1st February 2010 providing details on certain provisions of the amended law of 12 November 2004 on the fight against money laundering and terrorist financing and the CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, including the applicable circulars of the CSSF applicable the fight against money laundering, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering purposes.

Within this context, a procedure for the identification of new investors has been imposed. Namely, the application form entered into by an investor must be accompanied, inter alia, by a certified true copy of the subscriber's articles of incorporation and, where applicable, an excerpt from the commercial register is required. Additional documents may be requested depending on the legal and regulatory status of the investor.

## **12. REDEMPTION OF SHARES**

### **12.1 General**

Any Shareholder has the right at any time to have all or part of his Shares of any Class and Category of any Sub-Fund redeemed by the SICAV subject to any Lock-up Period applicable to the relevant Sub-Fund as specified in its Appendix. Redemptions will, subject to the provisions below, be processed at each relevant Valuation Day.

Any Shares redeemed by the SICAV will be cancelled. Any taxes, commissions and other fees incurred in the respective countries in which the Shares are sold will be charged to the Shareholders.

The SICAV may suspend redemption in respect of Shares during any period that the determination of the Net Asset Value of the relevant Sub-Fund, Class and/or Category is suspended in accordance with section 16.2 "Suspension of the Determination of the Net Asset Value" of this Placement Memorandum.

### **12.2 Procedure**

Written redemption orders have to be sent via fax to the Registrar Agent before the relevant Cut-Off Time (as defined in the Appendices).

The redemption order must state the number of Shares the Shareholder wishes to redeem or the monetary amount to be redeemed and the Class, Category and Sub-Funds from which such Shares are to be redeemed as well as and all necessary references enabling the payment of the redemption proceeds. Any redemption request which, when executed, would cause the Shareholder's investment in a Sub-Fund to fall below the minimum holding requirement, if any, as set out for such Sub-Fund in the relevant Appendix will be considered as a full redemption for that Shareholder's shareholding in that particular Sub-Fund.

For all the Sub-Funds, redemption orders received by the Registrar Agent before the relevant Cut-Off Time (as defined in the Appendices) will be dealt with on the relevant Valuation Day at the Redemption Price of the relevant Class and/or Category of each Sub-Fund prevailing on that Valuation Day less an Equalisation Factor (if any). Any redemption orders received after the relevant Cut-Off Time will be processed on the next relevant Valuation Day at the Redemption Price of the relevant Class and/or Category of each Sub-Fund prevailing on such Valuation Day.

The Redemption Price of Shares of any Class and/or Category in any Sub-Fund will be the Net Asset Value of the relevant Class and/or Category of the Sub-Fund concerned on the relevant Valuation Day. An Equalisation Factor may be imposed upon the redeeming Shareholder(s), as specified for each Class and/or Category of each Sub-Fund, where applicable, in the Appendices.

The Redemption Price (after deduction of an Equalisation Factor if any) may be higher or lower than the Initial Price and/or Subscription Price paid by the Shareholder at the time of subscription, depending on whether the Net Asset Value has appreciated or depreciated.

### **12.3 Payments of redemption proceeds**

Settlement will be made by paying the redemption proceeds to the Shareholder's account. The settlement period for payments of redemption proceeds is set out for each Sub-Fund in the relevant Appendix of this Placement Memorandum.

The Redemption Price is payable in the Denomination Currency of the relevant Class of the relevant Sub-Fund.

The SICAV will use reasonable efforts to transfer or dispose of its interest in the assets held by the relevant Sub-Fund(s), in order to provide for cash to satisfy the orders for redemption. At its entire discretion, the Board of Directors may decide to use leverage to satisfy the orders for redemption in compliance with the terms of this Placement Memorandum or make use of its other revenues or reserves to fulfil such redemption orders.

The SICAV may, at its complete discretion but with the consent of the Shareholder concerned, decide to satisfy payment of the Redemption Price to any Shareholder wholly or partly in specie by allocating to such Shareholder assets of the relevant Sub-Fund, equal in value as of the Valuation Day with respect to which the Redemption Price is calculated, to the Net Asset Value of the Shares to be redeemed minus any applicable Equalisation Factor. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders of the relevant Class(es) and/or Category(ies), and the valuation used shall be confirmed by a special report of the Auditor. The cost of such transfer shall be borne by the transferee.

### **12.4 Limits on Redemption**

The SICAV shall not be bound to accept redemption requests on any relevant Valuation Day for a Sub-Fund when at such Valuation Day there are redemption requests and/or conversion requests which in aggregate relate to 10% or more of the Shares outstanding in such a specific Sub-Fund. For the avoidance of doubt, such a conversion request is to be understood as being a request to have the shares in such a Sub-Fund converted to the Shares of another Sub-Fund, and not the other way around. Redemptions (and conversions, as the case may be) may accordingly be deferred by the SICAV and will be dealt with on the next relevant Valuation Day (but subject always to the foregoing limit). For this purpose, orders for redemption (and for conversion, as the case may be) so deferred will be given priority to subsequently received orders.

With respect to the above, the SICAV will, subject to any suspension of redemption in accordance with section 15 of this Placement Memorandum, ensure that after six months at the latest following the date the original redemption order was received by the Registrar Agent in Luxembourg the total amount of Shares indicated in such redemption order shall have been redeemed. Redemptions may at the discretion of the SICAV be effected at either the next Valuation Day following the receipt of the order for redemption or be deferred to one of the following Valuation Days within the abovementioned six month period. Orders for redemption so deferred will be given priority to subsequently received orders. Certain other redemption limits may be set out in the relevant Appendix.

### **12.5 Compulsory Redemption**

If the SICAV discovers at any time that Shares are owned by a Prohibited Person, either alone or in conjunction with any other person, whether directly or indirectly, the Board of Directors will compulsorily redeem the Shares pursuant to the procedure set forth in the Articles of Incorporation after giving notice of at least ten calendar days, and upon redemption, the Prohibited Person will cease to be the owner of those Shares. The SICAV may require any Shareholder to provide it with any information that it may consider necessary for the purpose of determining whether or not such owner of Shares is or will be a Prohibited Person.

## **13. CONVERSION OF SHARES**

### **13.1 General**

Except as otherwise provided for a Sub-Fund, Class and/or Category in the relevant Appendix to this Placement Memorandum, any Shareholder may request the conversion of all or part of its Shares of any Class and/or Category in any Sub-Fund into another Class and/or Category in the same Sub-Fund and/or into the same Class and/or Category or a different Class and/or Category of any other existing Sub-Fund, on any relevant Valuation Day, provided that the Shareholder fulfils the criteria of the relevant Class, Category and Sub-Fund into which the conversion is requested. Shareholders must therefore switch the appropriate minimum initial investment or, where investing into a Sub-Fund, Class and/or Category where they have an existing shareholding, the appropriate minimum subsequent investment. Any conversion request which, when executed, would cause the Shareholder's investment in a Sub-Fund to fall below the minimum holding requirement, if any, as set out for such Sub-Fund in the relevant Appendix will be considered as a request for a full conversion for that Shareholder's shareholding in that particular Sub-Fund.

The SICAV may suspend conversion in respect of Shares during any period that the determination of the Net Asset Value of the relevant Sub-Fund, Class and/or Category,



is suspended in accordance with section 16.2 "Suspension of the Determination of the Net Asset Value" of this Placement Memorandum.

### 13.2 Procedure

Written conversion orders have to be sent via fax to the Registrar Agent before the relevant Cut-Off Time (as defined in the Appendices).

All conversion orders must contain the following information:

- the full name(s) in which the Shares to be converted are registered;
- the Class, Category and the Sub-Fund from which Shares are to be converted and the Class, Category and the Sub-Fund to which Shares will be converted; and
- either the percentage, monetary amount or number of Shares the Shareholder wishes to convert;

Conversion orders received by the Registrar Agent before the relevant Cut-Off Time (as defined in the Appendices) will be dealt with on the relevant Valuation Day on the basis of the Net asset Value of the relevant Sub-Funds, Classes and Categories prevailing on that Valuation Day. Any conversion orders received after the relevant Cut-Off Time will be processed on the next Valuation Day on the basis of the Net Asset Value of the relevant Sub-Funds, Classes and Categories prevailing on such Valuation Day.

A conversion order may require the conversion of currency from one Class, Category or Sub-Fund to another. In such event, the number of Shares of the new Class, Category or Sub-Fund obtained on a conversion will be affected by the net foreign currency exchange rate, if any, applied to the conversion.

The rate at which all or part of the Shares of one Sub-Fund (the "**Initial Sub-Fund**") are converted into Shares of another Sub-Fund (the "**New Sub-Fund**"), or all or part of the Shares of a particular Class or Category (the "**Initial Class**" or "**Initial Category**") are converted into another Class or Category (the "**New Class**" or "**New Category**") is determined in accordance with the following formula:

$$A = \frac{(B \times C \times D) \times (1 - E)}{F}$$

where:

A is the number of Shares to be allocated in the New Sub-Fund or New Class or New Category;

- B is the number of Shares of the Initial Sub-Fund or Initial Class or Initial Category to be converted;
- C is the Net Asset Value per Share of the Initial Class, Initial Category or the Initial Sub-Fund determined on the relevant Valuation Day (less conversion charges, if any, as specified for each Class and/or Category of each Sub-Fund in the Appendices);
- D is the actual rate of foreign exchange on the day concerned applied to conversions between Sub-Funds or Classes or Categories denominated in different currencies, and is equal to 1 in relation to conversions between Sub-Funds or Classes or Categories denominated in the same currency;
- E is the conversion fee percentage payable per Share, if any; and
- F is the Net Asset Value per Share of the New Class of Shares or New Category or the relevant Class or Category of the New Sub-Fund determined on the relevant Valuation Day, plus any taxes, charges, commissions or other fees.

Following such conversion of Shares, the SICAV will inform the Shareholder in question of the number of Shares of the New Class, New Category or New Sub-Fund obtained by conversion and the price thereof. Fractions of Shares in the New Class, new Category or New Sub-Fund to three decimal places may be issued, the SICAV being entitled to receive the adjustment. The SICAV may charge a Conversion fee as further set out in the relevant Appendices.

### **13.3 Limits on Conversion**

Moreover, the SICAV shall not be bound to accept conversion requests on any relevant Valuation Day for a Sub-Fund when at such Valuation Day there are redemption requests and/or conversion requests which in aggregate relate to 10% or more of the Shares outstanding in such a specific Sub-Fund. For the avoidance of doubt, such a conversion request is to be understood as being a request to have the shares in such a Sub-Fund converted to the Shares of another Sub-Fund, and not the other way around. Conversions (and redemptions, as the case may be) may accordingly be deferred by the SICAV and will be dealt with on the next relevant Valuation Day (but subject always to the foregoing limit). For this purpose, orders for conversion (and redemption, as the case may be) so deferred will be given priority to subsequently received orders.

## **14. TRANSFER OF SHARES**

Shares may be transferred with the prior written consent of the Board of Directors, which shall not be unreasonably withheld, to Well-Informed Investors. For the avoidance of doubt, it is confirmed that it would be unreasonable for the Board of Directors to

withhold its consent to a transfer effected among accounts held by the same beneficial owner.

Such consent may be withheld if *inter alia*:

- a) the transfer would violate any applicable law, regulation or any term of the Articles of Incorporation; and
- b) the transfer which, when executed, would cause the relevant Shareholder's investment in a Sub-Fund to fall below the minimum holding requirement, if any, as set out for such Sub-Fund in the relevant Appendix.

## **15. TEMPORARY SUSPENSION OF SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS**

No Shares will be issued by the SICAV and the right of any Shareholder to require the redemption or conversion of its Shares of the SICAV will be suspended during any period in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended by the SICAV pursuant to the powers contained in its Articles of Incorporation and as described in section 16.2 "Suspension of the determination of the Net Asset Value".

Notice of suspension will be given to subscribers and to any Shareholders tendering Shares for subscription, redemption or conversion. Withdrawal of a subscription or of an application for redemption or conversion will only be effective if written notification by letter or by fax is received by the Registrar Agent before termination of the period of suspension, failing which subscription, redemption and conversion applications not withdrawn will be processed on the first Valuation Day following the end of the suspension period, on the basis of the Net Asset Value per Share determined on such Valuation Day (subject to applicable sales charge, Equalisation Factor and other charges).

## **16. NET ASSET VALUE**

### **16.1 Determination of the Net Asset Value**

To the extent required by and within the limits laid down under the Luxembourg laws and regulations, the Net Asset Value per Share of each Class, Category and/or Sub-Fund shall be calculated by the Central Administration Agent under the ultimate responsibility of the AIFM upon the frequency set forth in the Appendices and at least once a year (each a "**Valuation Day**") in accordance with the Luxembourg generally accepted accounting principles ("**LuxGAAP**").

In compliance with the provisions of Part II of the 2007 Law and the AIFM Directive, the independent valuation of the assets of the SICAV is carried out by the AIFM itself.

Such valuation will be performed independently from the portfolio management function in accordance with the AIFM Directive requirements.

The Net Asset Value per Share of each Class, Category and/or Sub-Fund will be expressed in the Reference Currency of the Sub-Fund.

The Net Asset Value per Share of each Class and/or Category in each Sub-Fund on any Valuation Day is determined by dividing the value of the total assets of that Sub-Fund properly allocable to such Class and/or Category less the liabilities of such Sub-Fund properly allocable to such Class and/or Category by the total number of Shares of such Class and/or Category outstanding on such Valuation Day.

The Net Asset Value per Share of the different Classes and/or Category will differ within each Sub-Fund as a result of the differing fee structure and/or distribution policy of each Class and/or Category.

The Net Asset Value per Share is calculated to 3 decimal places.

The basic accounting principles for determining the Net Asset Value of each Class, Category and/or Sub-Fund are set forth in the Articles of Incorporation, the material provisions of which provide as follows:

- (a) Securities and/or units or shares of entities which are listed on a stock exchange or dealt in on another regulated market will be valued on the basis of the last available mid-price.
- (b) Securities, which are not listed on a stock exchange nor dealt in on another regulated market, will be valued on the basis of the probable net realisation value (excluding any deferred taxation) determined by the AIFM. If a net asset value is determined for the units or shares issued by an entity not (yet) listed and for which it is calculated a net asset value per share or unit, those units or shares will be valued on the basis of the latest net asset value determined according to the provisions of the particular issuing documents of this entity or, at their latest unofficial net asset values (i.e. estimates of net asset values which are not generally used for the purposes of subscription and redemption or which may be provided by a pricing source – including the investment/portfolio manager of the entity – other than the administrative agent of the entity) if more recent than their official net asset values. The net asset value calculated on the basis of unofficial net asset values of entity may differ from the net asset value, which would have been calculated, on the relevant Valuation Day, on the basis of the official net asset values determined by the administrative agents of the entity. However, such net asset value is final and binding notwithstanding any different later determination. In case of the occurrence of an evaluation event that is not reflected in the latest available net asset value of such shares or units issued by such entities, the

valuation of the shares or units issued by such entity may be determined by the AIFM to take into account this evaluation event. The following events qualify as evaluation events: capital calls, distributions or redemptions effected by the entity or one or more of its underlying investments as well as any material events or developments affecting either the underlying investments or the entities themselves.

- (c) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received 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.
- (d) The liquidating value of futures, forward or options contracts not dealt in on a stock exchange or another regulated markets shall mean their net liquidating value determined, pursuant to the policies established by the AIFM, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts dealt in on a stock exchange or another regulated markets shall be based upon the last available settlement prices of these contracts on such regulated markets on which the particular futures, forward or options contracts are dealt in by the relevant Sub-Fund; provided that if a futures, 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 AIFM may deem fair and reasonable;
- (e) Interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve. Index and financial instruments related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement shall be based upon the market value of such swap transaction determined by the AIFM;
- (f) All other securities and other assets, including debt securities and securities for which no market quotation is available, are valued on the basis of dealer-supplied quotations or by a pricing service approved by the AIFM or, to the extent such prices are not deemed to be representative of market values, such securities and other assets shall be valued at fair value as determined by the AIFM. Money market instruments held by the SICAV will be valued using an amortised cost method for all investments with a known short-term maturity date. This involves valuing an investment at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium, regardless of the impact of fluctuating

interest rates on the market value of the investments. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortised cost, is higher or lower than the price the relevant Sub-Fund would receive if it sold the investment. The AIFM will continually assess this method of valuation and recommend changes, where necessary, to ensure that the SICAV's investments will be valued at their fair value as determined by the AIFM. If the AIFM believes that a deviation from the amortised cost method may result in material dilution or other unfair results to Shareholders, the AIFM shall take such corrective action, if any, as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.

The AIFM may permit some other method of valuation to be used if either considers that such valuation better reflects the fair value of any asset or liability of the SICAV and/or its Sub-Funds in compliance with Luxembourg laws. This method will then be applied in a consistent way. The Central Administration Agent can rely on such deviations as approved by the AIFM and the SICAV for the purpose of the Net Asset Value calculation.

The total Net Asset Value of the SICAV is equal to the sum of the net assets of the various activated Sub-Funds converted into Euro at the rates of exchange prevailing in Luxembourg on the relevant Valuation Day.

## **16.2 Suspension of the Determination of the Net Asset Value**

The SICAV may suspend the determination of the Net Asset Value of any particular Sub-Fund, Class and/or Category and the issue and redemption of the Shares of any such Class and/or Category in such Sub-Fund as well as the conversion from and to Shares of any such Class and/or Category of such Sub-Fund:

- a) during any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of any Sub-Fund of the SICAV from time to time is quoted, is closed otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by any Sub-Fund of the SICAV would be impracticable;
- c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments attributable to any Sub-Fund or the current prices or values on any market or stock exchange;
- d) during any period when the SICAV is unable to repatriate funds for the purpose of making payments on the redemption of Shares of any Sub-Fund or during

which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of any Sub-Fund cannot in the opinion of the Board of Directors be effected at normal prices or rates of exchange;

- e) during any period when the SICAV is being liquidated or as from the date on which notice is given of a meeting of Shareholders at which a resolution to liquidate the SICAV (or one of its Sub-Funds) is proposed;
- f) when for any other reason beyond the control of directors the prices of any investments owned by the SICAV attributable to such Sub-Fund cannot promptly or accurately be ascertained.

The suspension of the calculation of the Net asset Value of any particular Sub-Fund, Class and/or Category shall have no effect on the determination of the Net Asset Value per Share or on the issue, redemption and conversion of Shares of any Class, Category and/or Sub-Fund that is not suspended.

Any order for subscription, redemption or conversion of Shares shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value of the Shares to be subscribed, redeemed or converted in a specific Class, Category and/or Sub-Fund and, in such event, a withdrawal will only be effective if written notification is received by the Registrar Agent before the termination of the period of suspension.

## **17. DISTRIBUTION**

Whether accumulation or distribution Categories within a Class of Shares have been issued in relation to a particular Sub-Fund is indicated in the Appendices.

The part of the year's net income corresponding to accumulation Classes and/or Categories will be capitalised in the relevant Sub-Fund for the benefit of the accumulation Class and/or Category.

For any Class and/or Category entitled to distribution, the general meeting of Shareholders of the relevant Class and/or Category issued in respect of any Sub-Fund shall, upon proposal from the Board of Directors and within the limits provided by law, determine how the results of a Sub-Fund, Class and/or Category shall be disposed of, and may from time to time declare, or authorise the Board of Directors to declare, distributions.

For any Class and/or Category entitled to distributions, the Board of Directors may furthermore decide to pay interim dividends in compliance with the conditions set forth by law.

In any case, part or all of the net income and realised and unrealised capital gains may be distributed provided that after the distribution the net assets of the SICAV total more than EUR 1,250,000.

Distributions will be made in cash. However, the Board is authorised to make in-kind distributions/payments of securities of portfolio companies with the consent of the relevant Shareholder(s). Any such distributions/payments in kind will be valued in a report established by an auditor qualifying as a *réviseur d'entreprises agréé* drawn up in accordance with the requirements of Luxembourg law, the costs of which report will be borne by the relevant Investor. For further details regarding the distribution policy applicable to each Sub-Fund, reference is made to the Appendices.

Dividends will be declared in the Reference Currency of each Sub-Fund but, for the convenience of Shareholders, payment may be made in a currency chosen by the Investor. The exchange rates used to calculate payments will be determined by the Central Administration Agent by reference to normal banking rates. Such currency transaction will be effected with the Depositary at the relevant Shareholder's cost. In the absence of written instructions, dividends will be paid in the Reference Currency of the Sub-Fund.

Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-Fund, Class and/or Category.

In accordance with the provisions of this Placement Memorandum applicable to the relevant Sub-Fund in its Appendix, distributions may be made by way of redemption of shares.

## **18. CHARGES AND EXPENSES**

### **18.1 Organisational Expenses**

The SICAV shall bear all Organisational Expenses for all Organisational Expenses incurred by them in relation to the structuring, establishing and closing of the SICAV and the Sub-Funds.

The Organisational Expenses may in accordance with and to the extent provided for under the generally accepted Luxembourg accounting standards be written off by the SICAV over a period not exceeding five years.

### **18.2 Operational and Administration Fees and Expenses**

The SICAV shall bear all Operational and Administration Fees and Expenses.

The following fees and expenses are borne directly by the SICAV:



- all other taxes which may be payable on the assets, income and expenses chargeable to the SICAV;
- standard brokerage and transaction charges;
- fees of agents in places of registration of the SICAV and of any paying agents;
- fees and expenses of the Directors;
- costs, including that of legal advice, which may be payable by the SICAV or the Depositary for actions taken in the interests of the Shareholders;
- the fees and expenses incurred in connection with the registration of the SICAV with, or the approval or recognition of the SICAV by, the competent authority and all fees and expenses incurred in connection with maintaining any such registration, approval or recognition;
- the fees and expenses incurred in connection with the listing of the Shares on any stock exchange and all fees and expenses incurred in connection with maintaining any such listing;
- the fees and expenses incurred in connection with the publication of the net asset value per Share of each Sub-Fund in newspapers, as requested by the Board of Directors;
- all similar administrative costs (including but not limited to all marketing/advertising expenses and other expenses directly incurred in offering or distributing the Shares);
- a reasonable proportion of the costs of marketing and advertising and especially those incurred directly in connection with the offering and selling of Shares of the relevant Sub-Fund;
- the cost of preparing, filing and publishing the Articles of Incorporation and other documents in respect of the SICAV, including notifications for registration, prospectuses or memoranda for all governmental authorities and stock exchanges (including local securities dealers' associations) which are required in connection with the SICAV or with offering the Shares, the cost of printing and distributing annual and semi-annual reports for the Shareholders in all required languages, together with the cost of printing and distributing all other reports and documents which are required by the relevant legislation or regulations, the fees and expenses of the Central Administration Agent for providing administration services, the cost of notifications to Shareholders and all other similar administrative expenses;

- costs connected with the technical establishment of methods for measuring and analysing the performance and the risk of the SICAV;
- costs for the analysis of the performance of the SICAV and for the assessment of the SICAV by national and international rating agencies;
- fees, costs and expenses of the SICAV's auditors and legal (including tax) advisors;
- any other reasonable administrative fees and expenses.

### **18.3 Operational Fee**

Classes of Shares in each Sub-Fund will be charged, in accordance with the relevant Appendix, an Operational Fee which includes the AIFM Fee, the Portfolio Management Fee and the Distribution Fee.

For the avoidance of doubt, such Operational Fee is different and independent from the Operational and Administration Fees and Expenses referred to in the above section 18.2.

### **18.4 Fee payable to the AIFM**

In consideration for services rendered by the AIFM under the respective AIFM Agreement (as amended from time to time), the AIFM shall be entitled to a fee (the "**AIFM Fee**"), as further detailed in the relevant Appendix, out of the Operational Fee as a consideration of the performance of its functions as alternative investment fund manager of the SICAV.

Except if otherwise provided in respect of a particular Sub-Fund, the fee will be paid annually, out of the assets of that Sub-Fund.

### **18.5 Portfolio Management Fee**

Unless otherwise provided for in respect of a particular Sub-Fund, in the case where a Portfolio Manager is appointed, such Portfolio Manager shall be entitled to a remuneration paid by the SICAV out of the Operational Fee, as further detailed in the relevant Appendix, for the services rendered to such Sub-Fund. Where no Portfolio Manager is appointed, the Portfolio Management Fee may be paid to the AIFM.

The AIFM or the Portfolio Manager, as relevant, may reallocate a portion of its management fees to investment advisors, other intermediaries or entities including those that assist the AIFM or the Portfolio Manager, as relevant, in the performance of its duties or provide services, directly or indirectly, to the Sub-Funds or their Shareholders.

The AIFM or the Portfolio Manager, as relevant, may also on a negotiated basis enter into private arrangements (so called "co-operation agreements") with other

intermediaries, entities, holders or prospective holders of Shares (or an agent thereof), under which the AIFM or the Portfolio Manager, as relevant, is authorised to make payments to or for the benefit of such other intermediaries, entities, holders or prospective holders of Shares which represent a retrocession of or a rebate on all or part of the fees paid by the Company to the AIFM or the Portfolio Manager, as relevant.

It follows from the above that the effective net fees deemed payable by a holder of Shares who is entitled to receive a rebate under the arrangements described above may be lower than the fees deemed payable by a holder of Shares who does not participate in such arrangements. Such arrangements reflect terms privately agreed between parties other than the Company, and for the avoidance of doubt, the Company cannot, and is under no duty to, enforce equality of treatment between shareholders by other entities, including those service providers of the Company that it has appointed.

#### 18.6 **Advisory Fee**

Unless otherwise provided for in respect of a particular Sub-Fund, the Investment Advisor shall be entitled to a remuneration paid by the Portfolio Manager (out of the fee it has received), as further detailed in the relevant Appendix, for the services rendered to such Sub-Fund.

The Investment Advisor may reallocate a portion of its advisory fees to other intermediaries or entities including those that assist the Investment Advisor in the performance of its duties or provide services, directly or indirectly, to the Sub-Funds or their Shareholders.

#### 18.7 **Performance Fee**

A performance fee (the "**Performance Fee**") shall be paid when the Sub-Fund exhibits a positive absolute performance during a certain period of time (the "**Performance Period**"), subject to an Absolute High Water Mark (as defined below). The Performance Fee amounts to a percentage (the "**Percentage**") of the Sub-Fund's performance in excess of the hurdle rate (the "**Hurdle Rate**").

The Absolute High Water Mark is the greater of (i) the Net Asset Value at the end of any performance period where a performance fee has been paid and (ii) the initial offer price per share (the "**Absolute High Water Mark**"), provided however that every third anniversary from the moment that the first Performance Fee was due, the Absolute High Water Mark will be reset to the Net Asset Value at such third anniversary.

The Performance Fee is payable at the end of the relevant Performance Period. It shall be calculated and accrued on each Valuation Day with crystallisation process.

The crystallisation process consists in freezing the portion of Performance Fee connected to a redemption request of an investor during the performance period.

The Performance Fee shall be allocated at the discretion of the Board of Directors between the AIFM and the Investment Advisor (if any), as further specified in the relevant Appendix.

#### **18.8 Distribution Fee**

For the performance of its services in respect of the marketing, distribution and promotion of Shares on a global basis, the AIFM is entitled to receive a Distribution Fee payable out of the Operational Fee.

The AIFM may reallocate a portion of its Distribution Fee to sub-distributors, other intermediaries or entities including those that assist the AIFM in the performance of its duties or provide distribution services.

#### **18.9 Equalisation Factor**

Upon Subscriptions, Redemptions and Conversions, an Equalisation Factor may be applied if so provided for in the relevant Appendix.

#### **18.10 Depositary, Central Administration Agent, Registrar Agent and Paying Agent**

The Depositary, Central Administration Agent, Registrar Agent and Paying Agent are entitled to be paid directly or indirectly out of the SICAV's asset. Such fees as shall be determined from time to time by agreement between the SICAV and/or the AIFM, as applicable, and such service providers, provided that such fees are in accordance with customary banking practice and at normal commercial rates in Luxembourg.

The Depositary Bank shall be entitled to remuneration for the custody of assets belonging to the SICAV, calculated on the SICAV's assets on the last Valuation Day of each month (plus value added tax). Moreover, the Depositary Bank shall receive a processing fee for each transaction it executes on behalf of the SICAV.

In addition, reasonable disbursements and out-of-pocket expenses incurred by such parties are charged to the SICAV as appropriate.

#### **18.11 Allocation of liabilities**

Any charges and costs attributable to a specific Sub-Fund will be allocated directly to that Sub-Fund.

Any charges and costs that cannot be directly attributable to a specific Sub-Fund will be allocated equally to the various Sub-Funds or, if the amounts so require, they will be allocated to the Sub-Funds in proportion to their respective net assets.

#### **18.12 Single legal entity**

The SICAV is one single entity; however, the right of Investors and creditors regarding a Sub-Fund or raised by the constitution, operation or liquidation of a Sub-Fund are limited to the assets of this Sub-Fund, and the assets of a Sub-Fund will be answerable exclusively for the rights of the Shareholders relating to this Sub-Fund and for those of the creditors whose claim arose in relation to the constitution, operation or liquidation of this Sub-Fund. In the relations between the SICAV's Shareholders, each Sub-Fund is treated as a separate entity. The assets, commitments, charges and expenses that cannot be allocated to one specific Sub-Fund will be charged to the different Sub-Funds pro rata to their respective net assets, if appropriate due to the amounts considered.

#### **18.13 Value Added Tax**

All fees and expenses pursuant to the above are exclusive of value added taxes or other amounts chargeable thereon, which shall be paid directly or indirectly out of the assets of the SICAV as required.

### **19. CONFLICT OF INTERESTS**

According to the AIFM Directive, the AIFM must take all reasonable steps to identify conflicts of interest that arise in the course of managing the SICAV between the AIFM (including its managers, employees or any person directly or indirectly linked to the AIFM by control) and the SICAV or its Investors, the SICAV or its Investors and another client of the AIFM (including another alternative investment fund, a UCITS or their investors), and two clients of the AIFM.

The AIFM must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the SICAV and its Investors.

The AIFM must segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. The AIFM must assess whether its operating conditions may involve any other material conflicts of interest and disclose them to the Investors.

Where organisational arrangements made by the AIFM to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Investors' interests will be prevented, the AIFM must clearly disclose the general nature or sources of conflicts of interest to the investors before undertaking business on their behalf, and develop appropriate policies and procedures.

Details of the conflict of interest policies and procedures will be made available to Investors free of charge at the registered office of the AIFM and/or upon request.

## **20. TAXATION**

The following section is a short summary of certain important Luxembourg tax principles in relation to the SICAV. The summary is based on the laws and practice currently in force and applied in Luxembourg at the date of this Placement Memorandum. Provisions may change at short-term notice, possibly with retroactive effect.

The section does not purport to be a complete summary of tax law and practice currently applicable in Luxembourg and does not contain any statement with respect to the tax treatment of an investment in the SICAV in any other jurisdiction. Furthermore, this section does not address the taxation of the SICAV in any other jurisdiction or the taxation of any subsidiaries or intermediary companies of the SICAV or of any investment structure in which the SICAV holds an interest in any jurisdiction.

Prospective investors should inform themselves of, and where appropriate take advice on, the laws and regulations (such as those relating to taxation, foreign exchange controls and being a Prohibited Person) applicable to the subscription, purchase, holding, and redemption of Shares in the country of their citizenship, residence or domicile, and of the current tax status of the SICAV-SIF and the SICAV in Luxembourg. This section should be read in conjunction with the tax related risk section.

### **20.1 The SICAV**

Under present Luxembourg law and administrative practice, neither a Luxembourg SIF nor any of its sub-funds is liable for any Luxembourg corporate income tax, municipal business tax, and net wealth tax. A Luxembourg SIF (or each sub-fund in case of a SIF with multiple sub-funds) is however liable in Luxembourg to a subscription tax of in principle zero point zero one (0.01) per cent. per annum computed on its net assets, such tax being payable quarterly on the basis of the value of the aggregate assets of such SIF (or sub-fund) at the end of the relevant calendar quarter.

The value of assets represented by units and shares held in other undertakings for collective investments is however exempt from subscription tax provided such units or shares have already been subject to this tax. No other stamp duty or other tax is payable in Luxembourg on the issue of shares by a Luxembourg SIF.

A Luxembourg SIF is liable for a flat registration duty of seventy five Euro (EUR 75.-) to be paid upon incorporation and upon future modification (if any) of its articles of incorporation.

Dividends and interest, if any, received by a Luxembourg SIF or any of its sub-funds from investments may be subject to taxes and/or withholding taxes in the countries concerned at varying rates, such (withholding) taxes usually not being recoverable. A Luxembourg SIF and its sub-funds may be liable to certain other foreign taxes.

## 20.2 Shareholders

At the date of this Placement Memorandum, based on present law and administrative practice and subject to any amendment thereof, Shareholders are not liable to any taxation in Luxembourg in relation to the holding, transfer, sale, redemption, assignment, purchase or repurchase of the Shares (except for Shareholders who are domiciled, resident or have a permanent establishment in Luxembourg).

## 20.3 Common Reporting Standard

The Organisation for Economic Co-operation and Development has developed a new global standard for the annual automatic exchange of financial information between tax authorities (the "**CRS**"). Luxembourg is a signatory jurisdiction to the CRS and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in September 2017, as regards reportable financial information gathered in relation to fiscal year 2016. The CRS has been implemented into Luxembourg domestic law via the law dated 18 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU. The regulation may impose obligations on the Company and its Shareholders, if the Company is actually regarded as a reporting Financial Institution under the CRS, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of the tax residency (through the issuance of self-certifications forms by the Shareholders), tax identification number and CRS classification of Shareholders in order to fulfil its own legal obligations from 1 January 2016.

Each prospective investor and each Shareholder should consult its own tax advisors regarding the requirements under CRS with respect to its own situation as well as the determination of its tax residence.

Each Shareholder and each transferee of a Shareholder's interest in any Sub-Fund shall furnish (including by way of updates) to the SICAV, or any third party designated by the SICAV (a "**Designated Third Party**"), in such form and at such time as is reasonably requested by the SICAV (including by way of electronic certification) any information, representations, waivers and forms relating to the Shareholder (or the Shareholder's direct or indirect owners or account holders) as shall reasonably be requested by the SICAV or the Designated Third Party to assist it in complying with the relevant CRS requirements. In case of a new subscription/transfer, the SICAV, or any Designated

Third Party, may request a self-certification form issued by the investor in order to accept the said new subscription/transfer.

As mentioned above, self-certification forms would need to be provided by some of the Shareholders. In this respect, the self-certification forms can be provided in any form but in order for it to be valid it must be (i) signed by the relevant Shareholder itself (where an individual) or a person authorised to sign on behalf of the Shareholder (where an entity), (ii) dated and (iii) include:

- a) where the Shareholder is an individual: the Shareholder's name, residence address, jurisdiction(s) of residence for tax purposes, tax identification number(s) and its date of birth; or
- b) where the Shareholder is an entity: the Shareholder's name, address, jurisdiction(s) of residence for tax purposes and tax identification number(s).

Concurrently, if a Shareholder is regarded as a Passive Non-Financial Entity under the CRS, separate individual self-certification forms would be needed for each of its controlling persons.

In this respect, the term "controlling person" corresponds to the term "beneficial owner" as elaborated under recommendation 10 of the Financial Action Task Force recommendations dated February 2012 (the "**Recommendation**") and translated accordingly into Luxembourg AML regulation dated 12 November 2004, as amended. According to the Recommendation, a controlling ownership interest depends on the ownership structure of the entity. It may be based on a threshold, e.g. any person owning more than a certain percentage of the company (e.g. 25%). In case of a legal person/partnership (and equivalent arrangement), may be regarded as the controlling person any natural person who exercises control through direct or indirect ownership of the capital or profits of the legal person/partnership (and equivalent arrangement), voting rights in the legal person/partnership (and equivalent arrangement). If there are no natural person(s) who exercise control of the entity by ownership or other means, then the controlling person will be the natural person(s) who otherwise exercises control over the management of the entity (e.g. the senior managing official of the entity). In case of a trust (and equivalent), the term "controlling person" is explicitly defined to mean the settler(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust (or equivalent).

## 20.4 **FATCA**

The SICAV may be subject to regulations imposed by foreign regulators, in particular, the United States laws and regulations known as FATCA. FATCA provisions generally impose a reporting obligation to the US Internal Revenue Services of non-US financial



institutions that do not comply with FATCA and US persons' direct and indirect ownership of non-US accounts and non-US entities. Failure to provide the requested information will result in a 30% withholding tax applying to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends. The SICAV will be treated as a **Nonreporting IGA FFI / Collective Investment Vehicle** within the meaning of FATCA. As such, the SICAV may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations.

Despite anything else herein contained and as far as permitted by Luxembourg law, the SICAV shall have the right to: (i) withhold on any payment to investors an amount equal to any taxes or similar charges required by applicable laws and regulations to be withheld in respect of any shareholding in the SICAV, (ii) require any investor or beneficial owner of Shares to promptly furnish such personal data as may be required by the SICAV in its discretion in order to comply with any law and/or determine the amount to be withheld; (iii) divulge any such personal data to any tax authority, as may be required by applicable laws and regulations or requested by such authority; (iv) delay payments to any investor, including any dividend or redemption proceeds, until the SICAV holds sufficient information to comply with applicable laws and regulations and/or determine the amount to be withheld.

## 20.5 Taxation of the Company

The Luxembourg SIF presently intends making investments according to the Investment Policy through one or several wholly owned corporate subsidiaries (each a "**Company**").

The Company is an ordinary company resident for tax purposes in Luxembourg and liable as a matter of principle to any kind of taxation provided for by Luxembourg tax laws.

### (a) Registration Duties

Subject to certain exceptions (such as the contribution of a Luxembourg real estate property), only a fixed registration duty of EUR 75 is due upon incorporation of a Luxembourg company and on any further amendments of its articles of association.

### (b) Corporate Income Tax and Municipal Business Tax

The Company is subject to corporate income tax and municipal business tax on its worldwide income.

For fiscal year 2016, the corporate income tax ("**CIT**") rate is 22.47% (including a 7% surcharge for the unemployment fund). The municipal business tax ("**MBT**") rate is 6.75% (for a company having its statutory seat in Luxembourg City).

As a result, the Company is subject to CIT and MBT at the current aggregate rate of 29.22% as the Company has its statutory seat in Luxembourg City.

It should however be noted that specific exemptions are available under certain conditions in relation to dividends and/or liquidation proceeds received and capital gains realised on shareholdings held by the Company (participation-exemption regime as provided for by article 166 of the Luxembourg income tax law and the Grand-Ducal decree dated 21 December 2001).

(c) **Net Wealth Tax**

A net wealth tax ("**NWT**") is annually due by the Company as at 1 January of each year at a degressive rate computed on its "unitary value" (which is comparable to its net asset value), as follows:

- (i) 0.5% of the rounded unitary value; and
- (ii) 0.05% of the portion of rounded unitary value exceeding EUR 500,000,000.

NWT exemptions are available under certain conditions and/or for certain assets. A flat annual minimum NWT of EUR 3,210 would be due assuming the Company's assets, transferable securities and cash deposits represent (i) at least 90 per cent of its total balance sheet and (ii) a minimum amount of EUR 350,000 (the "**Asset Test**"). Alternatively, should the Asset Test not be met, a progressive annual minimum NWT ranging from EUR 535 to EUR 32,100 depending on the company's total gross assets would be due.

(d) **Withholding tax on dividends**

Dividends paid by the Company to its shareholders are normally subject to withholding tax in Luxembourg at the domestic rate of 15% unless (i) the reduced withholding tax rates as provided for by relevant double tax treaties apply or, (ii) the conditions to benefit from the exemption of withholding tax set out under article 147 of the Luxembourg income tax law are met. The SICAV does not meet the conditions for any withholding tax exemption.

## **20.6 Specific Information for Tax Purposes**

Investors and each of their transferees shall furnish (including by way of updates) to the SICAV, or any Designated Third Party, in such form and at such time as is reasonably

requested by the SICAV or any Designated Third Party (including by way of electronic certification) any information, representations, waivers and forms relating to the Investor (or the Investor's direct or indirect owners or account holders) as shall reasonably be requested by the SICAV or the Designated Third Party to assist it in obtaining any exemption, reduction or refund of any withholding or other taxes imposed by any taxing authority or other governmental agency (including withholding taxes imposed pursuant to the Hiring Incentives to Restore Employment Act of 2010, or any similar or successor legislation or intergovernmental agreement, or any agreement entered into pursuant to any such legislation or intergovernmental agreement) upon the SICAV, amounts paid to the SICAV, or amounts allocable or distributable by the SICAV to such Investors or transferees. In the event that Investors or any of their transferees fail to furnish such information, representations, waivers or forms to the SICAV or the Designated Third Party, the SICAV or the Designated Third Party shall have full authority to take any and all of the following actions: (i) withhold any taxes required to be withheld pursuant to any applicable legislation, regulations, rules or agreements; (ii) redeem such Investors' or transferees' Shares, if any, and (iii) form and operate an investment vehicle organized in the United States that is treated as a "domestic partnership" for purposes of section 7701 of the Internal Revenue Code of 1986, as amended and transfer such Investors' or transferees' participation to such investment vehicle. If requested by the SICAV or the Designated Third Party, Investors or transferees shall execute any and all documents, opinions, instruments and certificates as the SICAV or the Designated Third Party shall have reasonably requested or that are otherwise required to effectuate the foregoing. Investors grant to the SICAV or the Designated Third Party a power of attorney, coupled with an interest, to execute any such documents, opinions, instruments or certificates on behalf of the Investors, if Investors fail to do so.

The SICAV or the Designated Third Party may disclose information regarding any Investor (including any information provided by the Investor pursuant to the above paragraph) to any person to whom information is required or requested to be disclosed by any taxing authority or other governmental agency including transfers to jurisdictions which do not have strict data protection or similar laws, to enable the SICAV to comply with any applicable law or regulation or agreement with a governmental authority.

Investors waive all rights they may have under applicable bank secrecy, data protection and similar legislation that would otherwise prohibit any such disclosure and warrant that each person whose information it provides (or has provided) to the SICAV or the Designated Third Party has been given such information, and has given such consent, as may be necessary to permit the collection, processing, disclosure, transfer and reporting of their information as set out in the first paragraph of this section 20.6 and this paragraph.

The SICAV or the Designated Third Party may enter into agreements, the case being on behalf of the SICAV, with any applicable taxing authority (including any agreement

entered into pursuant to the Hiring Incentives to Restore Employment Act of 2010, or any similar or successor legislation or intergovernmental agreement) to the extent it determines such an agreement is in the best interest of the SICAV and its Investors.

## **21. GENERAL MEETINGS, REPORTS AND NOTICES**

### **21.1 General Meeting**

The annual general meeting of Shareholders of the SICAV will be held at the registered office of the SICAV or at such other place in Luxembourg on the last Friday of May in each year at 11.00 a.m., or if any such day is not a Business Day, on the next following Business Day.

The general meeting shall be convened in accordance to the 1915 Law. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the 1915 Law and in the Articles of Incorporation.

Each entire Share is entitled to one vote.

Resolutions of meetings of Shareholders will apply to the SICAV as a whole and to all Shareholders of the SICAV, provided that any amendment affecting the rights attached to the Shares of any Sub-Fund(s) and the rights of the holders of such Shares may further be submitted to a prior vote of the Shareholders of the relevant Sub-Fund(s) as far as the Shareholders of the Sub-Fund(s) in question are present or represented.

Except as otherwise required by the 1915 Law or as otherwise provided in the Articles of Incorporation, resolutions at a meeting of Shareholders duly convened will be passed by a simple majority of those present or represented and voting.

The Directors may determine all other conditions that must be fulfilled by Shareholders for them to take part in any meeting of Shareholders.

The Articles of Incorporation provide that the Shareholders of a Sub-Fund, Class or Category issued in respect of any Sub-Fund may hold, at any time, general meetings to decide on any matters, which relate exclusively to such Sub-Fund, Class or Category. Resolutions at a general meeting of Shareholders of a Sub-Fund, Class or Category are passed in accordance with the 1915 Law and the Articles of Incorporation. Moreover, any resolution of the general meeting of Shareholders of the SICAV, affecting the rights of the Shareholders of any Sub-Fund, Class or Category vis-à-vis the rights of the Shareholders of any other Sub-Fund, Class or Category shall be subject to a resolution of the general meeting of Shareholders of such Sub-Fund, Class or Category in compliance with article 68 of the 1915 Law.

## **21.2 Reporting**

Annual audited reports will be made available at the registered office of the SICAV to Shareholders within six months of the close of the Financial Year (or within such time period as determined by applicable law from time to time).

Annual audited reports are prepared in accordance with Luxembourg law and LuxGAAP.

The SICAV's Financial Year ends on 31 December of each year and the first Financial Year of the SICAV shall begin on the creation of the SICAV and shall end on 31 December 2011. The first annual audited report was published for the period ending 31 December 2011.

The Accounting Currency of the SICAV is Euro.

## **21.3 Notices**

All notices and notifications to Shareholders will be published as required under Luxembourg law and regulations and as the Board of Directors shall decide.

## **22. LIQUIDATION OF THE SICAV - TERMINATION, DIVISION AND AMALGAMATION OF SUB-FUNDS, CLASSES OR CATEGORIES**

### **22.1 Dissolution and Liquidation of the SICAV**

The SICAV may at any time be dissolved by a resolution taken by the general meeting of Shareholders subject to the quorum and majority requirements as defined in the Articles of Incorporation of the SICAV.

Whenever the capital falls below two thirds of the legal minimum capital, the Board must submit the question of the dissolution of the SICAV to the general meeting of Shareholders. The general meeting, for which no quorum shall be required, shall decide on simple majority of the votes of the Shares present and represented at the meeting.

The question of the dissolution of the SICAV shall also be referred to the general meeting of Shareholders whenever the capital falls below one quarter of the minimum capital. In such event, the general meeting shall be held without quorum requirements, and the dissolution may be decided by the Shareholders holding one quarter of the votes present and represented at that meeting.

The meeting must be convened so that it is held within a period of 40 days from when it is ascertained that the net assets of the SICAV have fallen below two thirds or one quarter of the legal minimum as the case may be.

The issue of new Shares by the SICAV shall cease on the date of publication of the notice of the general meeting of Shareholders, to which the dissolution and liquidation of the SICAV shall be proposed. One or more liquidators shall be appointed by the general meeting of Shareholders to realise the assets of the SICAV, subject to the supervision of the relevant supervisory authority in the best interests of the Shareholders. The proceeds of the liquidation of each Sub-Fund, net of all liquidation expenses, shall be distributed by the liquidators among the holders of Shares in each Class in accordance with their respective rights. The amounts not claimed by Shareholders at the end of the liquidation process shall be deposited, in accordance with Luxembourg law, with the *Caisse de Consignations* in Luxembourg until the statutory limitation period has lapsed.

## **22.2 Termination of a Sub-Fund, Class or Category**

In the event that for any reason the value of the net assets of any Sub-Fund, Class and/or Category has decreased to, or has not reached, an amount determined by the Board of Directors to be the minimum level for such Sub-Fund, Class and/or Category to be operated in an economically efficient manner, or in case of a substantial modification in the political, economic or monetary situation relating to such Sub-Fund, Class and/or Category would have material adverse consequences on the investments of that Sub-Fund, Class and/or Category, or as a matter of economic rationalisation, the Board of Directors may decide to compulsorily redeem all the Shares of the relevant Sub-Fund, Class and/or Category at their Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) as calculated on the Valuation Day at which such decision shall take effect.

The SICAV shall serve a notice to the Shareholders of the relevant Sub-Fund, Class and/or Category prior to the effective date for the compulsory redemption, which will set forth the reasons for, and the procedure of, the redemption operations. Shareholders shall be notified in writing.

Unless it is otherwise decided in the interests of, or to keep equal treatment between, the Shareholders of the Sub-Fund, Class and/or Category concerned may continue to request redemption of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the date effective for the compulsory redemption.

Any order for subscription shall be suspended as from the moment of the announcement of the termination, the merger or the transfer of the relevant Sub-Fund, Class and/or Category.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraphs, the general meeting of Shareholders of any Sub-Fund, Class and/or Category may, upon proposal from the Board of Directors, resolve to redeem all the Shares of the relevant Sub-Fund, Class and/or Category and to refund to the Shareholders the Net

Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) determined with respect to the Valuation Day on which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders, which shall resolve at the simple majority of those present and represented.

The proceeds of liquidation not claimed by the Shareholders entitled thereto as at the decision to initiate the liquidation will remain in deposit with the Depositary for a nine months period and will thereafter be deposited with the *Caisse de Consignations* in Luxembourg.

All redeemed Shares shall be cancelled by the SICAV.

### 22.3 **Amalgamation, Division or Transfer of Sub-Funds, Classes or Categories**

Under the same circumstances as provided above in section 22.2 "Termination of a Sub-Fund, Class or Category" of this Placement Memorandum, the Board of Directors may decide to allocate the assets of any Sub-Fund, Class and/or Category to those of another existing Sub-Fund, Class and/or Category within the SICAV or to another Luxembourg undertaking for collective investment or to another Sub-Fund, Class and/or Category within such other Luxembourg undertaking for collective investment (the "**new Sub-Fund**") and to redesignate the Shares of the relevant Sub-Fund, Class and/or Category as Shares of another Sub-Fund, Class and/or Category (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 above in section 22.2 "Termination of a Sub-Fund, Class or Category" of this Placement Memorandum (and, in addition, the publication will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, during such period.

Under the same circumstances as provided above in section 22.2 "Termination of a Sub-Fund, Class or Category" of this Placement Memorandum, the Board of Directors may decide to reorganise a Sub-Fund, Class and/or Category by means of a division into two or more Sub-Funds, Classes and/or Categories. Such decision will be published in the same manner as in section 22.2 "Termination of a Sub-Fund, Class or Category" of this Placement Memorandum (and, in addition, the publication will contain information about the two or more new Sub-Funds) one month before the date on which the division becomes effective, in order to enable the Shareholders to request redemption or conversion of their Shares free of charge during such period.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraphs, such a reorganisation of a Sub-Fund, Class and/or Category within the SICAV (by way of an amalgamation or division) may be decided upon by a general

meeting of the Shareholders of the relevant Sub-Fund, Class and/or Category. There shall be no quorum requirements for such general meeting and it will decide upon such an amalgamation or division by resolution taken at the simple majority of those present or represented.

A contribution of the assets and of the liabilities distributable to any Sub-Fund, Class and/or Category to another undertaking for collective investment referred to in the first paragraph of this section 22.3 to another Sub-Fund, Class and/or Category within such other undertaking for collective investment shall, require a resolution of the Shareholders of the Sub-Fund, Class and/or Category concerned, taken with a 50% quorum requirement of the Shares in issue and adopted at a 2/3 majority of the Shares present or represented at such meeting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (*fonds commun de placement*) or a foreign based undertaking for collective investment, in which case resolutions shall be binding only upon such Shareholders who will have voted in favour of such amalgamation.

## **23. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection by the Shareholders at the registered office of the SICAV during normal business hours:

- the Placement Memorandum;
- the Articles of Incorporation of the SICAV;
- the Alternative Investment Fund Management Agreement;
- the latest annual report and, if available, semi-annual report of the SICAV;
- the agreement with the Central Administration Agent;
- the agreement with the Depositary and Paying Agent.

A copy of the Placement Memorandum of the SICAV and of its last annual reports may be obtained free of charge upon request of the Investors.

## **24. DATA PROTECTION POLICY**

Investors are informed that the SICAV collects, stores and processes by electronic or other means the data supplied by the Investors at the time of their subscription (and at any other time during the contractual relationship) for the purpose of fulfilling the services required by the Investors and/or for complying with its legal and regulatory obligations.



The personal data processed includes amongst others the name, address, and invested amount of the Investor, the name and address of its individual representative (s) as well as the name and address of its ultimate beneficial owner (the "**Personal Data**").

A potential Investor may, at his discretion, refuse to communicate its Personal Data to the Company. In this event, however, the Company may reject his request for the application for Shares.

In particular, the Personal Data may be processed for the purposes of account and distribution, administration, anti-money laundering identification, maintenance of the register of Shareholders, processing subscription, redemption and conversion orders (if any), payments of distributions as well as to provide services in relation to the SICAV's investments.

The Investor acknowledges that the Board of Directors may delegate the processing of the Personal Data to one or several entities (the "**Processors**"), such as the Depositary, the Central Administration Agent and the Registrar Agent, which intervene in the process of the business relationship between the Investor and the SICAV.

The investor expressly agrees that its Personal Data be disclosed to and processed by the Processors.

The Board of Directors undertakes not to transfer the Personal Data to any third parties other than the Processors, except if required by law or with the prior consent of the relevant Investor.

Each Investor has a right of access to its Personal Data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

**By committing to subscribe to Shares, each Investor consents to such processing of its Personal Data. This consent is formalised in writing in the Subscription Agreement.**

Intermediaries shall be required to comply with all obligations under the applicable legislation implementing the Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995, as amended, on the protection of individuals with regard to the processing of personal data and on the free movement of such data or, in case of non-implementation of Directive 95/46/EC, equivalent principles as those set out in Article 22 of Regulation (EC) No 45/2001 of the European Parliament and of the Council, dated 18 December 2000, as amended, relating to the protection of individuals with regard to the processing of personal data by the European Community institutions and bodies and of the free movement of such personal data.

## **25. AMENDMENT OF THE SICAV DOCUMENTS**

### **25.1 General Amendments to the Placement Memorandum**

The Placement Memorandum, including the Investment Objective, Investment Policy and Investment Powers and Restrictions, may be amended from time to time by the Board of Directors, at its discretion, subject to prior approval of the contemplated changes by the CSSF.

In particular, the Board of Directors may make amendments to the Placement Memorandum, without the approval of Investors, to (i) make any change that is necessary or desirable to cure any ambiguity or to correct or supplement any provision of the Placement Memorandum that would otherwise be inconsistent with any other provision of any other of Sub-Fund's documents, (ii) make any change that is necessary or desirable to update any information contained in the Placement Memorandum, (iii) make a change that is necessary or desirable to satisfy any applicable requirements, conditions or guidelines contained in any opinion, directive, order, statute, rule or regulation of any governmental entity to the extent that such changes are made in a manner which minimises any adverse effect on the Investors, (iv) make any change that is beneficial or favourable to Investors' interest, and (v) launch a new Sub-Fund.

However, no amendment to the Placement Memorandum may increase any Investor's commitment, reduce its part of the distributions, decrease the percentage of Investors required to amend the SICAV's documents in any manner, increase the fees borne by the Sub-Fund, or amend the investment objective and the term of the Sub-Fund, without the unanimous written consent of all the concerned Sub-Funds' Investors.

### **25.2 Amendments to the Articles of Incorporation**

The SICAV's articles of incorporation may only be amended by an extraordinary general meeting of the Shareholders in accordance with the provisions of the Articles of Incorporation and the 1915 Law.

## **26. APPLICABLE LAW AND JURISDICTION**

Investors are legally bound by the Articles of Incorporation, the terms of their application form for Shares and the terms of this Placement Memorandum.

The relationship between the Investors and the SICAV shall be governed and construed in all respects in accordance with the laws of the Grand Duchy of Luxembourg. Any dispute or controversy between an investor and the SICAV shall be submitted to the exclusive jurisdiction of the Court of Luxembourg City.

In so far as applicable, as regards the enforcement in Luxembourg of a final and/or conclusive civil or commercial judgement delivered by the courts of an EU Member

State to the extent such judgement comes within the scope of Council Regulation (EC) No 44/2001 of 22 December 2000 on Jurisdiction and the Recognition and Enforcement of Judgements in Civil and Commercial Matters ("Regulation 44/2001"), such enforcement would require recognition and enforcement proceedings before the Luxembourg courts in accordance with the relevant provisions of Regulation 44/2001 and the corresponding Luxembourg procedural and substantive law. No re-examination of the merits of any claim resulting in such foreign judgement would be made, save for the examination of the compliance of such judgement with Luxembourg public order (*ordre public*).

## **27. APPENDICES TO THE PLACEMENT MEMORANDUM SUB-FUNDS**

The Sub-Funds are the following:

- Arcano Fund – Arcano European Income Fund I
- Arcano Fund – Global Credit
- Arcano Fund – European Senior Secured Loan Fund
- AC Advantage – Credit Strategies

## Arcano Fund – Arcano European Income Fund I

|   |  |
|---|--|
| <b>Classes:</b>   | A, B, C, D, E, F, G, H, I, J, K, L and M<br><br>(see section 4 of this Appendix)                           |
| <b>Reference Currency</b>   | EUR  |
| <b>Other Denomination Currency:</b>   | Class C and D: USD<br>Class F and G: GBP<br>Class H and I: CHF<br>Class J and K: SEK<br>Class L and M: CAD |
| <b>Launch Date of the Sub-Fund:</b>   | 11 July 2011   |
| <b>Duration:</b>  | Unlimited  |
| <b>Minimum subscription in aggregate for all Classes of this Sub-Fund:</b><br>EUR 125,000 or the equivalent amount in the Denomination Currency of the relevant Class.<br><b>All subscription orders shall be exclusively placed in amount in the relevant currency.</b><br><b>For clarification purposes, the Central Administration Agent will not accept subscription orders placed in shares.</b> |  |
| <b>Minimum subsequent investment in aggregate for all Classes of this Sub-Fund:</b><br>EUR 1,000 or the equivalent amount in the Denomination Currency of the relevant Class  |  |
| <b>Minimum holding requirement in aggregate for all Classes of this Sub-Fund:</b><br>EUR 125,000 or the equivalent amount in the Denomination Currency of the relevant Class  |  |
| <b>Minimum redemption amount in aggregate for all Classes of this Sub-Fund:</b><br>EUR 1,000 or the equivalent amount in the Denomination Currency of the relevant Class  |  |

## 1. **Investment Objective and Policy**

The primary investment objective of the Sub-Fund is to provide investors with attractive risk-adjusted returns by investing, directly or indirectly, in a diversified portfolio consisting of (i) senior loans, the majority of which may have no credit rating and/or floating rate securities and (ii) fixed income securities the majority of which will be bonds rated below investment grade (that is, rated BB+ and any rating below by Standard & Poor's, Ba1 and any rating below by Moody's, or a similar rating from a recognised rating agency). Investments in senior loans referred to in (i) above may be achieved via indirect investments in senior loan funds, including the Sub-Fund European Senior Secured Loan Fund. Investments in fixed income securities referred to in (ii) above may be achieved through indirect investments in UCITS compliant vehicles managed by entities of the Arcano Group investing in fixed income securities of the type described in (ii) above with a conservative investment approach. Investments in senior loans funds and UCITS compliant vehicles cannot be subject to a double charge of Operational Fee and Performance Fee.

The Sub-Fund may also invest in unrated fixed income securities.

The Sub-Fund may also enter into credit default swaps, both selling and buying protection of some borrowers, as well as other types of derivative transactions, including but not limited to total return swaps, currency and interest rate swaps and repurchase agreements.

Investments will be made, directly or through Sub-Funds or UCITS compliant vehicles, in loans, floating rate securities, and/or fixed income securities issued by entities domiciled or carrying out their business activities predominantly within the European Union or other European countries whose sovereign long term debt rating is investment grade or by entities domiciled elsewhere providing the issuer has a parent undertaking that is domiciled within the European Union or another European country whose sovereign long term debt rating is investment grade.

In order to manage liquidity, the Sub-Fund may invest in money market instruments, as well as deposits with banks that are rated at least A- Standard & Poor's or A3 by Moody's.

The Sub-Fund will not borrow money from banks, unless to allow for liquidity in order to satisfy redemption requests. In such a case, the bank borrowing limit for the Sub-Fund is set at 20% of its Gross Asset Value.

The Sub-Fund needs to invest at least 60% of its net assets in Euro denominated loans and securities. It can also invest in Great British Pounds (GBP), United States Dollars (USD), Norwegian Kroner (NOK), Swiss Francs (CHF), Denmark Kroner (DKK) Swedish Kroner (SEK) and any other currency approved by the Board of Directors. The

Board of Directors may seek to hedge the currency risk of the non-Euro denominated investments. For the avoidance of doubt, any hedged non-Euro positions are to be considered Euro denominated exposure. The maximum permitted non Euro unhedged exposure is therefore 40%.

In accordance with Annex IV, heading 9 of the Delegated Regulation, the Sub-Fund's investment strategy is classified as "Other – Fixed Income".

## 2. **Portfolio Manager**

A Portfolio Manager may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## 3. **Prime Broker**

A Prime Broker may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## 4. **Form of Shares, Classes and Categories**

Shares will only be issued in registered form.

Shares are being issued in separate Classes and Categories, as follows:

- **Shares Classes open to all Well-Informed Investors:**

| <b>Name</b>  | <b>Currency</b>                        | <b>Accumulating / Distributing</b> | <b>Operational Fee</b> | <b>Performance Fee</b> |
|--|--|------------------------------------|------------------------|------------------------|
| A-ACC<br>C-ACC<br>F-ACC<br>H-ACC<br>J-ACC<br>L-ACC | EUR<br>USD<br>GBP<br>CHF<br>SEK<br>CAD | Accumulating                       | 1.3%                   | 10%                    |
| A-DIS<br>C-DIS<br>F-DIS<br>H-DIS<br>J-DIS<br>L-DIS | EUR<br>USD<br>GBP<br>CHF<br>SEK<br>CAD | Distributing                       | 1.3%                   | 10%                    |

- **Share classes reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification**

requirements established from time to time by Arcano Asesores Financieros, S.L.:

| Name   | Currency                               | Accumulating / Distributing | Operational Fee | Performance Fee |
|--|--|-----------------------------|-----------------|-----------------|
| B-ACC<br>D-ACC<br>G-ACC<br>I-ACC<br>K-ACC<br>M-ACC | EUR<br>USD<br>GBP<br>CHF<br>SEK<br>CAD | Accumulating                | 0.8%            | 10%             |
| B-DIS<br>D-DIS<br>G-DIS<br>I-DIS<br>K-DIS<br>M-DIS | EUR<br>USD<br>GBP<br>CHF<br>SEK<br>CAD | Distributing                | 0.8%            | 10%             |

- **Shares Classes reserved for Arcano European Income Fund FIL, a fund established under the laws of Spain and supervised by the CNMV and that will invest in Arcano Fund from time to time:**

| Name  | Currency | Accumulating / Distributing | Operational Fee | Performance Fee |
|-------|----------|-----------------------------|-----------------|-----------------|
| E-ACC | EUR      | Accumulating                | 0.3%            | 10%             |
| E-DIS | EUR      | Distributing                | 0.3%            | 10%             |

Class A Shares are open to all Well-Informed Investors and are denominated in Euro. Class A Shares is sub-divided into Categories of accumulation ("A<sub>a</sub>") and distribution of income ("A<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of A<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class of Shares. Gains available for the A<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class B Shares are reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification requirements established from time to time by Arcano Asesores Financieros, S.L. Class B shares are denominated in Euro and are sub-divided into Categories of accumulation ("B<sub>a</sub>") and distribution of income ("B<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of B<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class.



Gains available for the B<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class C Shares are open to all Well-Informed Investors and are denominated in US Dollars, and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class C Shares are sub-divided into Categories of accumulation ("C<sub>a</sub>") and distribution of income ("C<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of C<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the C<sub>a</sub> category of this Class will be reinvested on behalf of the relevant Shareholders.

Class D Shares are reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification requirements established from time to time by Arcano Asesores Financieros, S.L. Class D shares are denominated in US Dollars and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class D Shares are sub-divided into Categories of accumulation ("D<sub>a</sub>") and distribution of income ("D<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of D<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the D<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class E Shares are reserved for Arcano European Income Fund FIL, a fund established under the laws of Spain and supervised by the CNMV and that will invest in Arcano Fund from time to time. Class E Shares are denominated in Euro and are sub-divided into Categories of accumulation ("E<sub>a</sub>") and distribution of income ("E<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of E<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the E<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class F Shares are open to all Well-Informed Investors and are denominated in GBP and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class F Shares are sub-divided into Categories of accumulation ("F<sub>a</sub>") and distribution of income ("F<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of F<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the F<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class G Shares are reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification requirements established from time to time by Arcano Asesores Financieros, S.L. Class G shares are denominated in GBP and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class G Shares are sub-divided into Categories of accumulation ("G<sub>a</sub>") and distribution of income ("G<sub>d</sub>"). It is

intended to distribute quarterly to Shareholders of G<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the G<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders

Class H Shares are open to all Well-Informed Investors and are denominated in CHF and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class H Shares are sub-divided into Categories of accumulation ("H<sub>a</sub>") and distribution of income ("H<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of H<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the H<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class I Shares are reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification requirements established from time to time by Arcano Asesores Financieros, S.L. Class I shares are denominated in CHF and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class I Shares are sub-divided into Categories of accumulation ("I<sub>a</sub>") and distribution of income ("I<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of I<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the I<sub>a</sub> Category of this Class Shares will be reinvested on behalf of the relevant Shareholders.

Class J Shares are open to all Well-Informed Investors and are denominated in SEK and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class J Shares are sub-divided into Categories of accumulation ("J<sub>a</sub>") and distribution of income ("J<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of J<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the J<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class K Shares are reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification requirements established from time to time by Arcano Asesores Financieros, S.L. Class K shares are denominated in SEK and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class K Shares are sub-divided into Categories of accumulation ("K<sub>a</sub>") and distribution of income ("K<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of K<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the K<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class L Shares are open to all Well-Informed Investors and are denominated in CAD and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class L Shares are sub-divided into Categories of accumulation ("L<sub>a</sub>") and distribution of income ("L<sub>d</sub>"). It is intended to distribute

quarterly to Shareholders of L<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the L<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

Class M Shares are reserved for Well-Informed Investors who are clients of Arcano Asesores Financieros, S.L. or its affiliates and that meet certain qualification requirements established from time to time by Arcano Asesores Financieros, S.L. Class M shares are denominated in CAD and may, in the discretion of the Board of Directors, be hedged against the reference currency of the Sub-Fund. Class M Shares are subdivided into Categories of accumulation ("M<sub>a</sub>") and distribution of income ("M<sub>d</sub>"). It is intended to distribute quarterly to Shareholders of M<sub>d</sub> Shares a minimum of 85% of the net income attributable to this Class. Gains available for the M<sub>a</sub> Category of this Class will be reinvested on behalf of the relevant Shareholders.

## 5. **Offering of Shares**

During the Initial Subscription Period, Shares of any Class and Category in this Sub-Fund will be offered at the Initial Price indicated in the table above for each Class of Shares, increased by a sales charge of up to 5% of the applicable Initial Price which may be applied, or may be waived in whole or in part at the discretion of the Board of Directors. The sales charge (if any) will be paid to the intermediary acting in relation to the distribution of Shares.

After the Initial Subscription Period, a sales charge of up to 5% of the Subscription Price may be applied, or may be waived in whole or in part at the discretion of the Board of Directors. The sales charge (if any) will be paid to the intermediary acting in relation to the distribution of Shares.

With respect of Subscriptions and Redemptions of Shares of the Sub-Fund that occur after the Initial Subscription Period, and in order to account for market entry and exit costs, an "**Equalisation Factor**" to the Net Asset Value per Share may be applied to the net Subscriptions and Redemptions of the relevant investor. However, such Equalisation Factor will not apply for the first subscription by Arcano European Income Fund FIL for Class E Shares (even if such subscription would occur after the Initial Subscription Period). The rate of the Equalisation Factor is set at 0.25% of the net amount subscribed or redeemed by a Shareholder, as the case may be, and will be for the benefit of the Sub-Fund. The Equalisation Factor will not be applied in instances where an existing investor is switching between classes of the Sub-Fund.

## 6. **Operational Fee**

An Operational Fee, payable quarterly in arrears, calculated as a percentage per annum of the bi-weekly Net Asset Value of the Sub-Fund during the relevant two week period, will be charged as follows to Shareholders in their respective Share Class:

|         | Operational Fee |
|---------|-----------------|
| Class A | 1.3%            |
| Class B | 0.8%            |
| Class C | 1.3%            |
| Class D | 0.8%            |
| Class E | 0.3%            |
| Class F | 1.3%            |
| Class G | 0.8%            |
| Class H | 1.3%            |
| Class I | 0.8%            |
| Class J | 1.3%            |
| Class K | 0.8%            |
| Class L | 1.3%            |
| Class M | 0.8%            |

Such Operational Fee includes the AIFM Fee and the Distribution Fee to be paid to the AIFM and the Portfolio Management Fee to be paid to the Portfolio Manager, if any.

#### **7. Performance Fee payable to the AIFM**

The AIFM shall receive a Performance Fee, as further described in section 18.7 of the Placement Memorandum where:

- (i) the Annual Hurdle Rate is the 6 month Euribor (taken at each valuation date) as determined by the Banking Federation of the European Union and increased by 100 basis points;
- (ii) the Percentage is 10 %; and
- (iii) the Performance Period is the period running from 1 January to 30 June of each year, and from 1 July to 31 December of each year. By derogation to the foregoing, the first Performance Period started on the Launch Date of the Sub-Fund and ended on 31 December 2011.

**8. Fees payable to the Depositary and Paying Agent, the Central Administration Agent, the Domiciliary and Corporate Agent and the Registrar Agent**

The Sub-Fund will pay to the Depositary and Paying Agent an annual percentage fee calculated on a staggered basis on net asset value of the Sub-Fund as follows:

- 0.07% on the net assets up to EUR 100 million;
- 0.06% on the net assets up to EUR 200 million; and
- 0.05% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum.

These fees are payable on a monthly basis and do not include any transaction related fees.

The Sub-Fund will pay to the Central Administration Agent and Registrar Agent an annual degressive percentage fee on net asset value of the Sub-Fund as follows:

- 0.08% on the net assets up to EUR 100 million;
- 0.075% on the net assets up to EUR 200 million; and
- 0.065% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum. A transfer agency fee of EUR 5,000 per annum for each Sub-Fund with more than four shareholders is applicable and may be charged to this Sub-Fund.

For domiciliation services, EUR 5.000 will be charged per annum to the SICAV on the overall level and corporate secretarial services will be charged as follows Meeting of the Board of Directors, Meeting of the Shareholders EUR 1,200 per meeting, Correspondence & Filings EUR 1,500 p.a. per umbrella, Ad-hoc services (Circular Resolutions) EUR 250 per resolution (up to 2h work), Bespoke Service 125 EUR per hour. .

For the calculation of the Performance Fee, EUR 1.500 will be charged per annum to the Sub-Fund.

The amount paid by the SICAV to the Depositary and Paying Agent, the Central Administration Agent and the Registrar Agent will be mentioned in the annual report of the SICAV.

## 9. Valuation Day, Cut-off Time and Settlement Periods

### a) Valuation Day

The Net Asset Value per Share is calculated on each Business Day following the fourteenth day of a month and on each last Business Day of a month (each a "**Subscription and Redemption Day**"). Additionally, the Net Asset Value per Share may be calculated on any other Business Day in Luxembourg as the Board may in its absolute discretion determine for the purpose of the calculation of the Net Asset Value per Share of any Class.

### b) Cut-Off Time for subscription of new Shares

When applications for subscription of Shares are received by the Registrar Agent, together with the subscription monies, before 1.00 pm on a Subscription and Redemption Day, these will be dealt with on that Subscription and Redemption Day at the Subscription Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on that Subscription and Redemption Day (subject to applicable sales charge as disclosed under section 5 "Offering of Shares" of this Appendix).

Any application or payment of the subscription monies received thereafter will be processed on the next Subscription and Redemption Day at the respective Subscription Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on such Subscription and Redemption Day (subject to applicable sales charge as disclosed under section 5 "Offering of Shares" of this Appendix).

### c) Cut-Off Time for redemption and conversion of Shares

When applications for redemption and/or conversion of Shares are received by the Registrar Agent before 1.00 pm ten Business Days prior to a Subscription and Redemption Day, these will be dealt with on that Subscription and Redemption Day, at the respective Redemption Price and/or Conversion Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on that Subscription and Redemption Day (subject to the applicable Equalisation Factor as disclosed under section 10 "Redemption Fees" and the applicable conversion fees as disclosed under section 11 "Conversion Fees" of this Appendix).

Any application received thereafter will be processed on the next Subscription and Redemption Day at the respective Redemption Price or Conversion Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on such Subscription and Redemption Day (subject to applicable redemption or conversion charge as disclosed respectively under section 10 "Redemption Fees" and section 11 "Conversion Fees" of this Appendix).

10. **Redemption Fees**

See the Equalisation Factor explanation in section 5 of this Appendix

Settlement period is the following:

Payment of Redemption Price: within 10 (ten) Business Days from the relevant Valuation Day.

11. **Conversion Fees**

No Equalisation Factor will be charged for the Conversion of Shares

Settlement period is the following:

Conversion of Shares: within 10 (ten) Business Days from the relevant Valuation Day.

12. **Exposure Limit**

The Sub-Fund will not borrow money from banks, unless to allow for liquidity in order to satisfy redemption requests. In such a case, the bank borrowing limit for the Sub-Fund is set at 20% of its Gross Asset Value. The Sub-Fund may seek currency, credit default and interest rate swaps as described herein exclusively for purposes of hedging risks.

The exposure of the Sub-Fund in accordance with the gross method as set out in article 7 of the Delegated Regulation shall be limited to 160%.

The exposure of the Sub-Fund in accordance with the commitment method at set out in article 8 of the Delegated Regulation shall be limited to 120%.

## Arcano Fund – Global Credit

|   |   |
|---|---|
| <b>Classes:</b>   | A, B  |
| <b>Reference Currency</b>   | USD   |
| <b>Launch Date of the Sub-Fund:</b>   | 28 March 2014   |
| <b>Duration:</b>  | Unlimited   |
| <b>Redemptions /<br/>Subscriptions received after<br/>the Initial Subscription Period</b> | At the applicable Redemption Price /<br>/ Subscription Price, as further described<br>in sections 12.2 and 10.4, respectively |
| <b>Minimum subscription in aggregate for all classes of this Sub-Fund:</b>                |   |
| EUR 125,000 equivalent at the time of the subscription                                    |   |
| <b>Minimum subsequent investment in aggregate for all classes of this Sub-Fund:</b>       |   |
| USD 1,000   |   |
| <b>Minimum holding requirement in aggregate for all classes of this Sub-Fund:</b>         |   |
| EUR 125,000 equivalent  |   |
| <b>Minimum redemption amount in aggregate for all classes of this Sub-Fund:</b>           |   |
| USD 1,000   |   |



## 1. **Investment Objective and Policy**

The primary investment objective of the Sub-Fund is to provide investors with attractive risk-adjusted returns by investing, directly or indirectly, in a diversified portfolio of loans and other fixed income securities, a majority of which will pay an interest rate referenced to a floating benchmark such as US LIBOR, Euribor or other equivalent references to which floating rate loans and fixed income securities may be referenced. The loans and fixed income securities will either be: (i) rated Investment Grade by one of Moody's, Standard & Poor's or Fitch, (ii) unrated but issued by a company whose ultimate parent is rated Investment Grade (foreign currency long or short term debt rating) by one of Moody's Standard & Poor's or Fitch, (iii) unrated but issued by a company whose ultimate parent has a shadow rating based on one of the credit rating agencies methodology established in the Investment Regulation for the Insurance Companies, Resolution SBS N° 1041-2016 or (iv) any other loans and fixed income securities not included in (i) to (iii) above, up to 20% of its assets.

In order to make investments in loans and other fixed income securities, the SICAV for the account of the Sub-Fund may enter into Sub-Participation Agreements ("**Sub-Participation Agreements**") which allow the Sub-Fund to obtain credit exposure to an entity in cases where it may not be possible, feasible or optimal to subscribe for or purchase directly loans or other fixed income securities issued by that entity. The SICAV on behalf of the Sub-Fund will enter into a contract with a bank where the loan or security will continue to be nominally owned by the sub-participating bank and the Sub-Fund will have exposure to the economic benefits and the risks of owning such loan or security, with the additional risk of having counterparty exposure to the sub-participating bank. Banks with whom the SICAV for the account of the Sub-Fund enters into these agreements need to be rated investment grade by Standard & Poor's and/or Moody's.

Investments will primarily be made in loans and fixed income securities issued by entities domiciled or carrying out their business activities within Latin America, the European Union, the United States of America, Canada and Asia, or by entities domiciled elsewhere providing the issuer has a parent undertaking that is domiciled within these countries.. In order to manage liquidity, the Sub-Fund may invest (i) in money market instruments, (ii) deposits with banks that are rated Investment Grade by Standard & Poor's and Moody's and (iii) sovereign bonds of countries with an Investment Grade Rating by both Standard & Poor's and Moody's.

The Sub-Fund will invest in assets denominated in various currencies, including Brazilian Reals (BRL), Peruvian Soles (PEN), Mexican Pesos (MXN), Chilean Pesos (CLP), Colombian Pesos (CBP), Euros (EUR) and US dollars (USD). The Sub-Fund will also have the ability to invest up to 30% of its assets in currencies of countries not listed above. The Board of Directors may seek to hedge the currency risk at its sole discretion and without obligation on its behalf. For the purpose of currency hedging, the

SICAV for the account of the Sub-Fund may enter into financial derivative transactions, including but not limited to currency and interest rate swaps. In case the Sub-Fund invests in derivatives for hedging purposes, and these agreements are performed over the counter, the counterparty must be supervised by the corresponding regulatory entities of the markets where such instruments are negotiated. The aforementioned transactions shall be formalized using a framework agreement based on the best international practices on the subject.

The Sub-Fund will not invest in derivatives for speculative purpose nor in real estate, real estate investment trusts (REITS), commodities, hedge funds, private equity, nor other mutual funds which have these assets as underlying assets and/or which are not regulated.

In accordance with Annex IV, heading 9 of the Delegated Regulation, the Sub-Fund's investment strategy is classified as "Other – Fixed Income".

## 2. **Portfolio Manager**

A Portfolio Manager may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## 3. **Form of Shares, Classes and Categories**

Shares will only be issued in registered form.

Shares are being issued in separate Classes and Categories, as follows:

- **Shares Classes reserved to Well-Informed Investors that make their initial subscription in the Sub-Fund during the Initial Subscription Period:**

| <b>Name</b> | <b>Currency</b> | <b>Accumulating<br/>/ Distributing</b> | <b>Operational Fee</b> | <b>Performance Fee</b> |
|-------------|-----------------|--|------------------------|------------------------|
| A           | USD             | Distributing                           | 0.45%                  | N/A                    |

- **Shares Classes reserved to Well-Informed Investors who do not meet the aforementioned requirements for Class A:**

| <b>Name</b> | <b>Currency</b> | <b>Accumulating<br/>/ Distributing</b> | <b>Operational Fee</b> | <b>Performance Fee</b> |
|-------------|-----------------|--|------------------------|------------------------|
| B           | USD             | Distributing                           | 0.60%                  | N/A                    |

Class A Shares are open to Well-Informed Investors that make their initial subscription in the Sub-Fund during the Initial Subscription Period. Investors having subscribed in good time to be eligible for Class A Shares will also be allowed to make any and all subsequent investments in Class A Shares. The Board of Directors may decide to distribute quarterly up to 100% of the net income attributable to this Class of Shares. Alternatively, at the discretion of the Board of Directors, gains available for the holders of Class A Shares may be reinvested on behalf of the Shareholders.

Class B Shares are open to other Well-Informed Investors not eligible for Class A Shares. The Board of Directors may decide to distribute quarterly up to 100% of the net income attributable to this Class of Shares. Alternatively, at the discretion of the Board of Directors, gains available for the holders of Class B Shares may be reinvested on behalf of the Shareholders.

**4. Offering of Shares**

During the Initial Subscription Period, Shares will be offered at the Initial Price indicated in the table above for each Class of Shares.

**5. Operational Fee**

An Operational Fee, payable quarterly in arrears, calculated as a percentage per annum of the monthly Net Asset Value of the Sub-Fund during the relevant one month period, will be charged as follows to Shareholders in their respective Share Class:

|         | Operational Fee |
|---------|-----------------|
| Class A | 0.45%           |
| Class B | 0.60%           |

Such Operational Fee includes the AIFM Fee and the Distribution Fee to be paid to the AIFM and the Portfolio Management Fee to be paid to the Portfolio Manager, if any.

**6. Performance Fee payable to AIFM**

The AIFM shall not receive a Performance Fee for its services to this Sub-Fund.

**7. Fees payable to the Depositary and Paying Agent, the Central Administration Agent, the Domiciliary and Corporate Agent and the Registrar Agent**

The Sub-Fund will pay to the Depositary and Paying Agent an annual percentage fee calculated on a staggered basis on net asset value of the Sub-Fund as follows:

- 0.07% on the net assets up to EUR 100 million;

- 0.06% on the net assets up to EUR 200 million; and
- 0.05% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum. This minimum fee will be reduced to EUR 10.000 for the first year after the launch date of the Sub-Fund.

These fees are payable on a monthly basis and do not include any transaction related fees.

The Sub-Fund will pay to the Central Administration Agent and Registrar Agent an annual degressive percentage fee on net asset value of the Sub-Fund as follows:

- 0.08% on the net assets up to EUR 100 million;
- 0.075% on the net assets up to EUR 200 million; and
- 0.065% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum. This minimum fee will be reduced to EUR 10.000 for the first year after the launch date of the Sub-Fund.

For domiciliation services EUR 5.000 will be charged per annum to the SICAV on the overall level and corporate secretarial services will be charged as follows Meeting of the Board of Directors, Meeting of the Shareholders EUR 1,200 per meeting, Correspondence & Filings EUR 1,500 p.a. per umbrella, Ad-hoc services (Circular Resolutions) EUR 250 per resolution (up to 2h work), Bespoke Service 125 EUR per hour..

The amount paid by the SICAV to the Depositary and Paying Agent, the Central Administration Agent and the Registrar Agent will be mentioned in the annual report of the SICAV.

## 8. **Valuation Day, Cut-off Time and Settlement Periods**

### a) Valuation Day

The Net Asset Value per Share is calculated by the Central Administration Agent under the supervision of the AIFM at least on each last Business Day of a month (each a "**Valuation Day**") and replicated and published daily by the AIFM.

Additionally, the Net Asset Value per Share may be calculated on any other Business Day as the Board of Directors may in its absolute discretion determine for the purpose of the calculation of the Net Asset Value per Share of any Class.

b) Cut-Off Time for subscription of new Shares

When applications for subscription of Shares are received by the Registrar Agent, together with the subscription monies, before 1.00 pm on a Subscription and Valuation Day, these will be dealt with on that Valuation Day at the Subscription Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on that Subscription and Valuation Day.

Any application or payment of the subscription monies received after the Cut-Off Time for subscriptions received in respect of any Subscription and Valuation Day will be processed on the next Subscription and Valuation Day at the respective Subscription Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on that Subscription and Valuation Day.

c) Cut-Off Time for redemption of Shares

Applications for redemption of Shares must be received by the Registrar Agent before 1.00 pm on each last Business Day of a month (the "**Notice Day**"), in order to be processed on the second following Valuation Day (the "**Redemption Day**"), at the Redemption Price calculated in respect of that Redemption Day.

Any application received after the Cut-Off Time for redemptions in respect of any Notice Day will be considered as an application for redemption received in respect of the next Notice Day, and the corresponding Redemption Day will be the second Valuation Day following that Notice Day. The Redemption Price will be the Net Asset Value per Share to be calculated in respect of that that Redemption Day.

Settlement period is the following:

Payment of Redemption Price: within ten (10) Business Days from the relevant Redemption Day.

d) Deferral of Applications for Redemption

Should the Board of Directors be of the view that the realisation of the assets cannot take place on appropriate and acceptable terms and conditions including, but not limited to, because of extraordinary or adverse market circumstances implying reduced liquidity, the Board of Directors may, in its discretion, partially or entirely defer an application for redemption received in respect of any Notice Day for a period not exceeding twelve months in total. Any application for the redemption of Shares received in good time in respect of a given Notice Day thus deferred will be processed in respect of a subsequent Valuation Day decided by the Board of Directors within such twelve month period at the Redemption Price calculated in respect of that Valuation Day.

Should applications for redemption of Shares received in good time in respect of a Notice Day be deferred in the manner described above, these will be treated with priority over any applications for redemptions received in respect of any subsequent Notice Day.

Settlement period will be as described under section 8(c) above.

**9. Exposure Limit**

The Sub-Fund could only borrow money for short term liquidity purposes. In addition, the Sub-Fund could not undertake any borrowing in an amount which exceeds 20% of the value of the Sub-Fund.

The exposure of the Sub-Fund in accordance with the gross method as set out in article 7 of the Delegated Regulation shall be limited to 155%.

The exposure of the Sub-Fund in accordance with the commitment method as set out in article 8 of the Delegated Regulation shall be limited to 125%.

## Arcano Fund – European Senior Secured Loan Fund

|   |   |
|---|---|
| <b>Classes:</b>   | A1-ACC, A2-ACC, A1-DIS, A2-DIS, B1-ACC, B2-ACC, B1-DIS, B2-DIS, C1-ACC, C2-ACC, C1-DIS, C2-DIS, D1-ACC, D2-ACC, D1-DIS, D2-DIS, E-ACC, E-DIS, H1-ACC, H2-ACC, H1-DIS, H2-DIS, I1-ACC, I2-ACC, I1-DIS, I2-DIS, J1-ACC, J1-DIS, J2-ACC, J2-DIS, K1-ACC, K1-DIS, K2-ACC and K2-DIS<br>(see section 4 of this Appendix) |
| <b>Reference Currency</b>   | EUR   |
| <b>Other Denomination Currency:</b>   | USD<br>CHF<br>GBP   |
| <b>Launch Date of the Sub-Fund:</b>   | 1 April 2016  |
| <b>Duration:</b>  | Unlimited   |
| <b>Minimum subscription in aggregate for Class A1, C1, H1, J1 B1, D1, I1 and K1 of this Sub-Fund:</b>   | EUR 3,000,000 or the equivalent amount in the Denomination Currency of the relevant Class.  |
| <b>Minimum subscription in aggregate for all other Classes of this Sub-Fund:</b>  | EUR 125,000 or the equivalent amount in the Denomination Currency of the relevant Class.  |
| <b>All subscription orders shall be exclusively placed in amount in the relevant currency. For clarification purposes, the Central Administration Agent will not accept subscription orders placed in shares.</b> |   |
| <b>Minimum subsequent investment in aggregate for all Classes of this Sub-Fund:</b>   | EUR 1,000 or the equivalent amount in the Denomination Currency of the relevant Class   |
| <b>Minimum holding requirement in aggregate for Class A1, C1, H1, J1 B1, D1, I1 and K1 of this Sub-Fund:</b>  | EUR 3,000,000 or the equivalent amount in the Denomination Currency of the relevant Class   |
| <b>Minimum holding requirement in aggregate for all other Classes of this Sub-Fund:</b>   | EUR 125,000 or the equivalent amount in the Denomination Currency of the relevant Class   |

**Minimum redemption amount in aggregate for all Classes of this Sub-Fund:**

EUR 1,000 or the equivalent amount in the Denomination Currency of the relevant Class



## **1. Investment Objective and Policy**

The primary investment objective of the Sub-Fund is to provide investors with attractive risk-adjusted returns by investing, directly or indirectly, in a diversified portfolio consisting of European senior secured loans with strong credit profiles within the markets addressed by the Sub-Fund (non-investment grade or unrated). The Sub-Fund may also invest in senior floating rate notes offering enhanced liquidity for similar security features. The instruments in which the Sub-Fund will invest are majoritarily unrated or non-investment grade assets (usually privately rated in Europe with a BB or B rating equivalent by Standard & Poor's or similar rating from a recognised rating agency), including sub-participations in existing senior secured loans.

The Sub-Fund will not invest more than (i) 5% of its assets in the same issuer (15% limit during the first year), (ii) 30% of its assets in the same country, and (iii) 35% of its assets in the same industry sector. The Sub-Fund needs to invest at least 75% of its net assets in Euro denominated loans and securities or euro hedged exposure. It can also invest in Great British Pounds (GBP), United States Dollars (USD), Norwegian Kroner (NOK), Swiss Francs (CHF), Denmark Kroner (DKK), Swedish Kroner (SEK) and any other currency approved by the Board of Directors. The Board of Directors may seek to hedge the currency risk of the non-Euro denominated investments. The Sub-Fund will be limited to a maximum of 25% unhedged non-EUR exposure and will not employ leverage in its investments.

In accordance with Annex IV, heading 9 of the Delegated Regulation, the Sub-Fund's investment strategy is classified as "Other – Fixed Income".

## **2. Portfolio Manager**

A Portfolio Manager may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## **3. Prime Broker**

A Prime Broker may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## **4. Form of Shares, Classes and Categories**

Shares will only be issued in registered form. Shares are being issued in separate Classes and Categories, as follows:

- **Shares Classes reserved to Well-Informed Investors who have subscribed (i) by 31 July 2016 (included), or (ii) EUR 3 million or more after 31 July 2016:**

| Name   | Currency | Accumulating / Distributing | Operational Fee | Performance Fee |
|--------|----------|-----------------------------|-----------------|-----------------|
| A1-ACC | EUR      | Accumulating                | 0.50%           | None            |
| C1-ACC | USD      |                             |                 |                 |
| H1-ACC | CHF      |                             |                 |                 |
| J1-ACC | GBP      |                             |                 |                 |
| A1-DIS | EUR      | Distributing                | 0.50%           | None            |
| C1-DIS | USD      |                             |                 |                 |
| H1-DIS | CHF      |                             |                 |                 |
| J1-DIS | GBP      |                             |                 |                 |
| B1-ACC | EUR      | Accumulating                | 0.30%           | 7.5%            |
| D1-ACC | USD      |                             |                 |                 |
| I1-ACC | CHF      |                             |                 |                 |
| K1-ACC | GBP      |                             |                 |                 |
| B1-DIS | EUR      | Distributing                | 0.30%           | 7.5%            |
| D1-DIS | USD      |                             |                 |                 |
| I1-DIS | CHF      |                             |                 |                 |
| K1-DIS | GBP      |                             |                 |                 |

- **Shares Classes reserved to Well-Informed Investors who have subscribed less than EUR 3 million after 31 July 2016:**

| Name   | Currency | Accumulating / Distributing | Operational Fee | Performance Fee |
|--------|----------|-----------------------------|-----------------|-----------------|
| A2-ACC | EUR      | Accumulating                | 0.75%           | None            |
| C2-ACC | USD      |                             |                 |                 |
| H2-ACC | CHF      |                             |                 |                 |
| J2-ACC | GBP      |                             |                 |                 |
| A2-DIS | EUR      | Distributing                | 0.75%           | None            |
| C2-DIS | USD      |                             |                 |                 |
| H2-DIS | CHF      |                             |                 |                 |
| J2-DIS | GBP      |                             |                 |                 |
| B2-ACC | EUR      | Accumulating                | 0.55%           | 7.5%            |
| D2-ACC | USD      |                             |                 |                 |
| I2-ACC | CHF      |                             |                 |                 |
| K2-ACC | GBP      |                             |                 |                 |
| B2-DIS | EUR      | Distributing                | 0.55%           | 7.5%            |
| D2-DIS | USD      |                             |                 |                 |
| I2-DIS | CHF      |                             |                 |                 |
| K2-DIS | GBP      |                             |                 |                 |

- **Share Classes reserved to Arcano Capital SGIIC, S.A.U., members of the Arcano Group, an Affiliate thereof or to any other person approved by the Board of Directors:**

| <b>Name</b> | <b>Currency</b> | <b>Accumulating / Distributing</b> | <b>Operational Fee</b> | <b>Performance Fee</b> |
|-------------|-----------------|------------------------------------|------------------------|------------------------|
| E-ACC       | EUR             | Accumulating                       | None                   | None                   |
| E-DIS       | EUR             | Distributing                       | None                   | None                   |

It is intended to distribute quarterly to Shareholders of distributing Classes of Shares a minimum of 85% of the net income attributable to their respective Class. Gains available for accumulating Class of Shares will be reinvested on behalf of the relevant Shareholders.

## 5. **Offering of Shares**

During the Initial Subscription Period, Shares of any Class and Category in this Sub-Fund will be offered at the Initial Price indicated in the table above for each Class of Shares, increased by a sales charge of up to 1% of the applicable Initial Price which may be applied, or may be waived in whole or in part at the discretion of the Board of Directors. The sales charge (if any) will be paid to the intermediary acting in relation to the distribution of Shares.

After the Initial Subscription Period, a sales charge of up to 1% of the Subscription Price may be applied, or may be waived in whole or in part at the discretion of the Board of Directors. The sales charge (if any) will be paid to the intermediary acting in relation to the distribution of Shares.

With respect of Subscriptions and Redemptions of Shares of the Sub-Fund that occur after the Initial Subscription Period, and in order to account for market entry and exit costs, an "**Equalisation Factor**" to the Net Asset Value per Share may be applied to the net Subscriptions and Redemptions of the relevant investor. The rate of the Equalisation Factor is set at 0.25% of the net amount subscribed or redeemed by a Shareholder, as the case may be, and will be solely for the benefit of the Sub-Fund and its participants. This Equalisation Factor will not be applied in those instances in which an investor is switching from one share class to another with the Sub-Fund. The Board of Directors may waive the application of such Equalisation Factor with respect to investors in share classes E-ACC and E-DIS.

## 6. **Operational Fee**

An Operational Fee, payable quarterly in arrears, calculated as a percentage per annum of the bi-weekly Net Asset Value of the Sub-Fund during the relevant one two week

period, will be charged to Shareholders in their respective Share Class as indicated in section 4 of this Appendix.

Such Operational Fee includes the AIFM Fee and the Distribution Fee to be paid to the AIFM and the Portfolio Management Fee to be paid to the Portfolio Manager, if any.

**7. Performance Fee payable to the AIFM**

The AIFM may also receive a Performance Fee, as further described in section 18.7 of the Placement Memorandum, with regards to Classes B and D where:

- (i) The Annual Hurdle Rate is the monthly average of the 6 month Euribor as determined by the Banking Federation of the European Union and increased by 200 basis points;
- (ii) the Performance Period is the period running from 1 January to 30 June of each year, and from 1 July to 31 December of each year. By derogation to the foregoing, the first Performance Period started on the Launch Date of the Sub-Fund and will end on 30 June 2016.

**8. Fees payable to the Depositary and Paying Agent, the Central Administration Agent, the Domiciliary and Corporate Agent and the Registrar Agent**

The Sub-Fund will pay to the Depositary and Paying Agent an annual percentage fee calculated on a staggered basis on net asset value of the Sub-Fund as follows:

- 0.07% on the net assets up to EUR 100 million;
- 0.06% on the net assets up to EUR 200 million; and
- 0.05% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum.

These fees are payable on a monthly basis and do not include any transaction related fees.

The Sub-Fund will pay to the Central Administration Agent and Registrar Agent an annual degressive percentage fee on net asset value of the Sub-Fund as follows:

- 0.08% on the net assets up to EUR 100 million;
- 0.075% on the net assets up to EUR 200 million; and
- 0.065% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum. A transfer agency fee of EUR 5,000 per annum for each sub-fund with more than four shareholders is applicable and may be charged to this Sub-Fund. A share class administration fee of EUR 1.000 per annum per share class above the first 10 share classes issued will be paid by the sub-fund to the Central Administration Agent.

For domiciliation services EUR 5.000 will be charged per annum to the SICAV on the overall level and corporate secretarial services will be charged as follows Meeting of the Board of Directors, Meeting of the Shareholders EUR 1,200 per meeting, Correspondence & Filings EUR 1,500 p.a. per umbrella, Ad-hoc services (Circular Resolutions) EUR 250 per resolution (up to 2h work), Bespoke Service 125 EUR per hour..

For the calculation of the Performance Fee, EUR 1.500 will be charged per annum to the Sub-Fund.

The amount paid by the SICAV to the Depositary and Paying Agent, the Central Administration Agent and the Registrar Agent will be mentioned in the annual report of the SICAV.

## 9. Valuation Day, Cut-off Time and Settlement Periods

### a) Valuation Day

The Net Asset Value per Share is calculated following the fourteenth day of a month and on each last Business Day of a month (each a "**Subscription and Redemption Day**"). Additionally, the Net Asset Value per Share may be calculated on any other Business Day in Luxembourg as the Board may in its absolute discretion determine for the purpose of the calculation of the Net Asset Value per Share of any Class.

### b) Cut-Off Time for subscription of new Shares

When applications for subscription of Shares are received by the Registrar Agent, together with the subscription monies, before 1.00 pm on a Subscription and Redemption Day, these will be dealt with on that Subscription and Redemption Day at the Subscription Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on that Subscription and Redemption Day (subject to applicable sales charge as disclosed under section 5 "Offering of Shares" of this Appendix).

Any application or payment of the subscription monies received thereafter will be processed on the next Subscription and Redemption Day at the respective Subscription Price of the relevant Classes and/or Categories of this Sub-Fund

prevailing on such Subscription and Redemption Day (subject to applicable sales charge as disclosed under section 5 "Offering of Shares" of this Appendix).

c) **Cut-Off Time for redemption and conversion of Shares**

When applications for redemption and/or conversion of Shares are received by the Registrar Agent before 1.00 pm twenty Business Days prior to a Subscription and Redemption Day, these will be dealt with on that Subscription and Redemption Day, at the respective Redemption Price and/or Conversion Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on that Subscription and Redemption Day (subject to the applicable Equalisation Factor as disclosed under section 10 "Redemption Fees" and the applicable conversion fees as disclosed under section 11 "Conversion Fees" of this Appendix).

Any application received thereafter will be processed on the next Subscription and Redemption Day at the respective Redemption Price or Conversion Price of the relevant Classes and/or Categories of this Sub-Fund prevailing on such Subscription and Redemption Day (subject to applicable redemption or conversion charge as disclosed respectively under section 10 "Redemption Fees" and section 11 "Conversion Fees" of this Appendix).

**10. Redemption Fees**

See the Equalisation Factor explanation in section 5 of this Appendix.

Settlement period is the following:

Payment of Redemption Price: as soon as sufficient liquidity is available in this Sub-Fund to perform payment of the Redemption Price and, indicatively, within 20 (twenty) Business Days from the relevant Valuation Day. Liquidity will depend on the amount of cash available at hand and, if applicable, on borrowings or receipt of proceeds from the realisation of assets,

**11. Conversion Fees**

No Equalisation Factor will be charged for the Conversion of Shares.

Settlement period is the following:

Conversion of Shares: within 20 (twenty) Business Days from the relevant Valuation Day.

## 12. **Exposure Limit**

The Sub-Fund will not borrow money from banks, unless to allow for liquidity in order to satisfy redemption requests. In such a case, the bank borrowing limit for the Sub-Fund is set at 20% of its Gross Asset Value. The Sub-Fund may seek currency hedges exclusively for purposes of hedging risks.

The exposure of the Sub-Fund in accordance with the gross method as set out in article 7 of the Delegated Regulation shall be limited to 145%.

The exposure of the Sub-Fund in accordance with the commitment method as set out in article 8 of the Delegated Regulation shall be limited to 120%.

## AC Advantage – Credit Strategies

|  |  |
|--|--|
| <b>Classes:</b>  | F, I, SI, R, E, I USD and R USD                              |
| <b>Reference Currency</b>  | EUR  |
| <b>Other Denomination Currency</b>   | USD  |
| <b>Launch Date of the Sub-Fund:</b>  | 15 March 2018  |
| <b>Duration:</b>   | 6,5 years  |
| <b>Lock-Up Period:</b>   | 5 years as from the Launch Date of the Sub-Fund <sup>1</sup> |
| <b>Minimum subscription in aggregate for classes F, I and I USD of this Sub-Fund:</b>  |  |
| EUR 1 million or USD 1 million, as applicable, at the time of the subscription   |  |
| <b>Minimum subscription in aggregate for class SI of this Sub-Fund:</b>  |  |
| EUR 5 million at the time of the subscription  |  |
| <b>Minimum subscription in aggregate for class R and R USD of this Sub-Fund:</b>   |  |
| EUR 250,000 or USD 250,000, as applicable, at the time of the subscription   |  |
| <b>Minimum subscription in aggregate for class E of this Sub-Fund:</b>   |  |
| EUR 125,000 at the time of the subscription  |  |
| <b>The Initial Price of all Classes is EUR 100 or USD 100, as applicable. All subscription orders shall be exclusively placed in amount in the relevant currency. For clarification purposes, the Central Administration Agent will not accept subscription orders placed in shares.</b> |  |
| <b>Minimum subsequent investment in aggregate for all Classes of this Sub-Fund</b>   |  |
| EUR 1,000 or USD 1,000, as applicable  |  |
| <b>Minimum holding requirement in aggregate for classes F,I and I USD of this Sub-Fund:</b>  |  |
| EUR 1 million or USD 1 million , as applicable   |  |
| <b>Minimum holding requirement in aggregate for class SI of this Sub-Fund:</b>   |  |
| EUR 5 million  |  |
| <b>Minimum holding requirement in aggregate for class R and R USD of this Sub-Fund:</b>  |  |
| EUR 250,000 or USD 250,000, as applicable  |  |
| <b>Minimum holding requirement in aggregate for class E of this Sub-Fund:</b>  |  |
| EUR 125,000  |  |

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<sup>1</sup> The lock-up period shall be applicable to Classes F, I, SI and R of this Sub-Fund, as further described in this Placement Memorandum



|  |
|--|
| <p><b>Minimum redemption amount in aggregate for all classes of this Sub-Fund:</b><br/>EUR 1,000 or USD 1,000, as applicable</p> |
|--|

## 1. Investment Objective and Policy

The primary objective of the Sub-Fund is to capture excess returns from a high conviction portfolio mainly comprised of European credit opportunities.

The Sub-Fund intends to capitalize on the team's credit selection, structuring, and sourcing capabilities to achieve its investment objective. The process of investment selection shall be driven by deep in-house fundamental analysis, with a focus on opportunities offering high convexity and downside protection.

The Sub-Fund may invest in any category of credit security, including, without prejudice to the generality of the foregoing, syndicated and bilateral loans, revolving credit facilities, corporate bonds, high-yield bonds, leveraged loans, payment-in-kind notes, stressed and distressed credit, bank capital (including contingent convertible bonds), asset-backed securities and structured products (e.g. reverse convertible bonds, warrant-linked bonds or convertible bonds).

Notwithstanding the above, the core of the investment strategy will be focused on performing non-investment grade corporate credit markets. In most cases senior in ranking and secured by assets and to a lesser extent unsecured loans.

The Sub-Fund will not make any new investment after 31 December 2020.

The Sub-Fund may invest via undertakings for collective investment. Therefore, the Sub-Fund may acquire more than thirty per cent (30%) of the instruments issued by the same issuing body, **to the extent that the underlying undertaking for collective investment, or the compartment thereof, is adequately diversified in accordance with the 2007 Law and the CSSF Circular 07/309. In case the Sub-Fund invests via the underlying undertaking for collective investment, or a compartment thereof, there will not be any double charging of Operational Fee and Performance Fee.**

**The Sub-Fund may invest in contingent convertible bonds (debt securities that may be converted into the issuer's equity or be partly or wholly written off if a predefined trigger event occurs) with a limit of 25% of the Sub-Fund's Net Asset Value. The Sub-Fund will not invest in contingent convertible bonds issued by any entity of Arcano Group. In addition, the Sub-Fund will not invest in any entity affiliated to Arcano Group, therefore there will not be any conflicts of interest between the AIFM and the SICAV or its Investors in this regard. For the avoidance of doubt, the Fund may invest in any funds or vehicles managed (either directly or as delegated portfolio manager) by Arcano Capital SGIIC S.A.U. The Sub-Fund's investments in asset-backed securities will not exceed 50% of the Sub-Fund's Net Asset Value. The core of the strategy in asset-backed securities will be in collateralized loan obligations which underlying is composed of senior secured leveraged loans in its majority and some baskets for high yield. The risks related to investments in asset-**

backed securities are highly correlated to those of the underlying assets as described in section 9 above.

The Sub-Fund may invest in equity securities of both listed and private companies. No more than 30% of the Net Asset Value of the Sub-Fund may be invested in such instruments.

In order to pursue the Sub-Fund's objectives, the SICAV, for the account of the Sub-Fund, may enter into sub-participation agreements ("**Sub-Participation Agreements**") which allow the Sub-Fund to obtain exposure to an entity in cases where it may not be possible, feasible or optimal to subscribe for or purchase directly securities issued by an entity. The SICAV on behalf of the Sub-Fund will enter into a contract with a bank where the loan or security will continue to be nominally owned by the sub-participating bank and the Sub-Fund will have exposure to the economic benefits and the risks of owning such loan or security, with the additional risk of having counterparty exposure to the sub-participating bank. No more than 30% of the Sub-Fund's Net Asset Value may be invested in such Sub-Participation Agreements.

The Sub-Fund needs to invest at least 70% of its net assets in Euro denominated securities. The Board of Directors may seek to hedge currency risk of the non-Euro investments. For the avoidance of doubt, any hedged non-Euro positions are to be considered Euro denominated exposure. The maximum permitted non-Euro unhedged exposure is therefore 30%.

The Sub-Fund may use financial derivative instruments in order to achieve its objectives, be it for investment or hedging purposes. The Sub-Fund may invest in any financial derivative instruments (including any financial instruments embedding derivatives or a derivative component), dealt in on a regulated market and/or non-regulated market and/or over the counter (OTC). Investments in financial derivative instruments which derive from shares in investment funds and/or financial indices may not exceed fifty per cent (50%) of the Sub-Fund's assets.

The Sub-Fund anticipates incurring leverage as part of its investment strategy. The Sub-Fund initially expects to incur leverage through securities lending arrangements and/or total return swap arrangements. In addition, the Sub-Fund may incur leverage through the use of derivative products or by reinvesting the proceeds from the sale of borrowed securities ("short sales") in accordance with the Sub-Fund's investment objectives; however, the Sub-Fund may also enter into shorting programs without incurring leverage. The potential market risk exposure of the Sub-Fund may at most be tripled, as further described in section 10 of this Appendix.

In order to limit the liquidity risk, the Sub-Fund's liquidity position is constantly monitored and stressed tested on a regular basis. In addition, market conditions are

continually monitored and regular interaction is maintained with sell side counterparties to interpret fund flows in order to anticipate market changes.

In accordance with Annex IV, heading 9 of the Delegated Regulation, the Sub-Fund's investment strategy is classified as "Other – Fixed Income".

## 2. **Portfolio Manager**

A Portfolio Manager may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## 3. **Prime Broker**

A Prime Broker may be appointed in respect of the Sub-Fund, in which case this Appendix will be updated.

## 4. **Form of Shares, Classes and Categories**

Shares will only be issued in registered form.

Shares are being issued in separate Classes, as follows:

- **Shares Classes reserved to Well-Informed Investors who (i) have subscribed a minimum of EUR 1 million by the closing of Class F to occur on or before 30 April 2018 (included), up to a 3-month extension to be approved by the Board of Directors (the "Soft Closing Date"), or (ii) are members of the Arcano Group, an Affiliate thereof or any other person approved by the Board of Directors:**

| <b>Name</b> | <b>Currency</b> | <b>Accumulating / Distributing</b> | <b>Operational Fee</b> | <b>Performance Fee</b> |
|-------------|-----------------|------------------------------------|------------------------|------------------------|
| F           | EUR             | Distributing                       | 0.50%                  | 15%                    |

- **Shares Classes reserved to Well-Informed Investors who do not meet the aforementioned requirements for Class F and who have subscribed to the Shares by the closing of the below Shares Classes to occur on or before the 30 June 2019:**

| <b>Name</b> | <b>Currency</b> | <b>Accumulating / Distributing</b> | <b>Operational Fee</b> | <b>Performance Fee</b> |
|-------------|-----------------|------------------------------------|------------------------|------------------------|
| I           | EUR             | Distributing                       | 1.00%                  | 15%                    |
| SI          | EUR             | Distributing                       | 0.80%                  | 15%                    |
| R           | EUR             | Distributing                       | 1.50%                  | 15%                    |
| E           | EUR             | Distributing                       | 0.00%                  | 15%                    |

|       |     |              |       |     |
|-------|-----|--------------|-------|-----|
| I USD | USD | Distributing | 1.00% | 15% |
| R USD | USD | Distributing | 1.50% | 15% |

Class F are reserved for Well-Informed Investors who (i) invest a minimum of EUR 1 million by the Soft Closing Date (included), unless waived by the Board of Directors or (ii) are members of the Arcano Group, an Affiliate thereof or any other person approved by the Board of Directors.

Class I Shares are reserved for Well-Informed Investors who have subscribed a minimum of EUR 1 million during the period from 1 July 2018 to 30 June 2019 (included), unless waived by the Board of Directors (the "**Class I Subscription Period**").

Class SI Shares are reserved to Well-Informed Investors who have subscribed a minimum of EUR 5 million during the period from 1 July 2018 to 30 June 2019 (included), unless waived by the Board of Directors (the "**Class SI Subscription Period**").

Class R Shares are open to Well-Informed Investors who have subscribed a minimum of EUR 250.000 during the period from 1 May 2018 to 30 June 2019 (included), unless waived by the Board of Directors (the "**Class R Subscription Period**").

Class E Shares are reserved to the Feeder Fund managed by the AIFM, who will subscribe a minimum of EUR 125.000.

Class I USD Shares are reserved for Well-Informed Investors who have subscribed a minimum of USD 1 million during the period from 5 April 2019 to 30 June 2019 (included), unless waived by the Board of Directors (the "**Class I USD Subscription Period**").

Class R USD Shares are reserved for Well-Informed Investors who have subscribed a minimum of USD 250,000 during the period from 5 April 2019 to 30 June 2019 (included), unless waived by the Board of Directors (the "**Class R USD Subscription Period**").

## 5. **Offering of Shares**

Shares of any Class in this Sub-Fund will be offered a first time at an Initial Price of EUR 100 or USD 100, as applicable, and afterwards at Net Asset Value per Share.

A sales charge of up to 5% of the Subscription Price may be applied, or may be waived in whole or in part at the discretion of the Board of Directors. The sales charge (if any)

may be paid to the intermediary acting in relation to the distribution of Shares, at the discretion of the Board of Directors.

The sales charge will not be applied in instances where an existing investor is switching between classes of the Sub-Fund.

If an Investor who subscribes Shares of Class F (the "**First Subscription**") makes additional investments after the Soft Closing Date (the "**Additional Subscriptions**"), the Additional Subscriptions will be assigned to Class F.

## 6. **Operational Fee**

An Operational Fee, payable quarterly in arrears, calculated as a percentage per annum of the quarterly Net Asset Value of the Sub-Fund during the relevant period, will be charged to Shareholders in their respective Share Class as indicated in section 4 of this Appendix.

Such Operational Fee includes the AIFM Fee and the Distribution Fee to be paid to the AIFM and the Portfolio Management Fee to be paid to the Portfolio Manager, if any.

## 7. **Performance Fee payable to AIFM**

The AIFM is entitled to a Performance Fee directly or indirectly out of the assets of the Sub-Fund, which is to be calculated as follows:

- A Performance Fee shall be payable in respect of each Class of Shares in relation to any Performance Period if:
  - the aggregate Net Asset Value of the relevant Class of Shares at the end of the Performance Period, adjusted for any dividend distribution per Share made during such Performance Period in respect of the relevant Class of Shares (the "**Performance Period Adjusted NAV**") exceeds
  - the aggregate Net Asset Value of the relevant Class of Shares at the end of the immediately preceding Performance Period, adjusted for any dividend distribution per Share made during such preceding Performance Period in respect of the relevant Class of Shares, increased by the Hurdle Rate (the "**Hurdle Adjusted NAV**").
- If a Performance Fee is payable in relation to any Performance Period under (ii) hereafter, the Performance Fee shall be an amount equal to the sum of (i) an amount equal to 15% of the Hurdle Rate (as defined below) and (ii) 15% of the amount by which the Performance Period Adjusted NAV exceeds the Hurdle Adjusted NAV, provided that where appropriate the Performance Fee in respect

of Performance Period shall be reduced so that at all times the Investors will have received an amount equal to the Hurdle Rate.

- For the purpose of the above, the "**Hurdle Rate**" is to be understood as the percentage set out in respect of a certain Class. The Hurdle Rate for all Classes is set at 5% p.a., compounding annually.
- The Performance Period is the period between each quarterly Valuation Day, provided however by derogation to the foregoing, the first Performance Period starts on the Soft Closing Date and will end on 31 December 2020.
- For the first Performance Period for each relevant Class, the Hurdle Adjusted NAV per Share of the relevant Class will be the Initial Price of the relevant Class of Shares.
- For the avoidance of doubt, the provisions as set forth in Section 18.7 of this Placement Memorandum, notably as regards to the Absolute High Water Mark, do not apply to this Sub-Fund.
- Notwithstanding any other provision herein, the AIFM will not to receive any payment as Performance Fee until the sum of all previous dividend distributions exceed the Initial Price increased by the Hurdle Rate.

**8. Fees payable to the Depositary and Paying Agent, the Central Administration Agent, the Domiciliary and Corporate Agent and the Registrar Agent**

The Sub-Fund will pay to the Depositary and Paying Agent an annual percentage fee calculated on a staggered basis on net asset value of the Sub-Fund as follows:

- 0.07% on the net assets up to EUR 100 million;
- 0.06% on the net assets up to EUR 200 million; and
- 0.05% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum. For this sub-fund, the minimum fee will be waived for the 1st year and will be reactivated from the 2nd year onwards.

These fees are payable on a monthly basis and do not include any transaction related fees. Should the Sub-Fund invest via undertakings for collective investment, the Depositary will charge separate depositary fees at the level of such underlying undertakings for collective investment.

The Sub-Fund will pay to the Central Administration Agent and Registrar Agent an annual degressive percentage fee on net asset value of the Sub-Fund as follows:

- 0.08% on the net assets up to EUR 100 million;
- 0.075% on the net assets up to EUR 200 million; and
- 0.065% on the net assets over EUR 200 million,

but subject to a minimum fee of EUR 20.000 per annum. For this sub-fund, the minimum fee will be waived for the 1st year and will be reactivated from the 2nd year onwards.

In addition, the Sub-Fund will assume the legal costs arising from deals or transactions which are not closed or executed.

For domiciliation services EUR 5.000 will be charged per annum to the SICAV on the overall level and corporate secretarial services will be charged as follows Meeting of the Board of Directors, Meeting of the Shareholders EUR 1,200 per meeting, Correspondence & Filings EUR 1,500 p.a. per umbrella, Ad-hoc services (Circular Resolutions) EUR 250 per resolution (up to 2h work), Bespoke Service 125 EUR per hour..

The amount paid by the SICAV to the Depositary and Paying Agent, the Central Administration Agent and the Registrar Agent will be mentioned in the annual report of the SICAV.

## 9. **Distributions**

The targeted portfolio maximizes returns for investments that meet a 3-year time horizon and with a back ended nature, meaning that returns from investments entered into in year one are likely to deliver higher returns in year three than in year one. As a consequence, the return profile to the fund investors as a whole benefits from an initial period of relatively high illiquidity, expected to be 3 years, at the end of which the fund will be able to provide recurring distributions resulting from monetizing investments that have either met the targeted return or have been refinanced.

The excess of realised capital and realised capital gains from investments of the Sub-Fund as well as current income, other cash receipts or reserves of the Sub-Fund after payment of all the fees laid out in section 6 to 8 above (the "**Distributable Cash Flow**") may be used from time to time to fund distributions to Shareholders of any Class and Category. It is expected that such distribution of Distributable Cash Flow to a Shareholder will occur after the end of a 2-year period from 1 January 2019. Accordingly, the distribution of Distributable Cash Flow would start on 1 January 2021. Shareholders will remain in the same Class they have subscribed Shares despite the



Distribution of Cash Flow, even if the Distribution of Cash Flow implies the holdings of Shareholders being under the minimum investment.

With respect to Class SI, any repayments to the Shareholders that qualify as capital as shall be determined in the discretion of the Board of Directors shall be distributed by way of compulsory of redemption of Shares at a price equal to the latest available Net Asset Value of such Shares.

#### 10. **Valuation Day, Cut-off Time and Settlement Periods**

##### a) Valuation Day

The Net Asset Value per Share is calculated each last Business Day of the calendar quarter and will be calculated on the Business Day following the last day of the last month of the relevant calendar quarter if applications for subscription of Shares, together with the subscription monies, are received before 1.00 pm on such Business Day (each a "**Subscription and Valuation Day**"). The Net Asset Value per Share has been calculated the first time on 31 July 2018 and will be calculated for the second time 30 September 2018.

Additionally, the Net Asset Value per Share may be calculated on any other Business Day as the Board of Directors may in its absolute discretion determine for the purpose of the calculation of the Net Asset Value per Share of any Share Class.

##### b) Cut-Off Time for subscription of new Shares

When applications for subscription of Shares are received by the Registrar Agent, together with the subscription monies, before 1.00 pm on a Subscription and Valuation Day, these will be dealt with on that Valuation Day at the Subscription Price of the relevant Classes of this Sub-Fund prevailing on that Subscription and Valuation Day.

Any application or payment of the subscription monies received after the Cut-Off Time for subscriptions received in respect of any Subscription and Valuation Day will be processed on the next Subscription and Valuation Day at the respective Subscription Price of the relevant Classes of this Sub-Fund prevailing on that Subscription and Valuation Day.

##### c) Cut-Off Time for redemption of Shares

Any Shareholder of Classes F, I, SI and R has the right, after a five (5) year Lock-up Period, to have all or part of his Shares in the Sub-Fund redeemed by the SICAV. The aforementioned Lock-up Period will not apply to the Shareholder of Class E (i.e. the Feeder Fund managed by the AIFM) as it shall

be able to request redemptions in order to pay all the fees, costs and expenses of the Feeder Fund. A redemption fee amounting to 5 % of the Net Asset Value per Share to be calculated in respect of the relevant Redemption Day will be deducted from the Redemption Price for any redemption of Shares received during a 1,5-year period from the end of the Lock-up Period.

Applications for redemption of Shares must be received by the Registrar Agent with a minimum 60-calendar day period notice (the "**Notice Day**") prior to a Valuation Day, in order to be processed on the second quarterly Valuation Day following the Notice Day, at the Redemption Price calculated in respect of that Redemption Day. For the avoidance of doubt, redemption notices received during the first month of a calendar quarter (i.e. January 20th), will be processed on the Valuation Day of the following quarter (i.e. June 30th). The Redemption Price will be the Net Asset Value per Share to be calculated in respect of the relevant Redemption Day.

Settlement period is the following:

Payment of Redemption Price: within ten (10) Business Days from the relevant Redemption Day.

d) **Deferral of Applications for Redemption**

Should the Board of Directors be of the view that the realisation of the assets cannot take place on appropriate and acceptable terms and conditions including, but not limited to, because of extraordinary or adverse market circumstances implying reduced liquidity, the Board of Directors may, in its discretion, partially or entirely defer an application for redemption received in respect of any Notice Day for a period not exceeding nine (9) months in total. Any application for the redemption of Shares received in good time in respect of a given Notice Day thus deferred will be processed in respect of a subsequent Valuation Day decided by the Board of Directors within such twelve month period at the Redemption Price calculated in respect of that Valuation Day.

Should applications for redemption of Shares received in good time in respect of a Notice Day be deferred in the manner described above, these will be treated with priority over any applications for redemptions received in respect of any subsequent Notice Day.

Settlement period will be as described under section 10(c) above.

e) **Limits on Redemption**

The Sub-Fund shall not be bound to accept redemption requests on any relevant Valuation Day for a Share Class when at such Valuation Day there are redemption requests and/or conversion requests which in aggregate relate to 10% or more of the Sub-Fund. For the avoidance of doubt, such a conversion request is to be understood as being a request to have the shares in the Sub-Fund converted to the Shares of another Sub-Fund, and not the other way around. Redemptions (and conversions, as the case may be) may accordingly be deferred by the Sub-Fund and will be dealt with on the next relevant Valuation Day (but subject always to the foregoing limit). For this purpose, orders for redemption (and for conversion, as the case may be) so deferred will be given priority to subsequently received orders.

With respect to the above, the Sub-Fund will, subject to any suspension of redemption in accordance with section 15 of this Placement Memorandum, ensure that after nine (9) months at the latest following the date the original redemption order was received by the Registrar Agent in Luxembourg the total amount of Shares indicated in such redemption order shall have been redeemed. Redemptions may at the discretion of the Sub-Fund be effected at either the next Valuation Day following the receipt of the order for redemption or be deferred to one of the following Valuation Days within the abovementioned nine (9) month period. Orders for redemption so deferred will be given priority to subsequently received orders.

#### **11. Exposure Limit**

The Fund anticipates incurring leverage as part of its investment strategy, as further described in section 1 of this Appendix.

The exposure of the Sub-Fund in accordance with the gross method as set out in article 7 of the Delegated Regulation shall be limited to 300%.

The exposure of the Sub-Fund in accordance with the commitment method as set out in article 8 of the Delegated Regulation shall be limited to 300%.

#### **12. Risks**

In addition to the risks set out in section 9 of this Placement Memorandum, investments in contingent convertible bonds may entail the following risks:

##### **a) Trigger level risk**

Trigger levels differ and determine exposure to conversion risk depending on the capital ratio distance to the trigger level. It might be difficult for the management company or the delegated investment manager(s) to anticipate the triggering events that would require the debt to convert into equity. Triggers are designed so that conversion occurs

when the issuer faces a given crisis situation, as determined either by regulatory assessment or objective losses (e.g. measure of the issuer's core tier 1 prudential capital ratio).

b) Coupon cancellation

Coupon payments on some contingent convertible bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on contingent convertible bonds does not amount to an event of default.

c) Conversion risk

It might be difficult for the management company or the delegated investment manager(s) to assess how the securities will behave upon conversion. In case of conversion into equity, the management company or the delegated investment manager(s) might be forced to sell these new equity shares because the investment policy of the Sub-Fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.

d) Capital structure inversion risk

Contrary to the classic capital hierarchy, investors in contingent convertible bonds may suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/ write down of a contingent convertible security is activated.

e) Call extension risk

Contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual contingent convertible bonds will be called on call date and the investor may not receive return of principal on call date or indeed at any date.

f) Unknown risk

The structure of the contingent convertible bonds is innovative yet untested. When the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

g) Yield/Valuation risk

Contingent convertible bonds often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets.

## **Information for qualified investors in Switzerland**

### **1. Qualified investors**

The SICAV may only be distributed in Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. For clarification purposes, qualified investors shall mean:

- a) Regulated financial intermediaries such as banks, securities traders, fund management companies and asset managers of collective investment schemes, as well as central banks;
- b) Regulated insurance institutions;
- c) Public entities and retirement benefits institutions with professional treasury operations;
- d) Companies with professional treasury operations.

High-net-worth individuals may declare in writing that they wish to be deemed qualified investors. In addition, the Swiss Federal Council may make such persons' suitability as qualified investors dependent on certain conditions, specifically technical qualifications.

Investors who have concluded a written discretionary management agreement as defined in Article 3 Paragraph 2b and c of the Swiss Collective Investment Schemes Act are deemed qualified investors unless they have declared in writing that they do not wish to be deemed as such.

### **2. Representative**

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

### **3. Paying agent**

The paying agent in Switzerland is Banque Cantonale de Genève, Quai de l'Ile 17, Case postale 225, CH-1211 Genève.

### **4. Place where the relevant documents may be obtained**

The relevant documents as defined in Art. 13a CISO as well as the annual and, if applicable, the semi-annual reports may be obtained free of charge from the representative in Switzerland.

### **5. Payment of retrocessions and rebates**

The SICAV and its agents may pay, directly or indirectly, retrocessions as remuneration for distribution activity in respect of the Shares. This remuneration may be deemed payment for the following services in particular:

- *Any offering of, and advertising for the SICAV, including any type of activity the object of which is the purchase of the Shares, including the organisation of road shows, participation at fairs and presentations, preparation of marketing materials and training of distributors, etc.*

From a Swiss legal and regulatory point of view, retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the Investors, as defined by Swiss law.

The recipients of the retrocessions must ensure transparent disclosure and inform Investors, as defined by Swiss law, 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 SICAV to the Investor, as defined by Swiss law, concerned.

In the case of distribution activity in or from Switzerland, but subject to the provisions of this Placement Memorandum and notably of section 4.2.4 of this Placement Memorandum, the SICAV and its agents may, directly or indirectly, upon request by the Investor, as defined by Swiss law, pay rebates directly to Investors defined by law. The purpose of rebates is to reduce the fees or costs incurred by the Investors in question. Rebates are permitted provided that:

- they are paid from fees received by the SICAV respectively the AIFM and therefore do not represent an additional charge on the SICAV's 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 SICAV respectively the AIFM are as follows:

- the volume subscribed by the Investor or the total volume they hold in the SICAV.

At the request of the Investor, the SICAV must disclose the amounts of such rebates free of charge.

## **6. Place of performance and jurisdiction**

In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative.