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# Oceanwide Funds SICAV

*Société d'Investissement à Capital Variable (SICAV)*  
established in Luxembourg

China Tonghai Asset Management Limited  
(Investment Manager)

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February 2021

## IMPORTANT INFORMATION

### **IMPORTANT: IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

The Directors, whose names appear on page 5, accept responsibility for the information contained in this document. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects at the date hereof and that there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion. The Directors accept responsibility accordingly.

Oceanwide Funds SICAV (the “**SICAV**”) is an investment company organised under the laws of the Grand Duchy of Luxembourg as a *société d’investissement à capital variable* and governed by Part I of the Luxembourg law of 17 December 2010 relating to collective investments, as amended (the “**UCI Law**”) and qualifies as a UCITS within the meaning of Article 1 (2) of the UCITS Directive. Registration of the SICAV in any jurisdiction does not require any authority to approve or disapprove the adequacy or accuracy of this Prospectus or the securities and portfolios held by the SICAV. The SICAV has designated a third party management company under a Management Company Services Agreement, referred to below as the Management Company.

No person has been authorised by the SICAV or the Management Company to give any information or make any representations in connection with the offering of Shares other than those contained in this Prospectus or any other document approved by the SICAV or the Management Company, and, if given or made, such information or representations must not be relied on as having been made by the SICAV or the Management Company.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the SICAV to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus may only be issued with one or more Supplements (each a “**Supplement**”), each containing information relating to a separate Sub-Fund. The creation of new Sub-Funds requires the prior review of the home regulator of the SICAV. If there are different classes of Shares representing a Sub-Fund, details relating to the separate classes may be dealt with in the same Supplement or in a separate Supplement for each class. The creation of further classes of Shares will be effected in accordance with the requirements of the CSSF. This Prospectus and the relevant Supplement should be read and construed as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement). The latest audited annual report and accounts and the latest unaudited semi-annual report may be obtained by investors at the registered office of the SICAV. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the SICAV have not changed since the date hereof.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The investors’ attention is drawn to the fact that any investor will only be able to fully exercise his investor rights directly against the SICAV, notably the right to participate in general shareholders’ meetings, if the investor is registered himself and in his own name in the shareholders’ register of

the SICAV. In cases where an investor invests in the SICAV through an intermediary investing into the SICAV in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the SICAV. Investors are advised to take advice on their rights.

The provisions of the SICAV's Articles are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus is based on information, law and practice currently in force in Luxembourg (which may be subject to change) at the date hereof. The SICAV cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with the Administrator that this is the most recently published Prospectus.

### **Restrictions on Distribution and Sale of Shares**

**Luxembourg** - The SICAV is registered pursuant to Part I of the UCI Law. However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorised and unlawful.

**European Union ("EU")** - The SICAV is a UCITS for the purposes of the UCITS Directive and the Board of Directors proposes to market the Shares in accordance with the UCITS Directive in certain Member States of the EU and in countries which are not Member States of the EU.

**United States of America ("U.S.")** - The Shares have not been and will not be registered under the 1933 Act or the securities laws of any of the states of the U.S. The Shares may not be offered, sold or delivered directly or indirectly in the U.S. or to or for the account or benefit of any U.S. Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. The Shares are being offered outside the U.S. pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the U.S. to US Tax-Exempt Investors in reliance on Regulation D promulgated under the 1933 Act and Section 4(2) thereof.

The SICAV has not been and will not be registered under the 1940 Act since Shares may only be sold to U.S. Persons who are "qualified purchasers", as defined under Section 2(a)(51) of the 1940 Act and the rules promulgated thereunder. Accordingly, each subscriber for Shares that is a US Tax-Exempt Investor will be required to certify that it is an "accredited investor" and a "qualified purchaser", in each case as defined under the US federal securities laws.

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

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

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share.

A Key Investor Information Document (“**KIID**”) for each available Class of each Sub-Fund shall be made available to investors free of charge prior to their subscription for Shares. Prospective investors must consult the KIID for the relevant Class and Sub-Fund in which they intend to invest. Prospective investors should review this Prospectus carefully and in its entirety and consult with their legal, tax and financial advisors in relation to: (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

Copies of this Prospectus may be obtained from the registered office of the SICAV.

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

### **Generally**

This Prospectus and any Supplements may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and Supplements. To the extent that there is any inconsistency between the English language Prospectus/Supplements and the Prospectus/Supplements in another language, the English language Prospectus/Supplements will prevail, except to the extent (but only to the extent) required by the law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a prospectus in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail.

The singular shall include the plural and vice versa and references to one gender include any other gender.

Investors should read and consider the section entitled "Risk Factors" before investing in the SICAV.

**All or part of the fees and expenses may be charged to the capital of the SICAV. This will have the effect of lowering the capital value of your investment.**

**The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Sub-Fund.**

## DIRECTORY

### Registered Office

C/o Lemanik Asset Management S.A.  
106, route d'Arlon  
L-8210 Mamer  
Grand Duchy of Luxembourg

### Board of Directors

Mr Kin Hing Kenneth Lam, China Tonghai International Financial Limited  
Mr Jonathan Khean Chew, China Tonghai Asset Management (BVI) Ltd  
Mr François-Louis Gilliéron, China Tonghai Asset Management (BVI) Ltd  
Mr. Chris Wu Kwok Choi, China Tonghai Asset Management Limited

### Administration and Registrar and Transfer Agent

BNP Paribas Securities Services, Luxembourg  
Branch  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Depository

BNP Paribas Securities Services, Luxembourg  
Branch  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Management Company

Lemanik Asset Management S.A.  
106, route d'Arlon  
L-8210 Mamer  
Grand Duchy of Luxembourg

### Authorised Auditor

BDO Audit  
1, rue Jean Piret  
L-2350 Luxembourg  
Grand Duchy of Luxembourg

### Legal Advisers under Luxembourg law

Arendt & Medernach S.A.  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg

### Investment Manager

(by delegation of the Management Company)  
China Tonghai Asset Management Limited  
18/F, China Building  
29 Queen's Road Central  
Hong Kong

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## DEFINITIONS

<b>Accumulation Shares</b>	Shares in respect of which income is accumulated and added to the capital property of a Sub-Fund;
<b>Administration Agreement</b>	the fund administration services agreement entered into between the Administrator, the SICAV and the Management Company on or about October 9, 2015, as may be amended from time to time, pursuant to which the Administrator is appointed by the Management Company as administration agent, accounting and regulatory services provider, registrar and transfer agent;
<b>Administrator</b>	BNP Paribas Securities Services, Luxembourg branch or any other administrator which may be appointed from time to time;
<b>Approved Counterparties</b>	means one or more entities selected by the Board of Directors of the SICAV as eligible counterparties for the SICAV in relation to OTC derivatives, (including any total return swaps), repurchase or reverse repurchase agreements, securities lending, margin lending and buy-sell / sell-buy transactions, provided always that the relevant entity is eligible under the UCITS laws and regulations and permitted by the CSSF as counterparty to such transactions, and provided further that it meets any other relevant criteria used for selecting counterparties of the SICAV for such transactions (such as legal status, country of origin or minimum credit rating) as may be specified in the relevant Supplement for a Sub-Fund, where applicable;
<b>Articles</b>	articles of incorporation of the SICAV, as adopted by the Shareholders pursuant to the extraordinary shareholders' meeting held on or about October 9, 2015 as amended from time to time;
<b>Auditor</b>	BDO Audit or any other auditor which may be appointed from time to time;
<b>Board, Board of Directors or Directors</b>	the members of the board of directors of the SICAV for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time;
<b>Bond Connect</b>	the mutual bond market access between Hong Kong and the PRC established by China Foreign Exchange Trade System & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit;
<b>Business Day</b>	in relation to a Sub-Fund means any day when the banks are open for a full day in Luxembourg and/or such other place or places and such other day or days as the Directors may determine and notify to Shareholders in advance and as shall be specified in the relevant Supplement for that Sub-Fund;

<b>China or PRC or the People's Republic of China</b>	the People's Republic of China not including, for the purposes of this Prospectus only, Hong Kong, Macau S.A.R. or Taiwan;
<b>'China Interbank Bonds Market' or 'CIBM'</b>	the interbank bonds market established in 1997 outside the stock exchanges of Shanghai and Shenzhen;
<b>Class or Class of Shares</b>	means a class of Shares of a Sub-Fund;
<b>CSRC</b>	China Securities Regulatory Commission;
<b>CSSF</b>	the Luxembourg authority, currently the <i>Commission de Surveillance du Secteur Financier</i> , or its successor in charge of the supervision of undertakings for collective investment in the Grand Duchy of Luxembourg;
<b>Cut-Off time</b>	such time in respect of any relevant Dealing Day as shall be specified in the relevant Supplement for that Sub-Fund or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Cut-Off time is no later than the Valuation Point for the relevant Dealing Day;
<b>Dealing Day</b>	such Business Day on which subscription requests or redemption requests or conversion requests shall be effected, as specified in the relevant Supplement for that Sub-Fund or any such other day or days as the Directors may determine and notify in advance to the Shareholders provided there is at least one every two weeks;
<b>Depository</b>	BNP Paribas Securities Services, Luxembourg Branch or such other depository from time to time appointed by the SICAV;
<b>Depository Agreement</b>	the depository agreement entered into between the Depository, the Management Company and the SICAV effective as of October 13, 2016, as may be amended from time to time, pursuant to which the Depository is appointed by the SICAV as depository bank;
<b>Distributor</b>	any distributor appointed by the Global Distributor according to the terms of the relevant distribution agreement or any other distributor which may be appointed from time to time;
<b>Distribution Shares</b>	Shares in respect of which income is distributed periodically to Shareholders;
<b>Domiciliary Agent</b>	Lemanik Asset Management S.A. or any other domiciliary agent which may be appointed from time to time;
<b>ESMA</b>	the European Securities and Markets Authority;
<b>EU</b>	the European Union;
<b>ERISA</b>	the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder;

<b>Euro or EUR or €</b>	the currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992);
<b>Eurozone</b>	the geographical area consisting of the member states of the European Union that have adopted the Euro as their national currency;
<b>FATCA</b>	the provisions of the United States Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act (FATCA), and other regulations promulgated thereunder;
<b>Fiscal Year</b>	the period beginning on 1 January of each year and ending on 31 December of that year, or such other period or periods as the general meeting of shareholders may from time to time determine;
<b>Group of Companies</b>	companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules, as amended;
<b>Global Distributor</b>	Lemanik Asset Management S.A. appointed as global distributor under the Management Company Services Agreement or any other global distributor which may be appointed from time to time;
<b>Greater China</b>	for the purposes of this Prospectus only, the PRC, the Hong Kong S.A.R., the Macau Special Administrative Region of the PRC. and Taiwan;
<b>Hong Kong or the Hong Kong S.A.R.</b>	the Hong Kong Special Administrative Region of the PRC;
<b>Ineligible Applicant</b>	<p>any person to whom a transfer of Shares (legally or beneficially) or by whom a holding of Shares (legally or beneficially) would or, in the opinion of the Directors, might:</p> <p>a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such Shares; or</p> <p>b) require the SICAV, the Management Company or the Investment Manager to be registered under any law or regulation whether as an investment fund or otherwise, or cause the SICAV to be required to comply with any registration requirements in respect of any of its Shares, whether in the United States of America or any other jurisdiction; or</p>

	c) cause the SICAV, its Shareholders, the Management Company or the Investment Manager some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the SICAV, its Shareholders, the Management Company or the Investment Manager might not otherwise have incurred or suffered;
<b>Initial Offer Period</b>	the period set by the Directors in relation to any Sub-Fund or Class of Shares as the period during which Shares are initially on offer and as specified in the relevant Supplement;
<b>Initial Offer Price</b>	the initial price payable for a Share as specified in the relevant Supplement for each Sub-Fund;
<b>Investment Management Agreement</b>	the investment management agreement entered into between the Management Company and the Investment Manager dated 8 August 2017 with effect as of 1 September 2017 and amended on 15 December 2017,, as may be amended from time to time, pursuant to which China Tonghai Asset Management Limited is appointed by the Management Company to provide discretionary investment management services to the SICAV in relation to all the Sub-Funds;
<b>Investment Manager</b>	any investment manager appointed by the SICAV in relation to any Sub-Funds present and future, in view of managing the assets of such Sub-Funds in accordance with an investment management agreement. At the date of this Prospectus, China Tonghai Asset Management Limited (formerly Oceanwide Asset Management Limited) is appointed as Investment Manager for all the Sub-Funds;
<b>Luxembourg</b>	the Grand Duchy of Luxembourg;
<b>Market Timing / Excessive Trading Fee</b>	the fee which may be levied by the Board of Directors for the benefit of the relevant Sub-Fund, in case of market timing and/or excessive trading, as set forth in the Section "Prevention of Late Trading and Market Timing";
<b>Management Company</b>	Lemanik Asset Management S.A., appointed by the SICAV as management company and governed by chapter 15 of the UCI Law or any other management company which may be appointed from time to time;
<b>Management Company Services Agreement</b>	the management company services agreement entered into between the SICAV and the Management Company on or about October 9, 2015, as may be amended from time to time, pursuant to which Lemanik Asset Management S.A. has been appointed as designated management company of the SICAV as well as domiciliary agent and global distributor of the Shares of the SICAV;
<b>Member State</b>	a member state of the European Union and any states that is a contracting party to the agreement creating the European Economic Area other than the member states of the European Union, within the limits set forth by this agreement and related acts;

<b>Minimum Holding</b>	the minimum holding for each class of Shares as specified in the relevant Supplement for each Sub-Fund;
<b>Minimum Additional Subscription</b>	the minimum additional investment for each class of Shares as specified in the relevant Supplement for each Sub-Fund;
<b>Minimum Subscription</b>	the minimum investment for each class of Shares as specified in the relevant Supplement for each Sub-Fund;
<b>Money Market Instruments</b>	instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time, and instruments eligible as money market instruments, as defined by guidelines issued by the CSSF from time to time;
<b>Net Asset Value</b>	the net asset value of the SICAV, a Sub-Fund or a Class (as the context may require) as calculated in accordance with the Articles;
<b>Net Asset Value per Share</b>	the Net Asset Value in respect of any Sub-Fund or Class divided by the number of Shares of the relevant Sub-Fund or Class in issue at the relevant time;
<b>Non-EU Regulator or Non-EU Regulators</b>	any financial regulator with which the SICAV and or any of its Sub-Funds may be registered for public distribution in one Non-Member State;
<b>Non-Member State</b>	any State of Europe, America, Africa, Asia, Australia and Oceania which is not a Member State;
<b>OECD</b>	the Organisation for Economic Co-operation and Development;
<b>Other Regulated Market</b>	market which is regulated, operates regularly and is recognized and open to the public, namely a market: (i) that meets the following cumulative criteria: liquidity, multilateral order matching (general matching of bid and ask prices in order to establish a single price) and transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that state or by that public authority such as a professional association and (iv) on which the securities dealt are accessible to the public, as those criteria are defined and/or amended by guidelines issued by the CSSF from time to time;
<b>PRC or China</b>	the People's Republic of China;
<b>Prospectus</b>	this prospectus, as may be amended or supplemented from time to time;

<b>QFII</b>	a qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time);
<b>REITs or Real Estate Investment Trusts</b>	a Real Estate Investment Trust or REIT is an entity that is dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential, commercial and industrial sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities. A closed-ended REIT, the units of which are listed on a Regulated Market may classify as a transferable security listed on a Regulated Market thereby qualifying as an eligible investment for a UCITS under the Law of 2010 and in accordance with the provisions of article 2 of the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the UCI Law . The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established;
<b>RMB</b>	the currency of the PRC;
<b>Redemption Price</b>	the price per Share at which Shares are redeemed;
<b>Reference Currency</b>	as the context may require, the reference currency of the SICAV, which is the US Dollar, or of the relevant Sub-Fund, or of the relevant Class of Shares, as described in the Supplement of the relevant Sub-Fund;
<b>Regulated Market</b>	a market in the meaning of directive 2004/39/EC of the EU Parliament and Council on markets in financial instruments, namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the Directive 2004/39/EC;
<b>RQFII</b>	a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time);
<b>SAFE</b>	the PRC State Administration of Foreign Exchange;
<b>Settlement Time</b>	the time on which subscription monies and any charge applicable in relation thereto must be received in immediately available funds by the Administrator, as set out in the relevant Supplement for the relevant Sub-Fund;
<b>SFTR</b>	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 and amending Regulation (EU) No 648/2012;

<b>Share or Shares</b>	shares of any Class in the SICAV as the context requires;
<b>Share Class or Class of Shares or Class</b>	all of the Shares issued by the SICAV as a particular class of Shares relating to a single Sub-Fund;
<b>Shareholder</b>	a holder of Shares in the SICAV;
<b>SICAV</b>	Oceanwide Funds SICAV;
<b>Stock Connect</b>	the mutual market access programme through which non-PRC investors can deal in select securities listed on a PRC stock exchange, currently the Shanghai Stock Exchange or the Shenzhen Stock Exchange, through a platform organized by the Hong Kong Stock Exchange and a broker and a clearing house based in Hong Kong and PRC domestic investors can deal in select securities listed on the Hong Kong Stock Exchange through a platform put in place by a PRC stock exchange, currently the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
<b>Sub-Fund</b>	a sub-fund of the SICAV means a specific portfolio of assets, held within the SICAV which is invested in accordance with the investment objective and investment policies applicable to such sub-fund and which is established by the Directors from time to time and subject to prior review of the home regulator of the SICAV;
<b>Subscription Price</b>	the price per Share at which Shares may be issued after the close of the Initial Offer Period calculated in the manner described in the Section “Subscriptions”;
<b>Supplement</b>	a supplement to this Prospectus specifying certain information in respect of a Sub-Fund and/or one or more Classes;
<b>Sustainability Factors</b>	environmental, social and employee matters, respect of human rights, anti-corruption and anti-bribery matters;
<b>Sustainability Risk</b>	an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by a Sub-Fund;
<b>Transferable Securities</b>	(i) shares and other securities equivalent to shares (“shares”);  (ii) bonds and other debt instruments (“debt securities”); and  (iii) any other negotiable securities that carry the right to acquire any such transferable securities by subscription or exchange, to the extent they do not qualify as Techniques and Instruments as described in Appendix 1 of this Prospectus;
<b>UCI</b>	undertaking for collective investment;

<b>UCI Law</b>	the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended;
<b>UCITS</b>	an undertaking for collective investment in transferable securities established pursuant to the UCITS Directive;
<b>UCITS Directive</b>	the Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended from time to time;
<b>USD or US Dollar or US\$</b>	the currency of the United States of America;
<b>US Person</b>	means (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (iii) a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US Persons have the authority to control all substantial decisions of the trust or (iv) an estate which is subject to US tax on its worldwide income from all sources. In addition, the term US Person includes any individual or entity that would be a US Person under Regulation S of the 1933 Act;
<b>US Tax-Exempt Investor</b>	a US person within the meaning of the United States Internal Revenue Code of 1986, as amended, that is subject to ERISA or is otherwise exempt from payment of US Federal income tax;
<b>Valuation Day</b>	the Business Day as of which the Administrator determines the Net Asset Value per Share of each Sub-Fund, as specified in the relevant Supplement for that Sub-Fund;
<b>Valuation Point</b>	the point in time on which the value of the assets of a Sub-Fund is determined on a Valuation Day, as specified for each Sub-Fund in the relevant Supplement to this Prospectus.

In this Prospectus the words and expressions set out in the first column above shall have the meanings set opposite them unless the context requires otherwise. All references to “Euro”, “EUR” and “€” are to the unit of the European single currency, all references to “US Dollar”, “USD” and “US\$” are to the unit of the currency of the United States, all reference to “RMB” are to the unit of the currency of the PRC.

## THE SICAV AND THE SUB-FUNDS

The SICAV is an open-ended investment company incorporated under the laws of Luxembourg as a Société d'Investissement à Capital *Variable* in accordance with the provisions of Part I of the UCI Law for an unlimited period of time. The SICAV has designated a third party management company under a Management Company Services Agreement, referred to below as the Management Company.

The SICAV is an umbrella fund designed to offer investors access to a variety of investment strategies through a range of separate Sub-Funds. At the date of this Prospectus, the SICAV consists of one Sub-Fund: Oceanwide Greater China UCITS Fund.

The SICAV was incorporated as a UCITS governed by the provisions of Part I the UCI Law, on October 8, 2015 under the name of Oceanwide Funds SICAV, and registered with the Luxembourg Trade and Companies' Register under the number B 201135 and in the *Mémorial C. Recueil des Sociétés et Associations* on 10 November 2015 with an initial share capital of USD 45,000.-. At all times the SICAV's capital will be equal to the Net Asset Value of the SICAV and will not fall below the minimum capital required by Luxembourg law.

The Directors may establish additional Sub-Funds from time to time in respect of which a Supplement or Supplements will be issued after prior review of the home regulator of the SICAV.

The assets and liabilities of each Sub-Fund will be segregated from one another and will be invested in accordance with the investment objectives and investment policies applicable to each such Sub-Fund and as set out in the relevant Supplement. Pursuant to Article 181 of the UCI Law, each Sub-Fund corresponds to a distinct part of the assets and liabilities of the SICAV, i.e. the assets of a Sub-Fund are exclusively available to satisfy the rights of Shareholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation and operation of that Sub-Fund.

The liabilities of a particular Sub-Fund (in the event of a winding up of the SICAV or a repurchase of the Shares in the SICAV or all the Shares of any Sub-Fund) shall be binding on the SICAV but only to the extent of the particular Sub-Fund's assets and in the event of a particular Sub-Fund's liabilities exceeding its assets, recourse shall not be made against the assets of another Sub-Fund to satisfy any such deficit.

The Reference Currency of each Sub-Fund/Class is set out in the relevant Supplement.

Shares of a Sub-Fund may be listed on the Luxembourg Stock Exchange or on another investment exchange. The Board of Directors will decide whether Shares of a particular Sub-Fund are to be listed. The relevant Supplement will specify if the Shares of a particular Sub-Fund are listed.

### The Sub-Funds and their Investment Objectives and Policies

Details of the investment objective, investment policies and certain terms relating to an investment in the Sub-Funds will be set out in the relevant Supplement.

### Profile of a Typical Investor

The profile of a typical investor will be set out in the relevant Supplement.

The choice of specific Sub-Fund should be determined by the investor's attitude to risk, preference for income or growth, intended investment time horizon and in the context of the investor's overall portfolio. Investors should seek professional advice before making investment decisions.

### Classes of Shares

Each Sub-Fund may offer more than one Class of Shares. Each Class of Shares may have different features with respect to e.g. its criteria for subscription, redemption, Minimum Holding, fee structure, currency, hedging strategy and dividend policy. A separate Net Asset Value per Share will be calculated for each Class. The Classes of Shares currently available for each Sub-Fund are set out in the relevant Supplement. Further Classes may be created by the Board of Directors in accordance with the requirements of the CSSF.

Information as to the availability of Classes of Shares in each country where the Shares of the SICAV are registered for sale may be obtained from the local Distributors.

The Minimum Subscription, Minimum Holding and Minimum Additional Subscription for any Sub-Fund or Class of Shares may be waived or reduced at the discretion of the Directors.

### Investment Restrictions

Investment of the assets of each Sub-Fund must comply with the UCI Law and, in relation to Sub-Funds which are registered for public distribution in Non-Member States, may be required to comply with certain legal or regulatory provisions of those Non-Member States. The investment and borrowing restrictions applying to the SICAV and each Sub-Fund are as set out in Appendix 1. Subject to prior review from the home regulator of the SICAV and, when applicable, the relevant Non-EU Regulator, the Directors may impose further restrictions or change any investment restrictions in respect of any Sub-Fund(s). In relation to Sub-Funds registered for public distribution in Non-Member States, the SICAV will provide prior notification as may be required or allowed by the home regulator of the SICAV and the Non-EU Regulator to the investors concerned.

With the exception of permitted investments in unlisted securities or in units of open-ended collective investment schemes or in over-the-counter derivative contracts, investments will be made on Regulated Markets or an Other Regulated Markets. Each Sub-Fund may also hold ancillary liquid assets.

### Reports and Financial Statements

The SICAV's accounting period will end on 31 December in each year.

The SICAV will prepare an annual report and audited annual financial statements (available in English only) within four months of the financial period to which they relate i.e. by 30 April of each year. Copies of the unaudited half yearly reports (made up to 30 June in each year) (available in English only) will also be prepared within two months of the end of the half year period to which they relate i.e. by 31 August of each year.

Copies of the annual audited financial statements and half yearly reports (available in English only) will be made available to investors to the registered office of the SICAV and prospective investors upon request (see also "General Information" section).

### Distribution Policy

In each Class of Shares within each Sub-Fund, the Board of Directors may issue Accumulation Shares and Distribution Shares, as more fully described in the relevant Supplement.

Distribution Shares may pay a dividend to their holders whereas Accumulation Shares capitalise their entire earnings.

The annual general meeting of the Shareholders shall decide, on recommendation of the Board of Directors, what share of the SICAV's profits shall be distributed from each relevant Class of Shares.

Distribution of a dividend may be decided independently of all capital gains or losses, realised or unrealised.

Consequently, the annual general meeting of the Shareholders may approve, for each Sub-Fund or Class of Shares, the distribution of the net income and capital gains after deduction of capital losses. The amounts corresponding to income attributable to the Shares of a Class which decided not to pay a dividend will be capitalised in the assets of the Class concerned.

The type of distribution (net investment income or capital) will be specified in the SICAV's financial statements. When a Sub-Fund is registered for public distribution in a Non-Member State, the Directors may be limited or subject to particular disclosures by local rules and regulations in relation to the cases and/or the manner in which they may decide to distribute out of capital. To the extent those rules would have an impact on investors subscribing for shares in that particular Sub-Fund based on this Prospectus, the above limitations and/or disclosures will be included in the relevant Supplement. Every resolution of the annual general meeting deciding the distribution of a dividend in a Sub-Fund must be approved by the Shareholders of the said Sub-Fund by a simple majority of the votes validly cast at such meeting.

For each Sub-Fund, the Board of Directors may decide on the payment of interim dividends in compliance with legal requirements.

The distribution policy of each Class of Shares within each Sub-Fund is set out in the relevant Supplement.

Entitlement to dividends and allocations not claimed within five years of the due date shall be forfeited and the corresponding assets shall revert to the Sub-Fund concerned or, in case of liquidation of such Sub-Fund, to the remaining Sub-Fund.

Payments will be made in the Reference Currency of the relevant Class.

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

#### Publication of Net Asset Value per Share

The Net Asset Value per Share may be obtained free of charge from, and will be available at the offices of the Administrator during business hours in Luxembourg.

## DIRECTORS

The Board of Directors is responsible for the overall management and control of the SICAV in accordance with the Articles. The Board of Directors shall have the power to determine the corporate and investment objectives and policy of the SICAV and each Sub-Fund thereof, as well as the course of conduct of the management and business affairs of the SICAV. It shall be further responsible for oversight of the administration and operations of each Sub-Fund.

The Directors will receive periodic reports from the Management Company and/or Investment Manager and/or the Administrator detailing the performance and analyzing the investment portfolio of each Sub-Fund.

The Directors currently are:

- Mr. Kin Hing Kenneth Lam;
- Mr. Jonathan Khean Chew;
- Mr. François-Louis Gilliéron;
- Mr. Chris Wu Kwok Choi;

**Mr. Kin Hing Kenneth Lam** is an executive director and deputy chairman of China Tonghai International Financial Limited (formerly known as China Oceanwide International Financial Limited), a company listed in Hong Kong and is the ultimate holding company of China Tonghai Asset Management Limited, China Tonghai Asset Management (BVI) Ltd. He is also the Chief Executive Officer of the China Tonghai Group. Mr. Lam had worked for an international bank for 10 years as the head of its PRC and corporate banking operations. He has more than 30 years of experience in corporate finance and banking. He holds a Bachelor of Science Degree in University of Western Ontario with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-Year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University.

**Mr Jonathan Khean Chew** is a director of China Tonghai Asset Management (BVI) Ltd and is Imara Capital's Chief Investment Officer. He started his career as an investment analyst at TC Coombs in London covering Asia ex-Japan in 1979. After leaving TC Coombs, he joined GT Management (later LGT Asset Management) in Hong Kong (between 1989 and 1997) where he established and was the head of the Global Emerging Markets team. During this period, the Emerging Markets team launched the GT Africa Fund in 1995, a UK unit trust. He then left to manage what became known as the Imara Global Fund after being part of the group that set up Imara Holdings in 2002. He was Chief Investment Officer at Imara Asset Management (the asset management arm of Imara Holdings) where he co-managed the Imara African Opportunities Fund (launched in 2005), managed the Imara Nigeria Fund (launched in 2007) and also oversaw various segregated Pan-Africa mandates for European clients. He transferred from Imara Asset Management to Imara Capital (an affiliate of Imara Holdings) in 2016 where his focus is now on Zimbabwe. As Chief Investment Officer, he manages the investment research team and provides top-down analysis

**Mr. François-Louis Gilliéron** is a director of China Tonghai Asset Management (BVI) Ltd. Mr Gilliéron is presently a senior advisor of Atlas Capital SA a leading asset management firm in Geneva. He has more than 20 years of experience in the field. He began his career as a professional journalist before joining Paribas Group where he spent more than 6 years in Geneva and overseas. In 1987, as the personal assistant to the founder and chairman of UBP Group, he received an early introduction into hedge funds. Since then, he has specialized in the field. He joined the Bearbull Group in 1990 where he oversaw the fund activity and in 1997, he founded his

own firm, taken over by Atlas in 2003. Mr Gillérion has an economics bachelor's degree (lic. Oec. HSG) of St Gall University.

**Mr. Chris Wu Kwok Choi** is the Chief Financial Officer of the China Tonghai Group. Mr. Wu joined China Tonghai Asset Management Limited in June 2017 following more than 20 years of finance and accounting experience in the Greater China region. Mr. Wu graduated from the Hong Kong University of Science and Technology with a bachelor degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants as well as a fellow member of The Hong Kong Institute of Certified Public Accountants.

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the SICAV, subject to the powers reserved by law to the Shareholders.

## THE MANAGEMENT COMPANY

The SICAV has appointed Lemanik Asset Management S.A. as its designated management company within the meaning of the UCI Law. The Management Company is responsible, subject to the overall supervision of the Directors, for the provision of investment management services, administrative services, marketing services and domiciliary services to the SICAV.

Lemanik Asset Management S.A. is a public limited company (*société anonyme*) incorporated under Luxembourg laws on 1 September 1993, authorised and regulated by the CSSF as a Chapter 15 management company under the UCI Law and registered with the Luxembourg register of trade and companies under number B 44870.

The board of directors of the Management Company is, at the date of this Prospectus, composed as follows:

- Mr. Gianluigi SAGRAMOSO (Chairman)
- Mr. Carlo SAGRAMOSO
- Mr. Philippe MELONI

The Management Company is managed by its board of directors.

The conducting officers of the Management Company are Mr. Philippe Meloni, Mr. Gilles Rolland, Mr. Jean-Philippe Claessens, and Mr. Alexandre Dumont.

In addition to the SICAV, the Management Company also acts as management company for other funds. The list of funds managed by the Management Company is set out in the Management Company's annual reports and may be obtained upon request from the Management Company.

With the written prior consent of the Directors and, to the extent required by applicable law, the approval of the CSSF, the Management Company is authorised to delegate all or part of its duties and powers to any person or entity, provided such duties and powers remain under the supervision and responsibility of the Management Company.

The relationship between the Management Company and the SICAV is subject to the terms of the Management Company Services Agreement which has been entered into for an unlimited period of time from the date of its execution. Each of the Management Company and the SICAV may terminate the Management Company Services Agreement on at least three (3) months prior written notice. The Management Company Services Agreement may also be terminated on shorter notice in certain circumstances.

The Management Company Services Agreement contains provisions indemnifying the Management Company, and exempting the Management Company from liability, in certain circumstances.

Where the Management Company has delegated any of its functions to a third party, the relevant agreement shall contain a provision which allows the Management Company to give at any time further instructions to the entity(ies) to which those functions have been delegated and to terminate the relevant agreement without prior notice and with immediate effect, as provided for by article 110 (1) (g) of the UCI Law. Such a possibility has been provided for in the agreements between the Management Company and its delegates.

The Management Company is entitled to receive a management company fee up to 0.35 % p.a., subject to an annual minimum fee of up to EUR 60,000 per Sub-Fund. This fee is payable monthly and based on the average net assets of the Sub-Fund during the relevant month.

As remuneration for its services, the Domiciliary Agent will receive from the SICAV an annual fee of EUR 5,000. - p.a. for the whole Fund and an annual fee of EUR 1,000.- p.a. per active Sub-Fund

that is payable monthly and based on the average net assets of each Sub-Fund during the relevant month.

Details of the Management Company's remuneration policy (the "**Remuneration Policy**"), including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website [http://www.lemanikgroup.com/management-company-service\\_substance\\_governance.cfm](http://www.lemanikgroup.com/management-company-service_substance_governance.cfm).

A paper copy of the Remuneration Policy is available free of charge to the Shareholders upon request.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the SICAV and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

In context of delegation, the Remuneration Policy will ensure that the delegates comply with the following:

- a) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the SICAV in order to ensure that the assessment process is based on the longer-term performance of the SICAV and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- b) if at any point of time, the management of the SICAV were to account for 50 % or more of the total portfolio managed by the delegate, at least 50 % of any variable remuneration component will have to consist of Shares, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this item (b); and
- c) a substantial portion, and in any event at least 40 % of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the Shareholders and is correctly aligned with the nature of the risks of the SICAV.

## **INVESTMENT MANAGER**

By an Investment Management Agreement dated 8 August 2017 with effect as of 1 September 2017 and amended on 15 December 2017, China Tonghai Asset Management Limited (formerly Oceanwide Asset Management Limited) has undertaken to provide investment management services to the SICAV.

The Investment Manager is a company incorporated and existing under the laws of Hong Kong S.A.R. having its registered office at 18/F, China Building, 29 Queen's Road Central, Hong Kong, registered with the Public Register of Licensed Persons and Registered Institutions.

Details of any sub-investment manager(s) appointed by the Investment Manager in respect of the assets of any Sub-Fund, if any, are set out in the Supplement relevant to the Sub-Fund in question.

Under the Investment Management Agreement, the Investment Manager has full discretion, subject to the overall review and control of the SICAV, to manage the assets of the SICAV on a discretionary basis.

The Investment Manager provides the Management Company with advice, reports and recommendations in connection with the management of the assets of the Sub-Funds and shall advise the Management Company as to the selection of liquid assets and other securities and assets constituting the portfolios of the Sub-Funds and has discretion, on a day-to-day basis and subject to the overall control and responsibility of the Management Company, to purchase and sell such liquid assets and other securities and otherwise to manage the Sub-Funds' portfolios. Any management activities of the Investment Manager shall be subject to compliance with the investment objective, strategy and restrictions of the relevant Sub-Funds as set out in this Prospectus as well as with any additional restrictions and directions notified by the Board of Directors or the Management Company to the Investment Manager from time to time.

## **ADMINISTRATOR**

BNP Paribas Securities Services, Luxembourg Branch has been appointed by the Management Company as the Administrator pursuant to the Administration Agreement entered into for an unlimited period of time from the date of its signature. The Administrator will carry out all administrative duties related to the administration of the SICAV, including the calculation of the Net Asset Value of the Shares and the provision of accounting services to the SICAV.

BNP Paribas Securities Services, Luxembourg Branch has been registered with the Luxembourg Trade and Companies Register on 19 April 2002 under the number B 86 862 and has its office at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

The Administrator is not responsible for any investment decisions of the Management Company or the SICAV or the effect of such investment decisions on the performance of the SICAV.

The Administrator has also been appointed by the Management Company as the registrar and transfer agent of the SICAV pursuant to the Administration Agreement. In this function the Administrator will process all subscriptions, redemptions and transfers of Shares and will register these transactions in the share register of the SICAV.

The relationship between the Management Company and the Administrator is subject to the terms of the Administration Agreement. The Management Company and the Administrator may terminate the Administration Agreement on 90 calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances.

The Administration Agreement contains provisions indemnifying the Administrator, and exempting the Administrator from liability, in certain circumstances.

Subject to the prior written consent of the Directors and the CSSF's prior approval, the Management Company reserves the right to change the administration arrangements described above by agreement with the Administrator and/or in its discretion to appoint an alternative administrator. Shareholders will be notified in due course of any appointment of an alternative administrator and the Prospectus will be duly amended to reflect such a change, as appropriate.

The Management Company has also appointed the Administrator as accounting service provider pursuant to the Administration Agreement.

As remuneration for its activity as administrative agent and the administrative services (accounts, bookkeeping, calculation of Net Asset Value, registrar functions, secretariat) it provides the SICAV with, the Administrator shall receive a quarterly fee from the SICAV calculated on the average Net Asset Values of the assets of the different Sub-Funds of the Company for the quarter considered, to a maximum of 1.0% per annum.

## DEPOSITARY

BNP Paribas Securities Services, Luxembourg Branch has been appointed Depositary of the SICAV under the terms of a written agreement effective as of 13 October 2016 between BNP Paribas Securities Services, Luxembourg Branch, the Management Company and the SICAV.

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

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

Under its oversight duties, the Depositary is required to:

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

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

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

Such other business relationships may cover services in relation to

- Outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas Securities Services or its affiliates act as agent of the Management Company or the SICAV, or
- Selection of BNP Paribas Securities Services or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

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

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

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:

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

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

The Depositary may delegate to third parties the safe-keeping of the SICAV's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

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

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

A list of these delegates and sub-delegates for its safekeeping duties is available on the website <http://securities.bnpparibas.com/solutions/depositary-bank-trustee-services.html>.

Such list may be updated from time to time.

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

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

The SICAV or the Management Company acting on behalf of the SICAV may release the Depositary from its duties with ninety (90) days written notice to the Depositary. Likewise, the Depositary may resign from its duties with ninety (90) days written notice to the SICAV and the Management Company. In that case, a new depositary must be designated to carry out the duties and assume the responsibilities of the Depositary, as defined in the agreement signed to this effect. The replacement of the Depositary shall happen within two months.

## **DISTRIBUTORS**

The SICAV has appointed Lemanik Asset Management S.A. as Global Distributor under the terms of the Management Company Services Agreement.

Under the terms of the Management Company Services Agreement, the Global Distributor has the power to appoint Distributors in respect of the SICAV or specific Sub-Funds, subject to the Board of Directors being fully informed thereof, and determine dealing procedures thereof.

The Management Company Services Agreement, with respect to the appointment of Lemanik Asset Management S.A. as Global Distributor contains provisions indemnifying the Global Distributor and exempting the Global Distributor from liability, in certain circumstances.

The Global Distributor, any Distributors and/or its or their respective directors, employees, related entities and connected persons and their respective directors and employees of any of the above mentioned persons or entities may subscribe, directly or indirectly, for Shares during and after the relevant Initial Offer Period.

## SUBSCRIPTIONS

### Initial Offer

Shares in the SICAV may be subscribed for during the relevant Initial Offer Period at the Initial Offer Price and will be issued for the first time on the first Dealing Day after expiry of the relevant Initial Offer Period. The Directors may extend or shorten the Initial Offer Period at their discretion.

In such a case, Shareholders having subscribed for Shares prior to the extension or shortening of the Initial Offer Period will have to be notified of such extension or shortening and be granted the possibility to redeem their Shares at no costs.

### Subsequent Subscriptions

Following the close of the relevant Initial Offer Period, Shares will be available for subscription at the Subscription Price on each Dealing Day on a forward pricing basis (see below under “**Procedure**”).

The SICAV may also charge a Subscription Fee on such a subscription for Shares as set out in the Section “Fees and Expenses”.

Shareholders may also be required to pay a dilution levy in addition to the Subscription Price as set out in the section of the Prospectus headed “Dilution Levy” and the relevant Supplement. In case the relevant Sub-Fund is a master fund of another UCITS, the relevant feeder fund will not pay any Subscription Fee.

The Directors are authorised from time to time to resolve to close a Sub-Fund or any Class of Shares to subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

### Procedure

Applicants for Shares during the relevant Initial Offer Period should complete and sign an application form and send it to the Administrator by mail (or, subject to the following, by facsimile) so as to be received by the Administrator no later than the end of the Initial Offer Period. Cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any Subscription Fee) must be received by the Administrator at the latest on the second Business Day after the last day of the Initial Offer Period.

If the relevant application form and/or subscription monies is/are not received by these times, the application will be held over until such application form and/or subscription monies is/are received and handled the relevant following Dealing Day. Shares will then be issued at the relevant Subscription Price on that Dealing Day.

Thereafter, applicants for Shares, and Shareholders wishing to apply for additional Shares, must send their completed and signed application form by mail (or, subject to the following, by facsimile) to the Administrator before the relevant Cut-Off time as described in the relevant Supplement, and ensure that cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) are received by the Administrator at the latest on the second Business Day after the relevant Dealing Day. Applications accepted prior to the Cut-Off time will be processed on the same Dealing Day. Any applications received after the Cut-Off time for a particular Dealing Day will be processed on the following Dealing Day.

The Directors may decide, for *e.g.* Classes of Shares denominated in certain currencies, that the cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) must be received by the Administrator by a determined

time, referring to Luxembourg time, on the last day of the Initial Offer Period or on the relevant Dealing Day, as the case may be, as further described in the relevant Supplement.

Payment of subscription monies (including any Subscription Fee) must be made by wire transfer in cleared funds (net of any transfer costs) on a designated account, as referred to in the application form, in the Reference Currency of the relevant Class of Shares, as specified in the relevant Supplement, by the Settlement Time specified in the relevant Supplement.

Initial applications may be made by facsimile subject to the prompt receipt by the Administrator of the original signed application form and such other supporting documents (such as documentation in relation to money laundering prevention checks) as may be required. Thereafter, Shareholders wishing to apply for additional Shares may apply for Shares by facsimile and these applications may be processed without a requirement to submit original documentation. Amendments to a Shareholder's registration details and payment instructions will only be effected on receipt of original documentation.

Application forms may also be sent to Distributor(s) by the Cut-Off time as specified in the relevant Supplement. In such case, the Distributor(s), once they have received all necessary documents (including the documentation in relation to money laundering prevention checks), shall send the completed application form to the Administrator no later than, in the case of subscriptions during the Initial Offer Period, the Cut-Off time of the last day of the Initial Offer Period (as specified for each Sub-Fund in the relevant Supplement), and thereafter no later than the Cut-Off time of the relevant Dealing Day.

Submission of application forms via the Distributor(s) may be subject to a cut-off time earlier than the Cut-Off time specified in the relevant Supplement. Investors should therefore check with the relevant Distributor(s) on the timing and procedures for submission of any application forms.

Subscription amounts received in any convertible currency, other than the Reference Currency of the relevant Class of Shares, will be converted upon receipt of cleared funds (net of any transfer costs) by the Administrator acting on behalf of the investor and at his expense and risk, into the relevant Reference Currency.

Fractions of Shares to three decimal places will be issued if necessary.

The Board of Directors reserves the right to reject any application in whole or part at its absolute discretion, including but not limited to, in cases where the application is below the Minimum Subscription or the Minimum Subsequent Subscription, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) to the applicant as soon as practicable in the relevant currency at the risk and cost of the applicant.

The Board of Directors may agree to the issue of Shares in exchange for assets other than cash but will only do so where, in the absolute discretion of the Board of Directors of the SICAV, it is determined that the SICAV's acquisition of such assets in exchange for Shares complies with the investment policies and restrictions laid down in the relevant Supplement to this Prospectus for each Sub-Fund, has a value equal to the relevant Subscription Price of the Shares (including any Subscription Fee and/or dilution levy) and is not likely to result in any material prejudice to the interests of Shareholders. Such contribution in kind to any Sub-Fund will be valued independently in a special report from the SICAV's auditor, at the expense of the investor. Transaction charges incurred on the transfer of assets will be chargeable to the investor in respect of such contribution in kind.

#### Minimum Investment

The Minimum Holding, the Minimum Subscription and the Minimum Additional Subscription (if any) for each Class in respect of each Sub-Fund are set out in the relevant Supplement.

### Ineligible Applicants

The application form requires each prospective applicant for Shares to represent and warrant to the SICAV that, among other things, any applicant is not an Ineligible Applicant.

In particular, the Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the SICAV incurring any liability to taxation or suffering any other pecuniary disadvantage which the SICAV might not otherwise incur or suffer, or would result in the SICAV being required to register under any applicable US securities laws.

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (a) such US Person is a US Tax-Exempt Investor which certifies that it is an “accredited investor” and a “qualified purchaser”, in each case as defined under applicable US federal securities laws;
- (b) such issue or transfer does not result in a violation of the United States Securities Act of 1933, as amended, (the “**1933 Act**”) or the securities laws of any of the states of the United States;
- (c) such issue or transfer will not require the Sub-Fund to register under the United States Investment Company Act of 1940, as amended, or to file a prospectus with the US Commodity Futures Trading Commission or the US National Futures Association pursuant to regulations under the US Commodity Exchange Act (“**CEA**”);
- (d) such issue or transfer will not cause any assets of the Sub-Fund to be “plan assets” for the purposes of Part 4 of Title 1 of the **ERISA**; and
- (e) such issue or transfer will not result in any adverse regulatory or tax consequences to the Sub-Fund or its Shareholders as a whole.

Each applicant for, and transferee of, Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete the appropriate application form.

### Form of Shares

All the Shares will be registered Shares and will only be issued in bookstock form, meaning that a Shareholder’s entitlement will be evidenced by an entry in the SICAV’s register of Shareholders, as maintained by the Administrator, and not by a share certificate.

### Suspension

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under “Suspension of Valuation of Assets”. No Shares will be issued during any such period of suspension. The Directors shall, as soon as may be practicable after any such declaration, publish in an appropriate manner that such declaration has been made.

### Anti-Money Laundering

The applicants wanting to subscribe Shares of the SICAV must provide the Distributor(s) and/or the Administrator (as the case may be) with all necessary information, which the Distributor(s) and/or the Administrator (as the case may be) may reasonably require to perform the customary due diligence on the applicant, in compliance with all applicable international and Luxembourg laws, rules and regulations regarding the prevention of money laundering and in particular with the Luxembourg law dated 12 November 2004 against money laundering and terrorism financing, as amended by the law of 17 July 2008 and by the law of 27 October 2010, with the Grand-Ducal regulation dated 1 December 2009 abrogating the Grand-Ducal regulation dated 29 July 2008, the

CSSF Regulation No 12-02 of 14 December 2012, and the CSSF Circular 13/556 dated 16 January 2013, as they may be amended from time to time. Failure to do so may result in the SICAV refusing to accept the subscription for Shares in the SICAV.

Applicants must indicate whether they invest on their own account or on behalf of a third party.

The Distributor(s) and/or the Administrator (as the case may be) must in particular verify the identity of the applicant by effecting customer due diligence measures.

Except for applicants applying through companies which are regulated credit or financial institutions, bound in their country by legal provisions on the prevention of money laundering equivalent to those applicable in Luxembourg (in such case, the Administrator may apply simplified customary due diligence procedures) any applicant is obliged to submit to the Administrator in Luxembourg all necessary information, which the Administrator may reasonably require to perform the customary due diligence.

In the case of an applicant on behalf of a third party, the Administrator must also verify the identity of the beneficial owner(s). In such context, any such applicant undertakes that it will notify the Administrator prior to the occurrence of any change in the identity of any such beneficial owner.

In addition, the Administrator is obliged to identify the source of funds from a financial institution which is not subject to an obligatory identification procedure equivalent to that required under Luxembourg law. The processing of a subscription may therefore be temporarily suspended until the source of the funds has been identified. It is generally accepted that a regulated financial sector professional resident (i) in a Member State of the European Economic Area or (ii) of the European Union are deemed to have an identification obligation equivalent to that required by Luxembourg law.

Failure to provide such information or documentation in a timely manner could result in delay in the allotment of Shares, or in a refusal to allot Shares.

#### Data Protection

In accordance with the provisions of the applicable Luxembourg data protection law, and the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and any other data protection law applicable in Luxembourg (the “**GDPR**”) (altogether the “**Data Protection Law**”), the SICAV acting as data controller (the “**Data Controller**”) collects stores and processes, by electronic or other means, the data supplied by investors and/or the prospective investors or, if the investor or prospective investor is a legal person, by any natural person related to the investor or the prospective investor such as its contact person(s), employee(s), trustee(s), agent(s), representative(s) and/or beneficial owner(s) (all the natural persons referred above, the “**Data Subjects**”) for the purpose of fulfilling the services required by investors and prospective investors and complying with its legal obligations.

The data processed includes the Data Subject’s name, address and invested amount (the “**Personal Data**”).

The Data Subjects may, at their discretion, refuse to communicate the Personal Data to the Data Controller. In this case however the Data Controller may reject the request for subscription for Shares in the SICAV.

Personal Data supplied by Data Subjects is processed in order to enter into and execute the subscription in the SICAV (i.e. to perform any pre-contractual measures as well as the contract entered into by the Data Subjects), for the legitimate interests of the Data Controller and to comply with the legal obligations imposed on the Data Controller. In particular, the data supplied by Shareholders is processed for the purpose of (i) maintaining the register of Shareholders, (ii)

processing subscriptions and redemptions of Shares and payments of dividends to Shareholders, if any, (iii) account administration, (iv) client relationship management, (v) performing controls on late trading and market timing practices, (vi) complying with applicable anti-money laundering rules or any other legal obligation. In addition, Personal Data may be processed for the purposes of marketing. Each Data Subject has the right to object to the use of his/her/its Personal Data for marketing purposes by writing to the Data Controller.

The “legitimate interests” referred to above are:

- the processing purposes described in points (i) to (vi) of the above paragraph of this data protection section;
- meeting and complying with the SICAV’s accountability requirements and regulatory obligations globally; and
- exercising the business of the SICAV in accordance with reasonable market standards.

The Personal Data may also be processed by the Data Controller’s data recipients (the “**Recipients**”) which, in the context of the above mentioned purposes, refer namely to the Management Company, the Depositary, the Administration and Registrar and Transfer Agent, the Authorised Auditor and the Legal Advisers, and any other affiliated entity or third party supporting the activity of the SICAV. The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates (the “**Sub-Recipients**”), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Data Controller and/or assisting the Recipients in fulfilling their own legal obligations. The Recipients may be located either inside or outside the European Union (the “**EU**”). Where the Recipients are located outside the EU in a country which does not provide an adequate level of protection for Personal Data, the Data Controller has entered into legally binding transfer agreements with the relevant Recipients in the form of the EU Commission approved model clauses. In this respect, the Data Subjects have a right to request copies of the relevant document for enabling the Personal Data transfer(s) towards such countries by writing to the Data Controller. The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data upon instructions of the Data Controller), or as distinct data controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations). The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may act as data controller, disclose the same to other foreign tax authorities.

In accordance with the conditions laid down by the Data Protection Law, the Data Subjects acknowledge their right to:

- access their Personal Data (i.e. the right to obtain from the Data Controller confirmation as to whether or not Data Subject’s Personal Data are being processed, to be provided with certain information about the Data Controller’s processing of their Personal Data, to access to that data, and to obtain a copy of the Personal data undergoing processing (subject to exceptions));
- correct their Personal Data where it is inaccurate or incomplete (i.e. the right to require from the Data Controller that inaccurate or incomplete Personal Data be updated or corrected accordingly);
- object to the processing of their Personal Data (i.e. the right to object, on grounds relating to the Data Subject’s particular situation, to processing of Personal Data which is based on the performance of a task carried out in the public interest or the legitimate interests of the Data Controller. The Data Controller shall stop such processing unless it can either demonstrate compelling legitimate grounds for the processing that override the Data Subject’s interests, rights and freedoms or that it needs to process the data for the establishment, exercise or defence of legal claims);
- restrict the use of their Personal Data (i.e. the right to obtain that, under certain circumstances, the processing of the Data Subject’s Personal Data should be restricted to storage of such data unless their consent has been obtained);

- ask for erasure of their Personal Data (i.e. the right to require that Personal Data be erased in certain circumstances, including where it is no longer necessary for the Data Controller to process this data in relation to the purposes for which it was collected or processed);
- ask for Personal Data portability (i.e. the right to have the data transferred to the Data Subjects or another controller in a structured, commonly used and machine-readable format, where this is technically feasible).

The Data Subjects may exercise their above rights by writing to the Data Controller at the following address: 106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg.

The Data Subjects also acknowledge the existence of their right to lodge a complaint with the *Commission Nationale pour la Protection des Données* (the "**CNPD**") at the following address: 15, Boulevard du Jazz, L-4370 Belvaux, Grand-Duchy of Luxembourg; or with any competent data protection supervisory authority of their EU Member State of residence.

Personal Data shall not be retained for periods longer than those required for the purpose of their processing subject to any limitation periods imposed by law.

## REDEMPTIONS

Shareholders may request the redemption of all or any of their Shares on any Dealing Day specified for the relevant Class of Shares in the relevant Supplement for the Sub-Fund in question. Shareholders should send a completed redemption request in the form available from the Administrator to be received by the Administrator no later than the Cut-Off time for the Dealing Day in question.

### Procedure

Redemption requests may be submitted to the Administrator by facsimile, provided that the original subscription application form has been received and all the documentation required by the SICAV (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures have been completed.

Any redemption requests received after the Cut-Off time for a Dealing Day will be processed on the next Dealing Day.

Redemption requests may also be submitted to the Distributor(s) by the Cut-Off time as specified in the relevant Supplement. In such case, and provided that the original subscription application form has been received and all the documentation required by the SICAV (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures have been completed, the Distributor(s) shall send the signed redemption request to the Administrator no later than the Cut-Off of the relevant Dealing Day.

Submission of redemption requests via the Distributor(s) may be subject to a cut-off time earlier than the Cut-Off time as specified in the relevant Supplement. Investors should therefore check with the relevant Distributor(s) on the timing and procedures for submission of any redemption requests.

A request for a partial redemption of Shares will be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption request, once given to the Administrator or the relevant Distributor, is irrevocable save with the consent of the Directors (which may be withheld in their discretion), provided that the principle of equal treatment of Shareholders be complied with, at any time.

### Redemption Price

The Redemption Price per Share will be equal to the Net Asset Value per Share as of the relevant Valuation Day determined in accordance with the policy set out below. Where there is a performance fee charged, the Redemption Price will be equal to the Net Asset Value per Share less the performance fee payable in relation to the relevant Shares. In the event of a partial redemption, Shares will be redeemed on a "first in first out" basis (provided that the principle of equal treatment of Shareholders is complied with, at any time) unless the redeeming Shareholder advises the Administrator otherwise.

The SICAV may charge a redemption fee as set out in the Supplement for the Sub-Fund in question. Shareholders may also be required to pay a dilution levy as set out in the section of this Prospectus headed "Dilution Levy". Both a redemption fee and/or a dilution levy would have the result of reducing the redemption proceeds. In case the relevant Sub-Fund is a master fund of another UCITS, the relevant feeder fund will not pay any redemption fee.

### Settlement

Payment of redemption proceeds will be made as soon as practicable after the relevant Dealing Day and normally within a maximum of 7 Business Days of the relevant Cut-Off time, except otherwise provided in the relevant Supplement. Payment will be made in the currency of denomination of the Shares being redeemed by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk. Payments made on receipt of faxed instructions will only be processed where payment is made to the account of record as provided on either (a) the original, duly signed, initial application form, or (b) the original, duly signed bank mandate change request.

### Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "Suspension of Valuation of Assets". No Shares will be redeemed during any such period of suspension.

### Compulsory Redemptions

The Board of Directors of the SICAV may effect a compulsory redemption of any or all Shares held by or for the benefit of a Shareholder at any time for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors of the SICAV might result in the SICAV or the Investment Manager incurring any liability or taxation or suffering any other disadvantage which the SICAV or the Investment Manager may not otherwise have incurred or suffered (including, but not limited to, Shareholders who become Ineligible Applicants or US Persons who are not able to meet the conditions set out in this Prospectus). Furthermore, the Board of Directors of the SICAV may effect a compulsory redemption of any or all Shares held by or for the benefit of a Shareholder at any time in exceptional circumstances (e.g. subscription of the Shares of the SICAV by a US Person) where they determine that such a compulsory redemption is in the interest of investors.

Subject to the relevant Supplement, if the Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding, the Board of Directors of the SICAV reserves the right to require compulsory redemption of all Shares of the relevant Class held by a Shareholder or alternatively to effect a compulsory conversion of all Shares of the relevant Class held by a Shareholder for Shares of another Class in the same Sub-Fund which have the same Reference Currency but a lower Minimum Holding.

Where the Net Asset Value of the Shares held by a Shareholder is less than the Minimum Holding and the Board of Directors of the SICAV decides to exercise its right to compulsorily redeem for this reason, the SICAV will notify the Shareholder in writing and allow such Shareholder 30 calendar days to purchase additional Shares to meet the minimum requirement.

### Deferred Redemptions

The Board of Directors of the SICAV may (but are not obliged to) defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10% of a Sub-Fund's Net Asset Value. The Board of Directors of the SICAV will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The Board of Directors of the SICAV will pro-rate all such redemption requests to the stated level (i.e. 10% of the Sub-Fund's Net Asset Value) and will defer the remainder until the next Dealing Day. The Board of Directors of the SICAV will also ensure that all deals relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

The Board of Directors of the SICAV currently expect not to exercise such power to defer redemptions except to the extent that they consider that existing Shareholders would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation.

#### In-Specie Redemptions

The SICAV shall have the right, if the Board of Directors of the SICAV determines, to satisfy payment of the Redemption Price, to any Shareholder who agrees, in specie by allocating to such Shareholder investments from the portfolio of assets set up in connection with such Sub-Fund equal in value (calculated in the manner described in the Articles) as of the Valuation Day, when the Redemption Price is calculated, to the value of the Shares to be redeemed. 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 and the valuation used shall be confirmed by a special report of the auditor of the SICAV at the expense of the relevant Shareholder. The costs of any such transfers shall be borne by the transferee.

#### Anti-Money Laundering

Investors should note that the Board of Directors of the SICAV may refuse to settle a redemption request if it is not accompanied by such additional information as they, or the Administrator on their behalf, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under "Subscriptions".

## CONVERSION BETWEEN SUB-FUNDS OR CLASSES

Except when issues and redemptions of Shares have been suspended in the circumstances described under “Suspension of Valuation of Assets”, holders of Shares may request a conversion of some or all of their Shares in one Class or Sub-Fund (the “**Original Class**”) for Shares in another Class or Sub-Fund (the “**New Class**”). Such conversions can only take place, if following the conversion, the Shareholder’s holding in the New Class will satisfy the criteria and applicable minimum holding requirements of that Class or Sub-Fund.

### Procedure

Shareholders should send a completed conversion request in the form available from the Administrator to be received by the Administrator prior to the earlier of the Cut-Off time for redemptions in the Original Class and the Cut-Off time for subscriptions in the New Class. Any applications received after such time will be dealt with on the next Dealing Day.

Shareholders may also send a completed conversion request to the Distributor(s) appointed by the Global Distributor, which shall, provided that the relevant Distributor(s) have received all requested documents, send such conversion request to the Administrator prior to the earlier of the Cut-Off time for redemptions in the Original Class and the Cut-Off time for subscriptions in the New Class.

Submission of conversion requests via the Distributor(s) may be subject to a cut-off time earlier than the Cut-Off time as specified in the relevant Supplement; investors should therefore check with the relevant Distributor(s) on the timing and procedures for submission of any conversion requests.

The Board of Directors of the SICAV may at its absolute discretion reject any request for the conversion of Shares in whole or in part.

Fractions of Shares to three decimal places may be issued by the SICAV on conversion where the value of Shares converted from the Original Class is not sufficient to purchase an integral number of Shares in the New Class and any balances representing entitlements of less than a fraction of a Share to three decimal places will be retained by the SICAV in order to discharge administration costs.

The Articles authorise the Board of Directors of the SICAV to charge a conversion fee to be paid to the relevant Sub-Funds. The conversion fee is set out in the Supplements for each Sub-Fund. A conversion request, once given to the Administrator or the relevant Distributor(s), is irrevocable save with the consent of the Directors (which may be withheld in their discretion but provided that the principle of equal treatment of Shareholders be complied with at any time) or in the event of a suspension of calculation of the Net Asset Value of the SICAV in respect of which the conversion requests are made.

A conversion of Shares of one Sub-Fund or Class for Shares of another Sub-Fund or Class will be treated as a redemption of Shares and a simultaneous purchase of Shares. A converting Shareholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the Shareholder’s citizenship, residence or domicile. No redemption charge will be levied on a redemption of Shares for the purpose of any conversion.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{(R \times NAV \times ER)}{SP}$$

where

S is the number of Shares of the New Class to be allotted.

R is the number of Shares in the Original Class to be redeemed.

NAV is the Net Asset Value per Share of the Original Class as at the relevant Dealing Day.

ER is the currency conversion factor (if any) as determined by the Administrator as representing the effective rate of conversion of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Sub-Funds or Classes where the base currencies are different or, where the base currencies are the same,  $ER = 1$ .

SP is the Net Asset Value per Share of the New Class as at the relevant Dealing Day.

All terms and notices regarding the redemption of Shares shall equally apply to the exchange of Shares and, in particular, in respect of an exchange of Shares of one Sub-Fund for Shares of another Sub-Fund a dilution levy may be applied to "NAV" or "SP" above and the accrued Performance Fee would crystallise. For the avoidance of doubt, no redemption charge may apply to "NAV" above.

## **PREVENTION OF LATE TRADING AND MARKET TIMING**

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order for shares in a fund after the time limit fixed for accepting orders on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

The SICAV considers that the practice of late trading is not acceptable as it violates the provisions of this Prospectus which provide that an order received after the Cut-Off time is dealt with at a Subscription or Redemption Price based on the Net Asset Value calculated on the next applicable Dealing Day. As a result, subscriptions, conversions and redemptions of Shares shall be dealt with at an unknown Net Asset Value. The Cut-Off time is set out in the Supplements for each Sub-Fund.

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

The SICAV considers that the practice of market timing is not acceptable as it may affect the SICAV's performance through an increase of the costs and/or entail a dilution of the capital. As a result, the SICAV reserves the right to refuse any subscription or conversion of Shares which might or appears to be related to market timing practices and to take any appropriate measures in order to protect Shareholders against such practice.

As well as the general power of the Directors to refuse subscriptions at their discretion, the Directors may also levy, for the benefit of the relevant Sub-Fund, a Market Timing / Excessive Trading Fee with a maximum of 1.5%, which shall be calculated on the subscription or redemption amount of the relevant investors.

## VALUATION

### Net Asset Value and Valuation of Assets

The Net Asset Value of each Sub-Fund will be calculated by the Administrator on the Valuation Point of each Valuation Day, in accordance with the Articles.

The Net Asset Value of a Sub-Fund shall be determined on the Valuation Point of each Valuation Day by valuing the assets of the relevant Sub-Fund (including income accrued but not collected) and deducting the liabilities of the relevant Sub-Fund.

The Net Asset Value attributable to a Class shall be determined on the Valuation Point of the relevant Valuation Day by calculating that portion of the Net Asset Value of the relevant Sub-Fund attributable to the relevant Class on the Valuation Point of such a Valuation Day by reference to the number of Shares in issue in each Class as of the relevant Valuation Day subject to adjustment to take account of assets and/or liabilities attributable to the Class.

In the event that the Investment Manager hedges the foreign currency exposure of any Class of Shares denominated in a currency other than the Reference Currency of the relevant Sub-Fund, the costs and any benefit of such hedging will be allocated solely to the relevant Class of Shares to which the hedging relates. The Net Asset Value of a Sub-Fund will be expressed in the Reference Currency of the Sub-Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case.

The Net Asset Value per Share shall be determined as of the Valuation Point of any Valuation Day by dividing the net assets of the relevant Sub-Fund or attributable to each Sub-Fund or a Class of Shares, being the value of the portion of assets less the portion of liabilities attributable to such Sub-Fund or Class of Share, as of the Valuation Point of any such Valuation Day, by the number of Shares in the relevant Sub-Fund or Class of Shares then outstanding, in accordance with the valuation rules set forth below. The Net Asset Value per Share may be rounded up or down to two (2) decimal places or such number of decimal places as the Directors shall determine.

In determining the value of the assets of the SICAV:

- (A) Transferable Securities and Money Market Instruments which are quoted, listed or traded on a Regulated Market or an Other Regulated Market save as hereinafter provided at (D), (E), (F), (G) and (H) will be valued at last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where a security is listed or dealt in on more than one Regulated Market or an Other Regulated Market the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on. Investments listed or traded on a Regulated Market or an Other Regulated Market, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount as of the Valuation Day provided that a competent person (having been appointed by the Directors) shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (B) The value of any transferable security which is not quoted, listed or dealt in on a Regulated Market or an Other Regulated Market or which is so quoted, listed or dealt in but for which no such quotation or value is available or the available quotation or value is not representative shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to

the valuation of other securities which are comparable in rating, yield, due date and other characteristics.

- (C) Cash on hand or on deposit will be valued at its nominal / face value plus accrued interest, where applicable, on the Valuation Point of the relevant Valuation Day.
- (D) Derivative contracts traded on a Regulated Market or an Other Regulated Market shall be valued at the settlement price on the relevant market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or the Investment Manager or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Derivative contracts which are traded 'over-the-counter' will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party and who is independent of the counterparty; or (ii) using an alternative valuation provided by a competent person appointed by the Directors (the "**Alternative Valuation**"). Where such Alternative Valuation method is used the SICAV will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as the International Organisation of Securities Commissions or the Alternative Investment Management Association and will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.
- (E) Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to freely available market quotations.
- (F) Notwithstanding paragraph (A) above units in collective investment schemes shall be valued at the latest available net asset value per unit or mid-price as published by the relevant collective investment scheme or, if listed or traded on a Regulated Market or an Other Regulated Market, in accordance with (A) above.
- (G) The Directors may value securities having a residual maturity not exceeding three months and having no specific sensitivity to market parameters including credit risk, using the amortised cost method of valuation.
- (H) The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market or an Other Regulated Market and with remaining maturity of less than twelve (12) months and of more than sixty (60) days is deemed to be the market value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of sixty (60) days or less will be valued by the amortized cost method, which approximates market value.
- (I) The Directors may adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (J) Any value expressed otherwise than in the Reference Currency of the relevant Sub-Fund shall be converted into the Reference Currency of the relevant Sub-Fund at the prevailing exchange rate (whether official or otherwise) that the Directors shall determine to be appropriate.
- (K) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person.

- (L) If the Directors deem it necessary a specific investment may be valued under an alternative method of valuation chosen by the Directors in particular, if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with the good practice.

In calculating the Net Asset Value of each Sub-Fund the following principles will apply:

- (A) every Share agreed to be issued by the Directors with respect to each Dealing Day shall be deemed to be in issue as of the Valuation Point of the relevant Valuation Day for the relevant Dealing Day and the assets of the Sub-Fund shall be deemed to include not only cash and property in the hands of the Depositary but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting therefrom (in the case of Shares agreed to be issued for cash) or providing for Subscription Fees;
- (B) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Directors have reason to believe such purchase or sale will not be completed;
- (C) there shall be added to the assets of the relevant Sub-Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the SICAV which is attributable to that Sub-Fund;
- (D) there shall be added to the assets of the relevant Sub-Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses;
- (E) there shall be added to the assets of the relevant Sub-Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief;
- (F) where notice of the redemption of Shares has been received by the SICAV with respect to a Sub-Fund for a particular Dealing Day and the cancellation of such Shares has not been completed, the Shares to be redeemed shall be deemed not to be in issue on the Valuation Point of the relevant Valuation Day and the value of the assets of the Sub-Fund, as of the Valuation Point of the relevant Valuation Day, shall be deemed to be reduced by the amount payable upon such redemption; and
- (G) there shall be deducted from the assets of the Sub-Fund:
- (1) the total amount of any actual or estimated liabilities properly payable out of the assets of the Sub-Fund including any and all outstanding borrowings of the Sub-Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the Valuation Point of the relevant Valuation Day;
  - (2) such sum in respect of tax (if any) on income or capital gains realised on the investments of the SICAV or Sub-Fund as in the estimate of the Directors will become payable;
  - (3) the amount (if any) of any distribution declared but not distributed in respect thereof;
  - (4) the remuneration of the Administrator, the Management Company, the Depositary, the Investment Manager, any Global Distributor and any other providers of services to the Sub-Fund accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);

- (5) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the Sub-Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the Valuation Point of the relevant Valuation Day;
- (6) an amount as of the Valuation Point of the relevant Valuation Day representing the projected liability of the Sub-Fund in respect of costs and expenses to be incurred by the Sub-Fund in the event of a subsequent liquidation;
- (7) an amount as of the Valuation Point of the relevant Valuation Day representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the Sub-Fund or Class of Shares; and
- (8) any other liability which may properly be deducted.

The Directors may at their discretion permit any other method of valuation to be used if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good practice.

In the absence of fraud, bad faith, gross negligence or manifest error, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the SICAV in calculating the Net Asset Value of a Class or the Net Asset Value per Share shall be final and binding on the SICAV and on present, past or future Shareholders, subject to the Articles.

The Management Company has delegated to the Administrator the day to day responsibility for the calculation of the Net Asset Value and Net Asset Value per Share.

#### Publication of Net Asset Value per Share

The Net Asset Value per Share may be obtained free of charge from, and will be available at the offices of the Administrator during business hours in Luxembourg.

#### Suspension of Valuation of Assets

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of the SICAV or a Sub-Fund and the issue, conversion and redemption of Shares in any Sub-Fund:

- (A) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Regulated Markets or an Other Regulated Markets on which the SICAV's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- (B) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation by the SICAV of investments of the Sub-Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the SICAV; or
- (C) during the whole or part of any period when any breakdown occurs in the means of communication network normally employed in determining the price or value of any of the SICAV's investments of the relevant Sub-Fund; or
- (D) during the whole or any part of any period when for any other reason the price or value of any of the SICAV's investments cannot be reasonably, promptly or accurately ascertained; or

- (E) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of the SICAV or the Sub-Fund being unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (F) following a possible decision to merge, liquidate or dissolve the SICAV or, if applicable, one or several Sub-Funds; or
- (G) following the suspension of the calculation of the net asset value per share/unit, the issue, redemption and/or the conversion at the level of a master fund in which the Sub-Fund invests in its quality as feeder fund of such master fund, to the extent applicable; or
- (H) the SICAV may suspend the issue and redemption of its shares from its shareholders as well as the conversion from and to shares of each class following the suspension of the issue, redemption and/or the conversion at the level of a master fund in which the SICAV invests in its quality as feeder fund of such master fund, to the extent applicable; or
- (I) if any other reason makes it impossible or impracticable to determine the value of a portion of the investments of the SICAV or any Sub-Fund; or
- (J) if, in exceptional circumstances, the Directors determine that suspension of the determination of Net Asset Value is in the interest of Shareholders (or Shareholders in that Sub-Fund as appropriate); or
- (K) during any period when for any other reason the prices of any investments owned by the SICAV, in particular the derivative instruments and repurchase transactions which may be entered into by the SICAV in respect of any Sub-Fund, cannot promptly or accurately be ascertained.

Any suspension of valuation of the Net Asset Value of the SICAV or a Sub-Fund and the issue, conversion and redemption of Shares in any Class shall be notified to Shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

When a Sub-Fund is registered in a Non-Member State, the Directors may be limited by local rules and regulations in relation to the cases and/or the manner in which they may suspend the determination of the Net Asset Value of that Sub-Fund and the issue, conversion and redemption of Shares in that particular Sub-Fund. Information in relation to those limitations shall be included in the relevant Supplement.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-Fund, if the assets within such other Sub-Fund are not affected to the same extent by the same circumstances.

## DILUTION LEVY

In certain circumstances, the value of the assets of a Sub-Fund may be reduced as a result of charges incurred in dealings in the Sub-Fund's investments and of any spread between the buying and selling prices of these investments.

In order to offset this effect, known as "dilution", and the consequent potential adverse effect on the existing or remaining Shareholders, the Board of Directors of the SICAV has the power to charge a "dilution levy" when Shares are bought or sold or converted by a shareholder.

If charged, the dilution levy will be shown in addition to (and not part of) the Subscription Price or Redemption Price of the Shares, as the case may be, in the relevant documentation. If charged, the dilution levy would be paid to the SICAV and would become part of the assets of the relevant Sub-Fund thus protecting the value of the remaining Shareholders' interests. It is not, however, possible to predict accurately whether dilution will occur at any future point in time.

Any dilution levy charged must be fair to all Shareholders. In particular, the dilution levy of a maximum of 1.5% may be charged by a Sub-Fund in the following circumstances:

- (a) on a Sub-Fund experiencing large levels of net purchases (i.e. purchases less redemptions) above 10% of its Net Asset Value; and
- (b) on a Sub-Fund experiencing large levels of net redemptions (i.e. redemptions less purchases) above 10% of its Net Asset Value.

In case when it is charged, this Dilution Levy will equitably apply, on a given NAV calculation date, to all shareholders of the relevant Sub-Fund. It will be paid to the Sub-Fund and will become an integral part of that Sub-Fund.

The Dilution Levy thus applied will be calculated with reference to market effects as well as to the dealing costs incurred for transactions on the underlying investments for the Sub-Fund, including any applicable commissions, spreads and transfer taxes.

## **FEES AND EXPENSES**

Any fees or expenses payable by a Shareholder or out of the assets of the SICAV are set out in this section.

### Subscription Fee

The SICAV is permitted to charge a Subscription Fee payable to the Global Distributor on the subscription for Shares by an investor. The current percentage rates of charge are shown in the relevant Supplement for each Sub-Fund. The maximum amount for such Subscription Fee will be 5 per cent of the Net Asset Value or of the Initial Offer Price, as the case may be.

The Subscription Fee is calculated prior to the addition of any dilution levy.

### Redemption Fee

The SICAV is permitted to charge a redemption fee payable to the relevant Sub-Fund on the redemption of Shares by a Shareholder. The current percentage rates of fee are shown in the relevant Supplement for each Sub-Fund. The redemption fee is calculated prior to the deduction of any dilution levy, as set out in the relevant Supplement.

### Investment Management Fee

Unless otherwise stated in the relevant Supplement, in consideration for the provision of the investment management services under the Investment Management Agreement, and all associated costs, the Investment Manager is entitled to receive an investment management fee, payable monthly in arrears as of the last Valuation Day of each month, calculated and accrued on each Valuation Day during the relevant month, on the basis of the Net Asset Value of the Shares of each Class (before deduction of that month's fees, expenses, borrowings and interest together with value added tax, if any on such Investment Management Fee and before deduction for any accrued Performance Fees).

To the extent permitted by applicable laws and regulations, the Investment Manager may from time to time, and in its sole discretion, and out of its own resources decide to rebate to some or all Shareholders (including the directors), their agents or to intermediaries, part or all of the Investment Management Fee and/or Performance Fee. The Investment Manager will act in accordance with applicable laws and regulations to treat all investors fairly and equitably.

### Performance Fee

The Investment Manager may also be entitled to receive a Performance Fee from the SICAV, the details of which are set out in the relevant Supplement for each Sub-Fund.

### Depository's Fees

The fees payable to the Depository under the Depository Agreement shall be agreed separately between the SICAV and the Depository, on a Sub-Fund by Sub-Fund basis by reference to typical market rates. The SICAV will reimburse the Depository for all fees and expenses including legal fees and expenses and out-of-pocket expenses as further disclosed in the Depository Agreement.

### Administrator's Fees

The fees payable to the Administrator under the Fund Administration Services Agreement shall be agreed separately between the SICAV and the Administrator, Registrar and Transfer Agent, by reference to typical market rates. In addition, the Administrator will be paid by the SICAV reasonable out-of-pocket costs and expenses in respect of its duties as administrator and as registrar and transfer agent.

### Management Company's Fees

Unless otherwise stated in the relevant Supplement, in consideration for the provision of the services under the Management Company Services Agreement, the Management Company will receive a management company fee for the provision of its services. The management company fee, which is expressed as a percentage of the Net Asset Value of the Sub-Funds and is calculated on the basis of the average Net Asset Value of each Sub-Fund for each given month, as specified in the section "Management Company" of the prospectus.

The Management Company Fee shall be payable in EUR within thirty (30) days after receipt of the invoice provided that the amount of the Management Company Fee to be billed as set out in the invoice is undisputed.

### Directors' Fees

The SICAV shall not pay any fees to its Directors.

### Operating Expenses and Fees

The SICAV bears its own operating and other expenses. Where applicable, these expenses include (but are not limited to) (a) all investment expenses (including, but not limited to, specific expenses incurred in obtaining systems, research and other information utilised for portfolio management purposes, including the costs of statistics and services, service contracts for quotation equipment and related hardware and software), (b) all fees and expenses of transactional and trade-related services including, for the avoidance of doubt and without limitation, costs incurred in arranging and participating in stocklending programme, (c) all administrative expenses and custody fees, (d) all of the charges and expenses of legal and professional advisers, accountants and auditors (including in connection with the preparation of the SICAV's tax returns), (e) all brokers' commissions, all fees for investment research and/or trade ideas, all borrowing charges on short positions taken through derivative instruments and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions, (f) all taxes and corporate fees payable to governments or agencies, (g) all interest on borrowings (h) all communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (i) the fees and expenses of the Directors (in accordance with the Articles), including the reasonable travel expenses of the Directors and all of the costs of insurance for the benefit of the Directors (if any), (j) all litigation, regulatory investigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (k) the fees of the CSSF, (l) the cost of termination of the SICAV or any Sub-Fund, (m) the fees and expenses of any regulator, paying agent, representative, distributor or correspondent bank appointed in connection with the registration of the SICAV (or any Sub-Fund) or the marketing of Shares or the application for and maintenance of particular tax treatment for the Shares in any jurisdiction, (n) the costs of any liability insurance obtained on behalf of the SICAV, (o) costs and fees in relation to the production and distribution of the Prospectus, the KIIDs and other marketing material in relation to the SICAV and (p) all other organisational and operating expenses.

Any such operating and other expenses may be deferred and amortised by the SICAV, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the SICAV will be provided for in the calculation of the Net Asset Value of the SICAV. Operating expenses and the fees and expenses of service providers which are payable by the SICAV shall be borne by all Shares in proportion to the Net Asset Value of the SICAV or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Class shall be borne solely by the relevant Class.

As a result of the SICAV and/or any of its Sub-Funds being authorised in a Non-Member State, the SICAV may be required to undertake to such Non-EU Regulator that certain costs and expenses

will not be paid by the SICAV in respect of the Sub-Funds which are authorised in those Non-Member States, and no commissions will be paid by the SICAV in respect of those Sub-Funds to any Distributors arising out of any dealing in Shares of those Sub-Funds.

#### Allocation of Assets, Charges and Expenses

All fees, duties, charges and expenses are allocated to the relevant Sub-Fund or Class in connection to which they were incurred. In case such fees, duties, charges and expenses cannot be allocated to one or several Sub-Fund(s) or Classes, such fees, duties and expenses will be shared by all Sub-Funds or Classes on a pro-rata basis.

#### Costs of Establishment

The total costs and expenses of setting-up the SICAV are estimated to be approximately USD 86,000 and will be payable and borne by the SICAV. These costs and expenses may at the discretion of the Directors be amortised on a straight-line basis over a period of up to 5 years from the date on which the SICAV was incorporated. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

These establishment expenses are being charged as between the various Sub-Funds established by the SICAV within the amortisation period on such terms and in such manner as the Directors (with the consent of the Depositary) deem fair and equitable and provided that each Sub-Fund bears its own direct establishment costs and costs of listing its Shares on any stock exchange.

#### Dividends paid out of or effectively out of capital

The SICAV may decide to pay dividends in respect of a Class of Shares of a Sub-Fund out of the capital of such Sub-Fund. In addition, where the SICAV determines that the generation of income in a Sub-Fund has equal or higher priority to capital growth, all or part of the fees and expenses of that Sub-Fund may be charged against capital instead of against income. This will constrain and may forego the potential for future capital growth.

When a Sub-Fund is registered for public distribution in a Non-Member State, the Directors may be limited or subject to particular disclosures by local rules and regulations in relation to the cases and/or the manner in which they may decide to distribute out of capital. To the extent those rules would have an impact on investors subscribing for shares in that particular Sub-Fund based on this Prospectus, the above limitations and/or disclosures will be included in the relevant Supplement.

Furthermore, any amendments to the distribution policy as set out above will be subject to the approval of the home regulator of the SICAV and may be subject to the approval of other Non-EU Regulators, where Sub-Funds of the SICAV are authorized for public distribution. Shareholders will be given prior notice before any such amendments take effect (in the manner as may be required by the home regulator of the SICAV and, if relevant, those by Non-EU Regulators).

## TAXATION

### General

The sections below on Luxembourg taxation are brief summaries of the tax advice received by the Directors relating to current law and practice which may be subject to change and interpretation.

The information given below does not constitute legal or tax advice and prospective investors should consult their own professional advisers on the possible tax consequences of buying, selling, exchanging, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable in their country of residence.

Generally the tax consequences of acquiring, holding, converting/exchanging, redeeming or disposing of Shares in the SICAV will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed gains of the SICAV. These consequences will vary with the law and practice of the Shareholder's country of residence, domicile or incorporation and with his personal circumstances. The Directors, the SICAV and each of the SICAV's agents shall have no liability in respect of the individual tax affairs of Shareholders.

### Luxembourg Taxation

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

#### **Taxation of the SICAV in Luxembourg**

Under current law and practice, the SICAV is not liable to any Luxembourg tax on profits or income. The SICAV is, however, liable in Luxembourg to an annual subscription tax (*taxe d'abonnement*) of 0.05% *per annum* of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate Net Asset Value of the Sub-Funds at the end of the relevant calendar quarter.

This rate is however reduced to 0.01% *per annum* in case of a sub-fund invests exclusively in money market instruments or deposits with credit institutions, or in case of a sub-fund or a Share Class of a sub-fund of the SICAV is reserved to institutional investors.

An exemption from subscription tax applies in the following cases:

- (a) for the value of the assets represented by shares or units held in other undertaking collective investments (“**UCIs**”) to the extent such shares or units have already been subject to the subscription tax provided by the amended law of 13 February 2007 on specialised investment funds or the UCI Law;
- (b) for UCIs, as well as individual sub-funds of UCIs with multiple sub-funds:
  - i. the securities of which are reserved for institutional investors; and
  - ii. the exclusive object of which is the collective investment in money market instruments and the placing of deposits with credit institutions; and
  - iii. the weighted residual portfolio maturity of which does not exceed 90 days; and
  - iv. that have obtained the highest possible rating from a recognised rating agency;
- (c) for UCIs, the securities of which are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, set up on one or several employers' initiative for

the benefit of their employees and (ii) companies of one or several employers investing the funds they hold, in order to provide their employees with retirement benefits; or

- (d) UCIs as well as individual sub-funds of umbrella UCIs with multiple sub-funds whose main objective is the investment in microfinance institutions;
- (e) for UCIs as well as individual compartments of UCIs with multiple compartments (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and (ii) whose exclusive object is to replicate the performance of one or more indices.

No stamp duty or other tax is payable in Luxembourg on the issue of Shares against cash. However, the SICAV is liable to a fixed registration duty of EUR 75.- on the registration of its incorporation or of any amendment to its Articles.

The SICAV is exempt from net wealth tax.

Dividends and interest received by the SICAV on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin. In addition, the SICAV may be liable to certain taxes in countries where the SICAV carries out its investment activities. As the SICAV itself is exempt from income tax, those taxes are not recoverable by the SICAV in Luxembourg. It is not certain whether the SICAV itself would be able to benefit from Luxembourg's double tax treaties network. Whether the SICAV may benefit from a double tax treaty entered into by Luxembourg must be analysed on a case-by-case basis. Indeed, as the SICAV is structured as an investment company (as opposed to a mere co-ownership of assets), certain double tax treaties entered into by Luxembourg may directly be applicable to SICAV.

Under current Luxembourg tax law, there is no withholding tax on any distribution, redemption or payment made by the SICAV to its Shareholders under the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the Shareholders.

#### Taxation of Shareholders

It is expected that Shareholders in the SICAV will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the SICAV. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile and/or incorporation and with his personal circumstances.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile and/or incorporation.

#### *Shareholder's tax residence*

A Shareholder does not obtain tax residence in Luxembourg solely based on holding, transfer, conversion, or delivery of Shares or the execution, performance, delivery and/or enforcement of its rights and obligations under the Shares.

#### *Luxembourg non-residents*

Shareholders, who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, are not liable to any Luxembourg income tax on income received and capital gains realised upon the sale, disposal or redemption of the Shares.

Non-resident corporate Shareholders having a permanent establishment or a permanent representative in Luxembourg, to which or whom the Shares are attributable, must include any income received, as well as any gain realised on the sale, disposal or redemption of the Shares, in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg, to which or whom the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold, repurchased or redeemed.

#### *Luxembourg residents*

Resident Shareholders are not subject to income tax in case of reimbursement of capital contributed to the Company.

#### *Luxembourg resident individual*

Dividends and other payments deriving from Shares received by resident individual Shareholders, who act in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rates.

Capital gains realised upon disposal of the Shares by resident individual Shareholders, acting in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of less than six months after their acquisition, or if their disposal precedes their acquisition. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the Shareholder has held, either alone or together with his spouse and/or his minor children, either directly or indirectly, at any time within the five (5) years preceding the realisation of the gain, more than ten percent (10%) of the share capital of the SICAV or (ii) the taxpayer acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators, in case of successive transfers free of charge within the same five-year period). Capital gains realised on a substantial participation more than six months after their acquisition are subject to income tax according to the half-global rate method, (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the Shares.

Capital gains realised upon the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

#### *Luxembourg resident companies*

Luxembourg resident corporate companies holders of Shares must include in their taxable income in Luxembourg any income received, as well as any capital gains realised on the transfer, disposal, or redemption of Shares. The amount of taxable capital gains is equal to the difference between the sell or redemption price and the lesser of subscription price and book value of the Shares sold or redeemed.

#### *Luxembourg resident companies benefit from an exceptional tax scheme*

Luxembourg resident Shareholders which benefit from a special tax regime (such as the rules applicable to UCIs subject to the UCI Law, specialised investment funds subject to the amended

Law of 13 February 2007, and family wealth management companies governed by the amended Law of 11 May 2007) are exempt entities in Luxembourg and therefore not subject to any income tax in Luxembourg.

#### *Net wealth tax*

A Luxembourg resident Shareholder, as well as a non-resident Shareholder, who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, is subject to Luxembourg net wealth tax on such Shares, except if the Shareholder is (i) a resident or non-resident individual, (ii) an UCI subject to the UCI Law, (iii) a specialised investment fund governed by the amended law of 13 February 2007, or (iv) a family wealth management company governed by the amended law of 11 May 2007. A Luxembourg resident securitization company governed by the amended law of 22 March 2004 on securitization and a Luxembourg resident company governed by the amended law of 15 June 2004 on venture capital vehicles should include the market value of such shares into the determination of their minimum net wealth tax charge according with the amended law of 16 October 1934 on net wealth tax.

#### *Other taxes*

Under Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for tax purposes at the time of his death, the Shares are included in his taxable basis for inheritance tax purposes. On the contrary, no estate or inheritance tax is levied on the transfer of the Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death.

Luxembourg gift tax may be levied on a gift or donation of the Shares if embodied in a Luxembourg notarial deed or registered in Luxembourg.

Interested parties are encouraged to inform themselves and, as the case may be, to seek professional advice concerning the laws and regulations applicable to the purchasing, holding and redemption of the Shares.

#### **Value added tax**

The SICAV is considered in Luxembourg as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the SICAV could potentially trigger VAT and require the VAT registration of the SICAV in Luxembourg. As a result of such VAT registration, the SICAV will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability in principle arises in Luxembourg in respect of any payments by the SICAV to its Shareholders to the extent such payments are linked to their subscription to the SICAV's Shares and do therefore not constitute the consideration received for any taxable services supplied.

#### **Exchange of information – FATCA**

FATCA provisions impose a reporting to the U.S. Internal Revenue Service of U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information will lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

On 28 March 2014, Luxembourg has signed an intergovernmental agreement (the "IGA") with the United States, in order to facilitate compliance of entities like the SICAV, with FATCA and avoid the above-described US withholding tax. Under the IGA, some Luxembourg entities like the SICAV will have to provide the Luxembourg tax authorities with information on the identity, the investments

and the income received by their investors. The Luxembourg tax authorities will then automatically pass the information on to the IRS.

Under the IGA, the SICAV will be required to regularly obtain and verify information on the Shareholders. Upon request of the SICAV, each Shareholder shall agree to provide certain information, including, in case of a Non-Financial Foreign Entity (“**NFFE**”) (within the meaning of the IGA), the direct or indirect U.S. owners above a certain threshold of ownership of such NFFE, along with the required supporting documentation. Similarly, each Shareholder shall agree to actively provide to the SICAV within thirty days any information that would affect its status, as for instance a new mailing address or a new residency address.

FATCA and the IGA may result in the obligation for the SICAV to disclose the name, address and taxpayer identification number of a U.S. person that owns, directly or indirectly, Shares, as well as information on the balance or value of the investment to the Luxembourg tax authorities (*administration des contributions directes*) under the terms of the IGA. Such information will be onward reported by the Luxembourg tax authorities to the U.S. Internal Revenue Service.

Additionally, the SICAV is responsible for the processing of personal data and each Shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the SICAV are to be processed in accordance with the Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

Although the SICAV will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the SICAV will be able to satisfy these obligations. If the SICAV becomes subject to a withholding tax as result of the FATCA regime, the value of the Shares held by the Shareholders may suffer material losses. A failure for the SICAV to obtain such information from each Shareholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends as well as penalties.

Any shareholder that fails to comply with the SICAV’s documentation requests may be charged with any taxes imposed on the SICAV attributable to such shareholder’s failure to provide the information and the SICAV may, in its sole discretion, redeem the shares of such Shareholder.

Shareholders who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime.

Shareholders should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

### **Exchange of information – Common Reporting Standard**

The SICAV may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the “**Standard**”) and its Common Reporting Standard (the “**CRS**”) as set out in the Luxembourg law dated 18 December 2015 implementing the CRS in Luxembourg (the “**CRS Law**”).

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

The SICAV's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the SICAV with the Information, along with the required supporting documentary evidence. In this context, the Shareholders are hereby informed that, as data controller, the SICAV will process the Information for the purposes as set out in the CRS Law.

The Shareholders undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the SICAV.

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

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

Any Shareholder that fails to comply with the SICAV's Information or documentation requests may be held liable for penalties imposed on the SICAV and attributable to such Shareholder's failure to provide the Information or subject to disclosure of the Information by the Company to the Luxembourg tax authorities.

## **RISK MANAGEMENT PROCESS**

In accordance with the UCI Law, the SICAV must employ a risk-management process which enables to monitor and measure at all times the risks associated with each Sub-Fund and their contribution to the overall risk profile of the investment portfolio.

As part of the risk management process the SICAV uses either the commitment approach or the value-at-risk or "VaR" approach to monitor and measure the SICAV's global exposure in accordance with the CSSF's requirements as further explained under section 7 "*Global Exposure Limits*" below.

Responsibility for the risk management process of the Company has been delegated to the Management Company which is also in charge of the permanent risk management function.

## RISK FACTORS

The risks described herein should not be considered to be an exhaustive list of the risk which potential investors should consider before investing in a Sub-Fund. Different risks may apply to different Sub-Funds. Details of Sub-Fund specific risks in relation to a particular Sub-Fund which are additional to those described in this section will be disclosed in the relevant Sub-Fund Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares.

Prospective investors should consider, among others, the following factors before subscribing for Shares:

### General Risks

Investors should be aware that there are risks inherent in the holding of securities:

- (A) There is no assurance that any appreciation in the value of Investments will occur, or that the investment objectives of any Sub-Fund will be achieved. Past performance is no guide to the future. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
- (B) The tax treatment of the Sub-Funds may change and such changes cannot be foreseen.
- (C) Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment.
- (D) The difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment.
- (E) The value of the Shares may fall as well as rise and a Shareholder on transfer or redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and reliefs from taxation may change. There can be no assurance that the investment objectives of any Sub-Fund will be achieved.

### Amortisation of Organisational Costs

The SICAV's financial statements will be prepared in accordance with Luxembourg generally accepted accounting principles ("**Luxembourg GAAP**"). All expenses incurred in the formation of the SICAV or the relevant Sub-Fund shall be paid by the SICAV or the relevant Sub-Fund and amortised over a period not exceeding five (5) years. Any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised at the time of termination of that Sub-Fund will be debited against the Sub-Fund's assets at that time.

### Business Risk

There can be no assurance that the SICAV will achieve its investment objective in respect of any of the Sub-Funds. The investment results of the Sub-Fund are reliant upon the success of the Investment Manager.

While the investment results of a Sub-Fund are reliant upon, amongst other things, the success of the Investment Manager, neither the SICAV, nor the Management Company nor the Investment Manager guarantees the performance of any Sub-Fund. Prospective investors should be aware that the prices of the Shares in a Sub-Fund may go down as well as up. There can be no assurance that the SICAV will achieve its investment objective in respect of any of the Sub-Funds.

### Dividends paid out of or effectively out of capital

The dividends in respect of any Class of Shares of a Sub-Fund may be paid out of the capital of such Sub-Fund. Where all or part of fees and/or charges in respect of any Class of Shares of a Sub-Fund may be charged against capital rather than income, this may enhance income returns but may also constrain future capital growth. Charging all or part of the fees and expenses to the capital will result in income being increased for distribution. In both such circumstances, the capital that the Sub-Fund has available for investment in the future and capital growth may be reduced.

When a Sub-Fund is registered for public distribution in a Non-Member State, the Directors may be limited or subject to particular disclosures by local rules and regulations in relation to the cases and/or the manner in which they may decide to distribute out of capital. To the extent those rules would have an impact on investors subscribing for shares in that particular Sub-Fund based on this Prospectus, the above limitations and/or disclosures will be included in the relevant Supplement.

Furthermore, any amendments to the distribution policy as set out above will be subject to the approval of the home regulator of the SICAV and may be subject to the approval of other Non-EU Regulators, where Sub-Funds of the SICAV are authorised for public distribution. Shareholders will be given prior notice before any such amendments take effect (in the manner as may be required by the home regulator of the SICAV and, if relevant, those by Non-EU Regulators).

### Effect of Dilution Levy

In certain circumstances, e.g. where the Sub-Fund experiences large levels of net purchases relative to its size or large levels of net redemptions relative to its size, the Directors may charge a "dilution levy" when Shares are bought or sold. If charged, the dilution levy will be in addition to (and not part of) the Subscription Price (in case of subscription) or the Redemption Price (in case of redemption) of the Shares. Also, in case of redemption, the dilution levy, if charged, will reduce the amount of the redemption proceeds. Any dilution fee paid will become part of the property of the relevant Sub-Fund thus protecting the value of the remaining Shareholders' interests. It is not, however, possible to predict accurately whether dilution will occur at any future point in time.

### Effect of Preliminary Charge

Where an initial charge is imposed, an investor who realises Shares after a short period may not (even in the absence of a rise in the value of the relevant investments) realise the amount originally invested.

The Shares therefore should be viewed as medium to long-term investments.

### Lack of Operating History

The SICAV is a recently formed entity and has no operating history upon which prospective investors can evaluate the likely performance of the SICAV. The past investment performance of the Investment Manager or any of its affiliates, or entities with which it has been associated, may not be construed as an indication of the future results of an investment in the SICAV. The Sub-Funds' investment policies should be evaluated on the basis that there can be no assurance that the assessment of the investment of the short-term or long-term prospects of investments will prove accurate or that the Sub-Funds will achieve their investment objective.

### Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of exchanging) may be suspended (see “Suspension of Valuation of Assets”).

### Segregation of liabilities between Sub-Funds

As a matter of Luxembourg law, the assets of each Sub-Fund will not be available to meet the liabilities of another. However, the SICAV is a single legal entity which may operate or have assets held on behalf of or be subject to claims in other jurisdictions which may not necessarily recognise such ring-fencing and, in such circumstances, the assets of one Sub-Fund may be exposed to the liabilities of another.

### Depository – Segregation, Correspondents and Insolvency

Where securities are held with a correspondent of the Depository or by a securities depository or clearing system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the SICAV may have to share that shortfall on a pro-rata basis. There may be circumstances where the Depository is relieved from liability for the acts or defaults of its appointed sub-depositaries provided that the Depository has complied with its duties.

The SICAV is at risk of the Depository or a correspondent entering into an insolvency procedure. During such a procedure (which may last many years) the use by the SICAV of assets held by or on behalf of the Depository or the relevant correspondent, as the case may be, may be restricted and accordingly (a) the ability of the Investment Manager to fulfil the investment objective of each Sub-Fund may be severely constrained, (b) the Sub-Funds may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, the SICAV is likely to be an unsecured creditor in relation to certain assets and accordingly the SICAV may be unable to recover such assets from the insolvent estate of the Depository or the relevant sub-depository, as the case may be, in full, or at all.

### Depository Liability

The Depository is liable to the SICAV or to the Shareholders for the loss by the Depository or a third party to whom the custody of financial instruments that can be held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depository shall return a financial instrument of identical type or the corresponding amount to the SICAV or the Management Company acting on behalf of the SICAV without undue delay. The Depository is not liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depository is also liable to the SICAV or the Shareholders for all losses suffered by them as a result of the Depository’s negligent or intentional failure to properly fulfil its obligations. In case of direct liability of the Depository vis-à-vis the Shareholders they may, exercise any claims on the Depository directly, or may request the Management Company or the SICAV to do so on their behalf. The Depository Agreement contains indemnities in favour of the Depository excluding matters arising by reason of its failure to satisfy its obligation of due skill, care and diligence, or by reason of its negligence, intentional failure or fraud.

### Market Crisis and Governmental Intervention

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or

manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to fulfil a Sub-Fund's investment objective. However, the Investment Manager believes that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of a Sub-Fund's portfolio.

#### Taxation Risk

Where the SICAV invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The SICAV will not be able to recover such withheld tax and so any such change would have an adverse effect on the Net Asset Value of the Shares. Where the SICAV sells instruments short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such instruments cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the SICAV.

The attention of potential investors is drawn to the taxation risks associated with investing in any Sub-Fund. Please see the heading "Taxation" above.

#### FATCA related Risk

The SICAV may be subject to regulations imposed by foreign regulators, in particular, the United States Hiring Incentives to Restore Employment Act (Hire Act) which was enacted into U.S. law in March 2010. It includes provisions generally known as FATCA. FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of non-U.S. financial institutions that do not comply with FATCA and U.S. persons' (within the meaning of FATCA) direct and indirect U.S. ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information will lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

Under the terms of FATCA, the SICAV will be treated as a Foreign Financial Institution (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.

Should the SICAV becomes subject to a withholding tax as a result of FATCA, the value of the Shares held by all shareholders may be materially affected.

The SICAV and/or its shareholders may also be indirectly affected by the fact that a non U.S. financial entity does not comply with FATCA regulations even if the SICAV satisfies with its own FATCA obligations.

Despite anything else herein contained, the SICAV shall have the right to:

- withhold any taxes or similar charges that it is legally required to withhold by applicable laws and regulations in respect of any shareholding in the SICAV;

- require any investor or beneficial owner of the Shares to promptly furnish such personal data as may be required by the SICAV in its discretion in order to comply with applicable laws and regulations and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax authority, as may be required by applicable laws or regulations or requested by such authority; and
- delay payments of any dividend or redemption proceeds to an investor until the SICAV holds sufficient information to comply with applicable laws and regulations or determine the correct amount to be withheld.

### US Tax-Exempt Investors

Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in the SICAV, or their engaging directly or indirectly through an investment in a Sub-Fund, in investment strategies of the types which the Sub-Funds may utilise from time to time. While the SICAV believes that the Sub-Funds' investment programs are otherwise generally appropriate from a tax perspective for the US Tax Exempt Investors for which an investment in the Sub-Funds would be suitable, each type of such investor may be subject to different laws, rules and regulations and should consult with their own advisers as to the advisability and tax consequences of an investment in the Sub-Fund. Investment in the Sub-Fund by tax-exempt entities subject to ERISA and other tax-exempt investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Prospectus and the relevant application form.

### Currency Risk

A Sub-Fund may be exposed to currency exchange risks where the assets and income are denominated in currencies other than the base currency of the Sub-Fund. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a Sub-Fund's investments to decline or increase. Currency exchange rates may fluctuate significantly over short periods of time. They are generally determined by supply and demand in the currency exchange markets and the relative merits of investment in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can also be affected unpredictably by intervention (or failure to intervene) by governments or central banks, or by currency controls or political developments.

### Hedging Risk

The Investment Manager may, if set out in the relevant sections of the relevant Supplement, enter into certain transactions using futures, forwards or other exchange-traded or over-the-counter instruments or by the purchasing of securities ("**Hedging Transactions**") to hedge the Sub-Fund's exposure to foreign exchange risk where Classes of Shares are denominated in a currencies other than the Reference Currency of the relevant Sub-Fund and/or certain other exposures including the risk of the value of a Class of Shares, or any increase thereto, being reduced by inflation in the underlying currency of the relevant Class.

Hedging Transactions, while potentially reducing the risk of currency and inflation exposure which a Class of Shares may otherwise be exposed to, involve certain other risks, including the risk of a default by a counterparty. There is no guarantee that a Hedging Transaction will fully protect a Class of Shares against foreign exchange and/or inflation risks.

Also, there is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. In adverse situations, the use of hedging instruments may become ineffective in hedging and the relevant Sub-Fund may suffer significant losses.

Please refer to the heading "Risk Warnings" in the relevant sections in the relevant Supplement for further risks associated with Hedging Transactions.

Risk of closure

Any of the Sub-Funds may be closed early upon the occurrence of certain events as set out in the section headed “Closure of Sub-Funds and Classes” of this Prospectus. In the event of the closure of any of its Sub-Funds, the relevant Sub-Fund would have to distribute to the Shareholders their pro-rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Shareholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund’s assets at that time.

Sustainability risk

Sustainability Risk is principally linked to climate-related events resulting from climate change (so-called physical risks) or to the society’s response to climate change (so-called transition risks), which may result in unanticipated losses that could affect a Sub-Fund’s investments and financial condition. Social events (e.g., inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behavior, etc.) or governance shortcomings (e.g., recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into Sustainability Risks.

**Specific Risks**Concentration of Investments

A Sub-Fund may at certain times hold relatively few investments. Such a Sub-Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Credit Spreads

A Sub-Fund may make investments that expose it to corporate credit spreads and movements in such spreads will thus impact on the Net Asset Value per Share of each Class.

Debt Securities

The Sub-Funds may invest in debt securities which may be not be rated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Because investors generally perceive that there are greater risks associated with unrated and below investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Sub-Funds. The Sub-Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer’s assets. The Sub-Funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Sub-Funds will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries is difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### Distressed Debt Securities

The Sub-Funds may invest in securities whereby its issuer has failed to make a contractual payment as it falls due, is subject to bankruptcy or equivalent procedures or is undertaking an involuntary debt restructuring (“**Distressed Debt Securities**”). Investment in such Distressed Debt Securities (which qualify as transferable securities) involves purchases of obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. Acquired investments may include senior or subordinated debt securities, bank loans, promissory notes and other evidences of indebtedness, as well as payables to trade creditors. Although such purchases may result in significant investor returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these investments ordinarily remain unpaid unless and until the company reorganises and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to a company in which the Sub-Funds invests, an investor may lose its entire investment or may be required to accept cash or securities with a value less than the original investment. Under such circumstances, the returns generated from the investment may not compensate the Sub-Funds adequately for the risks assumed.

Investing in Distressed Debt Securities can also impose duties on the Investment Manager which may conflict with duties which it owes to the Sub-Funds. A specific example of where the Investment Manager may have a conflict of interest is where it invests the assets of the Sub-Funds in a company in serious financial distress and where that investment leads to the Investment Manager investing further amounts of the Sub-Funds’ assets in the company or taking an active role in managing or advising the company, or one of the Investment Manager’s employees becomes a director or other officer of the company. In such cases, the Investment Manager or its employee may have duties to the company and/or its members and creditors which may conflict with, or not correlate with, the interests of the Shareholders. In such cases, the Investment Manager may also have discretion to exercise any rights attaching to the Sub-Funds’ investments in such a company. The Investment Manager will take such steps as it considers necessary to resolve such potential conflicts of interest fairly.

### Equity securities

A Sub-Fund may invest in equity securities. The risks associated with investments in equity securities are high, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

Where the equity securities are traded in a developing securities market, the choice of investments may be limited as compared with other developed securities markets. The trading volumes of a developing securities market may be much lower than those in developed markets. The prices of the equity securities invested by a Sub-Fund and the Net Asset Value of that Sub-Fund may be adversely affected if the markets for the equity securities are illiquid. Further, market volatility may result in significant fluctuations in the prices of the equity securities held by a Sub-Fund and hence in the value of the Sub-Fund. Potential illiquidity and volatility may have an adverse impact on the prices of the equity securities in which a Sub-Fund may invest.

### Structured Securities

A Sub-Fund may invest directly or indirectly in securities whose value is determined by reference to changes in the value of specific currencies, interest rates, commodities, indices or other financial

indicators (for the purpose of this section the “**Reference**”) or the relative change in two or more References (collectively, “**Structured Securities**”). For the avoidance of doubt, Structure Securities may also include structured notes. The interest rate or the principal amount payable upon maturity or redemption may be increased or decreased depending upon changes in the applicable Reference. Structured Securities may be positively or negatively indexed, so that appreciation of the Reference may produce an increase or decrease in the interest rate or value of the security at maturity. In addition, changes in the interest rates or the value of the security at maturity may be a multiple of changes in the value of the Reference.

Structured Securities include interests in entities organised solely for the purpose of restructuring the investment characteristics of certain other investments. These investments are purchased by the entities, which then issue the Structured Securities backed by, or representing interests in, the underlying investments. The cash flow from the underlying investments may be apportioned among the newly issued Structured Securities to create securities with different investment characteristics such as varying maturities, payment priorities or interest rate provisions, and the extent of the payments made with respect to structured investments depends on the amount of the cash flow from the underlying investments.

Consequently, Structured Securities may present a greater degree of market risk than other types of fixed income securities, and may be more volatile, less liquid and more difficult to price accurately than less complex securities.

Structured Securities are subject to the risks associated with the underlying market or security, and may be subject to greater volatility than direct investments in the underlying market or security. Structured Securities may entail the risk of loss of principal and/or interest payments as a result of movements in the underlying market or security. Furthermore, many Structured Securities are sensitive to changes in interest rates and/or to prepayments and their returns may be subject to large changes based on relatively small changes in interest rates, prepayments or both. Structured Securities’ returns in many cases may be volatile; leverage may be inherent in the structure of some Structured Securities and in some cases may be substantial. In addition, there can be no assurance that a liquid market will exist in any Structured Security when the Sub-Fund seeks to sell. A Sub-Fund may enter into hedging transactions in certain circumstances to protect against interest rate movement, prepayment risk and the risk of increased foreclosures as a result of a decline in values of the underlying assets or other factors, but there can be no assurance that such hedging transactions will fully protect the Sub-Fund against such risks and may involve risks different from those of the underlying securities. In the event of foreclosure of mortgages and other loans backing Structured Securities, there can be no assurance that the value of the underlying assets securing such loans will be equal to the amount of the loan and foreclosure expenses.

A Sub-Fund may invest in Structured Securities which are subordinate to more senior classes of such securities. As with other subordinated securities in which a Sub-Fund may invest, subordinated Structured Securities are entitled to receive repayment of principal only after all required principal payments have been made to more senior classes and have subordinate rights as to receipt of interest distributions. Such subordinated Structured Securities are subject to a substantially greater risk of non-payment than are senior classes of Structured Securities, and may be more volatile, less liquid and more difficult to accurately price than less complex securities.

Each Sub-Fund may also invest in credit linked securities referenced to underlying securities, instruments, baskets of securities or indices. These securities are subject to both counterparty risk and the risks inherent in the underlying investment. The counterparty risk lies with each party with whom the Investment Manager contracts on behalf of the relevant Sub-Fund for the purpose of making investments (the counterparty). The underlying investment risk lies with the sovereign or corporate entity against which payments made under the product are referenced.

Structured Securities may be used to gain exposure to specific markets / sectors as deemed appropriate given the prevalent market conditions. Structured Securities may implement a view of

one product / index / market or may express a view of one area versus another. The product may or may not offer an element of principal protection.

Additional disclosures and details regarding Structured Securities, whenever a Sub-Fund invests a substantial portion of its net assets into such instruments, will be included under the relevant Supplement(s).

#### Risk relating to small and mid-cap companies

A Sub-Fund may invest in the securities of small and/or mid-cap companies. Investing in these securities may expose the relevant Sub-Fund to risks such as greater market price volatility, less publicly available information, and greater vulnerability to fluctuations in the economic cycle.

In addition, securities of many small companies are traded less frequently and in smaller volume and may be subject to more abrupt or erratic price movements than securities of large companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies.

#### Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10% of the total number of Shares representing interests in a single Sub-Fund then in issue, redemption requests may be reduced rateably and pro rata and the redemption of Shares may be carried forward to the next following Dealing Day. In the event of a large number of redemptions, this power to defer redemptions could be exercised on a number of successive Dealing Days and materially restrict a Shareholder's ability to redeem his Shares.

#### Convertible Bond Transactions

Convertible bond transactions are designed to be relatively market neutral i.e., they hedge out the directional risks generally associated with unhedged investments in the underlying instruments. However, should the credit status of an issuer weaken, losses may result from decreases in the market conversion premium or a loss of liquidity with respect to the security. These losses will be limited by the short hedge on the underlying security, but may be substantial in relation to the Net Asset Value of the SICAV. The SICAV may also suffer losses if an issuer is acquired for cash or debt securities at a price that does not generate profits on the unhedged portion of a position sufficient to recover the premium paid to acquire the convertible security and any unpaid accrued interest that would be lost should a conversion become necessary. Losses may result when securities are called for redemption at prices below the current market prices. Frequently, these losses will include interest accrued but not paid upon conversion of the called securities. In addition, losses may occur if the terms of the convertible bond do not allow for an adjustment in the conversion terms, or the SICAV is forced to convert a security earlier than anticipated.

#### Currency Exposure

The Shares are denominated in the Reference Currencies specified for each Class of Shares in the Supplement of the relevant Sub-Fund and the Reference Currency of the Sub-Fund is specified in the Supplement for each Sub-Fund. The Investment Manager may seek to hedge out currency exposure at Sub-Fund level by entering into forward foreign exchange transactions. The Investment Manager may use spot currency transactions, forward currency contracts and options when available on acceptable terms to hedge against currency fluctuations, but there can be no assurance that such Hedging Transactions will be effective.

Notwithstanding the foregoing, and noting that hedging techniques may not be completely effective, where the currency exposure of the Sub-Fund is not fully hedged, the value of the assets of the Sub-Fund may be affected favourably or unfavourably by fluctuations in currency rates. To the extent that the hedging policy is successful, performance of the Class is likely to move in line with

the performance of the underlying assets and investors in a hedged Class will not benefit if the Class' Reference Currency falls against the Reference Currency of the Sub-Fund. Furthermore, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Reference Currency of the Sub-Fund and such other currencies. Performance of a Sub-Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Sub-Fund may not correspond with the securities positions held.

### Currency Options Trading

The Sub-Funds may acquire and sell currency options, the value of which depend largely upon the likelihood of favourable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to over-the-counter options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the purchaser of an option may at worst lose his entire investment (the premium he pays).

### Options

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

### Developing Markets

The Sub-Funds may invest in developing market debt securities, foreign exchange instruments and equities which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in developing market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, developing market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the investment opportunities of the Sub-Funds in certain developing markets may be restricted by legal limits on foreign investment in local securities.

Developing markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in developing markets are lower than in developed countries. When seeking to sell developing market securities, little or no market may exist for the securities. In addition, issuers based in developing markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to

those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in developing markets may not accurately reflect the actual circumstances being reported.

Some developing markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some developing markets is much slower and subject to a greater risk of failure than in markets in developed countries.

With respect to any developing market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the SICAV, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Sub-Funds' investments in those countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

#### Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require a Sub-Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the assets of the Sub-Funds and/or disrupting the Investment Manager's investment strategy. Reduction in the size of a Sub-Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in a Sub-Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

#### Event Driven Investing

Investing following an event driven strategy requires the investment manager to make an assessment in relation to (i) particular events which potentially may have an impact on the value of financial instruments issued by a target company and the extent of such an impact on the value of those instruments, (ii) the likelihood and timing in relation to the occurrence of those events and of the timing of anticipated impact on the value of those instruments and (iii) the actual extent of the impact such event will have on the value of a company financial instruments, once the relevant event will have materialized. If the event fails to occur or it does not have the effect foreseen, losses or diminished liquidity can result.

For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganisation, the risk exists that the reorganisation either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the SICAV of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the

management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing.

Because of the inherently speculative nature of event driven investing, the results of the SICAV’s operations may be expected to fluctuate from period to period. Accordingly, Shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

#### Investment Management Risk

The investment performance of a Sub-Fund is substantially dependent on the services of certain individuals. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Sub-Fund may be adversely affected.

#### Legal Risk

The Sub-Funds may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which assets of the Sub-Funds may be invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Sub-Funds and their operations.

#### Net Asset Value Considerations/Accounting Standard Risk

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Sub-Fund’s investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the SICAV. In addition, where there is any conflict between Luxembourg GAAP and the valuation principles set out in the Articles and this document in relation to the calculation of Net Asset Value, the latter principles shall take precedence.

In calculating a Sub-Fund’s Net Asset Value, the Administrator may consult the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvements of the Investment Manager in determining the valuation price of each Sub-Fund’s investments and the Investment Manager’s other duties and responsibilities in relation to the Sub-Funds, the Investment Manager will endeavour to resolve any such conflict of interest fairly and in the interest of investors. However, in such case, if the Net Asset Value calculated in accordance with the valuation principles set out in the Articles and this document differs from that calculated in accordance with Luxembourg GAAP, such difference will need to be disclosed in the financial statements of the SICAV and the Directors of the SICAV may be required to make adjustments in the annual financial statements of the SICAV in order to comply with Luxembourg GAAP, and if relevant will include a reconciliation note in the annual financial statements of the SICAV to reconcile values shown determined under Luxembourg GAAP to those arrived at by applying the SICAV’s valuation rules.

### Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

### Strategy Risk

Strategy risk is associated with the failure or deterioration of an entire strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple investment managers in the same investment or general economic or other events that adversely affect particular strategies (e.g., the disruption of historical pricing relationships). The strategies employed by the Sub-Funds may be speculative and involve substantial risk of loss in the event of such failure or deterioration, in which event the performance of the Sub-Funds may be adversely affected.

### Tax Considerations

Where the Sub-Funds invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Sub-Funds will not be able to recover such withheld tax and so any change would have an adverse effect on the Net Asset Value of the Shares. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Sub-Funds.

### Transaction Costs

The investment policies of the Sub-Funds may involve a high level of trading and turnover of the investments of the Sub-Funds which may generate substantial transaction costs which will be borne by each Sub-Fund separately.

### Clearing House Protections

On many exchanges, the performance of a transaction by a broker (or a third party with whom it is dealing on the SICAV's behalf) is "guaranteed" by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the SICAV and may not protect the SICAV if a broker or another party defaults on its obligations to the SICAV.

### Profit Sharing

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share and accordingly the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a Performance Fee may be paid on unrealised gains, which may subsequently never be realised. The Performance Fee may create an incentive for the Investment Manager to make investments for a Sub-Fund, which are riskier than would be the case in the absence of a fee based on the performance of a Sub-Fund.

### Redemption Risk

Payment of redemption proceeds may be delayed if the Directors declare a temporary suspension of the determination of the Net Asset Value of the SICAV or a Sub-Fund in any of the exceptional circumstances as described under "Suspension of Valuation of Assets".

### Undervalued/Overvalued Securities

One of the key objectives of a Sub-Fund may be to identify and invest in undervalued and overvalued securities ("**misvalued securities**"). The identification of investment opportunities in

misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While purchases of undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments of the Sub-Funds may not adequately compensate for the business and financial risks assumed.

The Sub-Funds may make certain speculative investments in securities which the Investment Manager believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Sub-Funds may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the capital of the Sub-Funds may be committed to the securities, thus possibly preventing the Sub-Funds from investing in other opportunities.

### Volatility

Futures prices are highly volatile. Such prices are influenced by, amongst other things: government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in the foreign exchange markets with the specific intention of influencing exchange rates. The effect of such intervention is often heightened by a group of governments acting in concert. The other investments in which the Sub-Funds may invest, principally debt securities, will be subject to their own fluctuations in value as a result of, amongst other things, market, interest rate and currency movements. The Sub-Funds may be exposed to adverse changes in their Net Asset Value as a result of these factors.

### Availability of Investment Strategies

The success of the investment activities of the Sub-Funds will depend on the Investment Manager's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Sub-Funds involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the Sub-Funds' assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the Sub-Funds seek to invest, as well as other market factors, will reduce the scope for the implementation of the Sub-Funds' investment strategies.

The Sub-Funds may be adversely affected by unforeseen events involving such matters as changes in interest rates, exchange rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

### Other Activities of the Investment Manager and the Management Company

The Investment Manager and its members, officers, employees and affiliates, including those involved in the investment management of the Sub-Funds may be engaged in businesses in addition to the investment management of the Sub-Funds. The Investment Manager may have proprietary interests in, and manage and advise, other accounts or funds which may have investment objectives similar or dissimilar to those of the Sub-Funds and/or which may engage in transactions in the same types of securities and instruments as the Sub-Funds. The Sub-Fund's performance may differ significantly from the results achieved by the Investment Manager for other accounts managed or advised by the Investment Manager. When making an investment where conflicts of interest arise, the Investment Manager will endeavour to act in a fair, reasonable and equitable manner as between the SICAV and its other clients. Personnel of the Investment Manager are not required to devote all or any specified portion of their time to managing the affairs of the SICAV and are not required to accord exclusivity or priority to the SICAV in the event of limited

investment opportunities, but will devote to the SICAV so much of their time as the Investment Manager deems necessary or appropriate. The Investment Manager may choose to trade or rebalance separate products with similar strategies at different times. Investment activities by the Investment Manager on behalf of other clients may give rise to additional conflicts of interest and demands on their time and resources. The Investment Manager may from time to time act as directors, investment managers, administrators or prime brokers in relation to or otherwise be involved with other companies established by parties other than the SICAV. In such event, should a conflict of interest arise, the Investment Manager will endeavour to ensure that it is resolved fairly.

The Management Company is an independent entity, appointed under the terms of a Management Company Services Agreement. This Management Company Services Agreement includes provisions regulating the standards to which the Management Company is required to act, the conflicts of interest to which it may be subject and the circumstances in which it can be removed or can resign. Any such resignation or removal or any other premature termination of the appointment of the Management Company as well as any breach of duty by the Management Company will trigger the termination of the Management Company Services Agreement and may materially adversely affect the SICAV and the Sub-Funds.

### Interest Rate Risk

The SICAV is subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The SICAV may attempt to minimize the exposure of the Sub-Funds' portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Investment Manager will be successful in fully mitigating the impact of interest rate changes on the Sub-Funds' portfolios.

### Counterparty Risk

Each Sub-Fund will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons.

Some of the markets in which a Sub-Fund may effect transactions are "over-the-counter" (or "interdealer") markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such "over-the-counter" transactions. This exposes the relevant Sub-Fund 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 relevant Sub-Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the relevant Sub-Fund has concentrated its transactions with a small group of counterparties. Moreover, although the Sub-Funds shall only transact with eligible counterparties, the Investment Manager has no formal credit function which evaluates the creditworthiness of the relevant Sub-Fund's counterparties. The ability of a Sub-Fund to transact business with any one or number of counterparties, the lack of any separate evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Sub-Funds.

## Use of financial derivative instruments and efficient portfolio management techniques

### *a) General use of Derivatives*

The Sub-Funds may utilise both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of their investment policies. These instruments can be highly volatile and expose investors to a high risk of loss. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

Derivatives, in particular derivatives which are negotiated “over-the-counter” are subject to legal risks including the uncertainty in the applicability of laws, or the interpretation or enforceability of contracts or an action by a court or regulatory body that could invalidate a derivative contract entered into by the SICAV.

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

### *b) Credit Default Swaps*

The SICAV may take positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the “**protection buyer**”) to transfer credit risk of a reference entity (the “**reference entity**”) to one or more other parties (the “**protection seller**”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a “**credit event**”) experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the SICAV if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

### *c) Swap Agreements*

The SICAV may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the SICAV’s exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The SICAV is not limited to any particular form of swap agreement if consistent with the terms of the Prospectus and the investment objective and policy of a Sub-Fund.

Swap agreements tend to shift the SICAV’s investment exposure from one type of investment to another. For example, if the SICAV agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the SICAV’s exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the SICAV’s portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of

payments due to and from the SICAV. If a swap agreement calls for payments by the SICAV, the SICAV must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the SICAV.

d) *Synthetic Short Selling*

Typically, UCITS, such as the SICAV, invest on a "long only" basis. This means that the respective Net Asset Value will rise (or fall) in value based on the market value of the assets held. A "short" sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the security and is obligated to return the security (or a security exchangeable for such security) to the lender, which is accomplished by a later purchase of said security. Although the SICAV is not permitted to enter into short sales under the UCI Law, a Sub-Fund may, by employing certain derivative techniques (such as contracts for difference) designed to produce the same economic effect as a short sale (a "synthetic short"), establish both "long" and "short" positions in individual stocks and markets. As a result, as well as holding assets that may rise or fall with markets, a Sub-Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position. Investors should also consider the risk factors under "Derivatives" and "Particular Risks of OTC Derivatives" above.

e) *Forward Foreign Exchange Contracts*

A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are generally effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Sub-Funds are subject to the risk of the inability or refusal of their counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel the Sub-Funds to cover their commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

f) *Securities Lending, Repurchase or Reverse Repurchase Transactions, Buy-Sell Back Transactions and Margin Lending*

The principal risk when engaging in the captioned transactions transaction is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the SICAV as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favour of the SICAV. However, these transactions may not be fully collateralised. Fees and returns due to the SICAV under securities lending, repurchase or reverse repurchase agreements, buy-sell back and margin lending transactions may not be collateralised. In addition, the value of collateral may decline in between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the SICAV may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the SICAV.

A SICAV may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the SICAV to the counterparty as required by the terms of the transaction. The SICAV would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the SICAV.

Securities lending, repurchase or reverse repurchase agreements, buy-sell back and margin lending transactions also entail operational risks such as the non-settlement or delay in settlement of instructions and legal risks related to the documentation used in respect of them.

g) OTC financial derivative instruments (including total return swaps)

Certain Sub-Funds may enter into over the counter derivatives (OTCs) to achieve their investment objective.

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house.

Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose a Sub-Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not *bona fide*) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Fund. A haircut will be applied on any collateral received, in order to mitigate this counterparty risk, as detailed under Appendix I below.

The SICAV may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the SICAV. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the SICAV has an open position or if margin is not identified and correctly report to the particular Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the SICAV may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the "**European Market Infrastructure Regulation**" or "**EMIR**") requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the SICAV. While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalised by the date of this Prospectus. It is as yet unclear how the OTC derivatives market will adapt to the new regulatory regime. ESMA has published an opinion calling for the

UCITS Directive to be amended to reflect the requirements of EMIR and in particular the EMIR clearing obligation. However, it is unclear whether, when and in what form such amendments would take effect. Accordingly, it is difficult to predict the full impact of EMIR on the SICAV, which may include an increase in the overall costs of entering into and maintaining OTC derivatives.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Sub-Funds to adhere to their respective investment policies and achieve their investment objective. At the time of drafting this Prospectus, there is no legal obligation for the SICAV to mandatorily have its OTC derivatives cleared through a central clearing counterparty and the Investment Manager intends to mitigate counterparty risk through a rigorous selection and monitoring of counterparties, and the application of stringent haircuts on any collaterals received. Counterparty risk and collateral percentages will be monitored by the Management Company in accordance with applicable laws and regulations.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the SICAV has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the SICAV to enforce its contractual rights may lead the SICAV to decide not to pursue its claims under the OTC derivatives. The SICAV thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the SICAV has incurred the costs of litigation. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

#### h) OTC Counterparty Risk

In accordance with its investment objective and policy, a Sub-Fund may trade OTC financial derivative instruments such as non-exchange traded futures and options, forwards, swaps, total return swaps or contracts for difference. OTC derivatives are instruments specifically tailored to the needs of an individual investor that enable the user to structure precisely its exposure to a given position. Such instruments are not afforded the same protections as may be available to investors trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The counterparty to a particular OTC derivative transaction will generally be the specific entity involved in the transaction rather than a recognised exchange clearing house. In these circumstances the Sub-Fund will be exposed to the risk that the counterparty will not settle the 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 the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. This could result in substantial losses to the Sub-Fund.

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of 'exchange-based' markets are subject. Unless otherwise indicated in the Prospectus for a specific Sub-Fund, the SICAV will not be restricted from dealing with any particular counterparties. The SICAV's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and foolproof evaluation of the financial capabilities of

the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses.

The SICAV may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets. Investors should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

If there is a default by the counterparty to a transaction, the SICAV will under most normal circumstances have contractual remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays and costs. If one or more OTC counterparties were to become insolvent or the subject of liquidation proceedings, the recovery of securities and other assets under OTC derivatives may be delayed and the securities and other assets recovered by the SICAV may have declined in value.

Regardless of the measures that the SICAV may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result. Such counterparty risk is accentuated for contracts with longer maturities or where the Sub-Fund has concentrated its transactions with a single or small group of counterparties.

i) Collateral management

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase agreements, margin lending and buy-sell back transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-Fund may not be collateralised. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realise a loss due, *inter alia*, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

## Risks regarding PRC and RMB Investments

### a) General PRC Risks

PRC Political, Economic and Social Risks: Any political changes, social instability and adverse diplomatic developments which may take place in or in relation to the PRC could result in the imposition of additional governmental restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of certain Sub-Funds' assets. Investors should also note that any change in the policies of the government and relevant authorities of the PRC may adversely impact the securities markets in the PRC as well as the performance of the relevant Sub-Fund.

PRC Economic Risks: The economy in the PRC has experienced significant and rapid growth in the past 20 years. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the markets of the PRC and therefore on the performance of the relevant Sub-Fund.

Legal System of the PRC: The legal system of the PRC is based on written laws and regulations. However, because many of these laws and regulations, especially those that affect the securities market, are relatively new and evolving, the enforceability of such laws and regulations is uncertain. Such regulations also empower the CSRC and the State Administration of Foreign Exchange ("**SAFE**") to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application. In addition, as the PRC legal system develops, there can be no assurance that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on the business operations of PRC companies which may issue RMB securities to be invested by certain Sub-Funds.

Government control of currency conversion and future movements in exchange rates: The conversion of onshore RMB in PRC into another currency is subject to SAFE approvals and the conversion rate is based on a managed floating exchange rate system which allows the value of onshore RMB in PRC to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that the onshore RMB in PRC exchange rate will not fluctuate widely against the US Dollar or any other foreign currency in the future.

Taxation in the PRC: Various tax reform policies have been implemented by the PRC government in recent years. Assets of certain Sub-Funds may be subject to withholding and other taxes imposed by the PRC government. There can be no assurance that the existing tax laws will not be revised or amended in the future. Any changes in tax policies could affect the amount of income which may be derived by, and the amount of capital returned, to the relevant Sub-Fund. It is anticipated that the laws governing taxation will continue to change and may contain conflicts and ambiguities, and may operate on a retrospective basis. Under the current PRC law, dividends, interests, rents and royalties payable by an enterprise in the PRC to a foreign investor who is a non-resident enterprise will be subject to a 10 per cent withholding tax, unless such non-resident's enterprise's jurisdiction of incorporation has a tax treaty with the PRC and that treaty provides for a lower tax rate or an exemption.

The PRC tax authorities have however not yet clarified whether income tax or withholding tax are payable on capital gains arising from securities trading of QFIIs. It is therefore possible that the relevant tax authorities may in the future clarify the tax position and impose an income tax or withholding tax on realised gains by QFIIs from dealing in PRC securities (including debt

instruments and A-Shares).

**Accounting and Reporting Standards:** PRC companies which may issue RMB securities to be invested by certain Sub-Funds are required to follow PRC accounting standards and practices which follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

**Development of the PRC bond market:** Investors should note that the securities markets in the PRC generally and the PRC bond markets in particular are both at a developing stage and the market value and trading volume may be lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volumes in the PRC's debt markets may result in prices of securities traded on such markets fluctuating significantly, and may result in substantial volatility in the Net Asset Value of certain Sub-Funds. The national regulatory and legal framework for capital markets and debt instruments in the PRC are still developing when compared with those of developed countries. Currently, PRC entities are undergoing reform with the intention of increasing liquidity of debt instruments. However, the effects of any development or reform on the PRC's debt markets remain to be seen.

**Risks linked to intervention of the government in financial markets:** Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of certain Sub-Funds, and may have an unpredictable impact on such Sub-Funds.

Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the relevant Sub-Fund.

**Risks linked with dealing in securities in China - Investments in China** are currently subject to certain additional risks, particularly regarding the ability to deal in securities in Mainland China. Dealing in certain Chinese securities is restricted to licensed investors and the ability of the investor to repatriate its capital invested in those securities may be limited at times. Due to issues relating to liquidity and repatriation of capital, the Investment Manager may determine from time to time that making direct investments in certain securities may not be appropriate for the relevant Sub-Fund. As a result, the Investment Manager may choose to gain exposure to Chinese securities indirectly (for example, by way of derivatives or promissory notes which qualify as transferable securities) and may be unable to gain full exposure to the Chinese markets.

**Risks linked to debt securities issued by Chinese companies on offshore markets - For Sub-Funds** which are permitted to invest in debt securities issued by Chinese companies on offshore markets, investors should be aware that certain structures are typically put in place to enable such transactions. Usually the Chinese company ("sponsor company") will raise debt capital by creating a special purpose offshore debt fund ("OSDF") which issues debt securities to foreign investors. The OSDF then uses the proceeds of such debt issuance to participate in the capital of the sponsor company through the subscription of equity securities. The OSDF usually has no direct security over the underlying assets of the sponsor company and the OSDF is therefore likely to suffer losses in the event of a failure of the sponsor company. Furthermore, the sponsor company can only transfer money to the OSDF in the form of after-tax dividends and only with the approval of the relevant Chinese regulatory authorities. Dividends can only be paid when the sponsor company is making a profit. In order to meet the obligations arising upon the debt issue maturing the OSDF may need to seek further injections of capital by way of issuing new debt.

b) Concentration risk of Sub-Funds investing in China-related securities

Where a Sub-Fund focuses its investments on China-related securities, the relevant Sub-Fund is subject to concentration risk. In other words, the Sub-Fund is likely to be more volatile than a broad-based fund, as the Sub-Fund is more susceptible to fluctuations in value resulting from limited number of holdings or from unfavourable performance in such equity and debt securities that the Sub-Fund invests in.

c) Exchange Rate / Currency Risk / RMB Convertibility Risk

Changes in exchange rates between the base currency of certain Sub-Funds and the currency of denomination of any Share class may cause the value of the investor's investments to decrease or increase. Exchange control regulations or any changes thereto may cause difficulties in the repatriation of funds, and the performance of the relevant Sub-Fund's investments and holdings may be affected. RMB is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the central government of the PRC. If such policies or restrictions change in the future, the position of such Sub-Fund or its investors may be adversely affected.

Shareholders should also note that conversion between RMB and other currencies is subject to policy restrictions relating to RMB and the relevant regulatory requirements in the PRC and in the country of issue and/or country of payment relating to the relevant Sub-Fund or its investments. There is no guarantee that RMB will not depreciate.

RMB convertibility is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC. Converting foreign currencies into RMB is carried out on the basis of the rate applicable to offshore RMB. The daily trading price of offshore RMB against other major currencies in the inter-bank foreign exchange market is floating in a band around the central parity published by the People's Bank of China (PBC). The value of the offshore RMB (i.e. CNH, which designates RMB traded outside PRC) may differ from the value of onshore RMB (i.e. CNY, which designates RMB traded within PRC) due to a number of factors including foreign exchange control policies and repatriation restrictions enforced by the PRC from time to time as well as other external factors.

The investments of certain Sub-Funds can be made, at least partially, in offshore RMB and all subscriptions received in currencies other than offshore RMB may have to be converted into offshore RMB using the prevailing rate; the same applies to redemption proceeds by which offshore RMB will be converted in the relevant currency. The relevant Sub-Fund may incur higher costs as a result of the multiple conversions between offshore RMB and other currencies.

d) Risk applicable to all Share Classes

For investors whose home currency is different from the denomination of the Share Class currency, they are exposed to fluctuations in the exchange rate between their home currency and the Share Class currency or Base Currency. They are also subject to the bid/offer spread for currency conversion. If they wish or intend to convert the redemption proceeds into a different currency, they are subject to the relevant foreign exchange risk and may incur substantial capital loss from such conversion.

Subject to the other risk factors applicable, certain Share Classes are subject to exchange rate risk since the investments may be denominated in, or exposed to, RMB and the currency of each of these Share Classes are denominated in a currency other than RMB.

The Investment Manager may or may not decide to hedge the risk associated with RMB exposures arising from investment in certain Sub-Funds' assets under these Share Classes. If the Investment Manager decides to hedge such risk, one possible outcome of such hedge is that investors will not be able to benefit from any appreciation of the RMB.

e) Risks relating to China A-Share market

Investors should note that the stock exchanges in the PRC on which A-Shares are traded are at a

developing stage and the market capitalisation and trading volume are much lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volume in the A-Share market may result in prices of securities traded on such markets fluctuating significantly resulting in substantial volatility in the share price of the relevant Sub-Funds.

The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which securities may be purchased or sold by the relevant Sub-Fund and the Net Asset Value of such Sub-Fund may be adversely affected if trading markets for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in the PRC on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Investment Manager to liquidate positions and can thereby expose the relevant Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Investment Manager to liquidate positions at a favourable price, which could thereby expose the relevant Sub-Fund to significant losses.

China A-Shares may only be bought from, or sold to, the relevant Sub-Fund from time to time where the relevant China A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the China A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the subscription and redemption of Shares may also be disrupted.

*f) Risks relating to the PRC fixed income market*

The existence of a liquid trading market for the RMB fixed income securities may depend on whether there is supply of, and demand for, such fixed income securities. The price at which securities may be purchased or sold by the relevant Sub-Fund and the Net Asset Value of the relevant Sub-Fund may be adversely affected if trading markets for fixed income securities are limited or absent. The fixed income securities markets may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the fixed income securities markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.

*g) Investment Risk*

Certain Sub-Funds may invest in China A-Shares or RMB fixed income securities and these instruments may fall in value. Investors may suffer losses as a result. The relevant Sub-Funds are not principal guaranteed and the purchase of its shares is not the same as investing directly in China A-Shares, RMB fixed income instruments or placing RMB funds on deposit with a bank.

*h) Risk of Investing in PRC Funds*

Whilst certain Sub-Funds may invest in funds approved by the CSRC and offered to the public in the PRC, these are not regulated by the SFC. In addition to the Expenses and Charges charged by the Sub-Fund, investor should note that there are additional fees involved when investing into these underlying funds, including fees and expenses charged by the investment manager of these underlying funds as well as fees payable by the relevant Sub-Fund during its subscription to or redemption from these underlying funds. Furthermore, there can be no assurance that 1) the liquidity of the underlying funds will always be sufficient to meet redemption request as and when made; and 2) investment objective and strategy will be successfully achieved despite the due diligence procedures undertaken by the Investment Manager in the selection and monitoring of the underlying funds. If the relevant Sub-Fund invests in an underlying fund managed by the Manager

or Connected Person of the Manager, potential conflict of interest may arise.

PRC Counterparty Risk

The Investment Manager intends that the counterparties with which it deals on behalf of the relevant Sub-Funds shall have reasonable financial soundness at the time of entering into the relevant transaction. Counterparties are assessed based on the risk management policies that the counterparties' default risk should be both diversified and minimized, and that the counterparties' performance does not adversely impact the shareholders. Only counterparties which professional reputations are of high calibre and who are members in good standing with their respective industry associations and regulatory bodies would be approved for use by the Investment Manager.

Semi-annual review for the appropriateness of the approved counterparties is also performed to ensure that they continue to meet the aforesaid selection criteria.

However, in the event of bankruptcy or insolvency of any of its counterparties, the relevant Sub-Funds may experience delays in liquidating its positions and may, thereby, incur significant losses (including declines in the value of its investment) or the inability to redeem any gains on investment during the period in which the relevant Sub-Fund seeks to enforce its rights, and fees and expenses incurred in enforcing its rights.

There is also the possibility that such transactions will be terminated due, for instance, to counterparty bankruptcy, supervening illegality or a retrospective change in the tax or accounting laws relative to those applicable at the time the transaction was entered into.

Investment in debt securities will expose the relevant Sub-Funds to counterparty default risks. Exchange traded debt securities may be subject to counterparty risk, although such risk is mitigated by a centralised clearing system. The counterparty which has entered into a transaction with the relevant Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

i) PRC Tax Risks

Under the PRC CIT Law and its implementation rules, income derived from the PRC by non-resident enterprises that have no establishment or place in the PRC are subject to withholding tax. As such, the Sub-Fund's investments in PRC securities and bonds are subject to withholding tax on income (such as dividends on, or interest income from, such investments, as the case may be) derived from the PRC, and such withholding tax may reduce the income from, and/or adversely affect the performance of the Sub-Fund. Nonetheless, the PRC Corporate Income Tax law has exempted income tax on interest from government bonds.

In view of the prevailing temporary exemption on capital gains derived from the trading of A-shares and the tax bureau's interpretation on the tax treatment for capital gains from the trading of PRC debt securities, the Investment Manager has decided not to make any withholding income tax provision for the realized and unrealized capital gains derived from the trading of PRC securities. It should be noted that the tax exemption on A-share capital gains is temporary and the interpretation of the tax bureau on the taxability of the capital gains from the trading of debt securities may be subject to change in future. If withholding income tax is imposed on the capital gains in future, the relevant Sub-Funds may have to bear additional tax cost and the net asset value of the Sub-Fund may be impacted adversely.

j) RMB Currency and Currency Conversion Risks

(i) RMB Currency Risk

RMB is not a freely convertible currency and is subject to foreign exchange control policies and restrictions. There is no guarantee that RMB will not depreciate in future. If investors convert Hong Kong dollar or US dollar or any other currency into RMB so as to invest in RMB-denominated Class of Shares of the Sub-Fund and subsequently convert the RMB redemption proceeds in respect of

redemption of such Shares back into Hong Kong dollar or US dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong dollar or US dollar or such other currency. Investors investing in non-RMB denominated Classes of Shares may also suffer a loss in their investments if RMB depreciates against the currency of the relevant Class of Shares, as the majority of the Sub-Fund's investments will be denominated in RMB.

(ii) *Currency Conversion Risk*

Where an investor subscribes for shares denominated in a non-RMB currency, the Investment Manager will convert such subscriptions into RMB prior to investment at the applicable exchange rate and subject to the applicable spread. The relevant Sub-Fund may incur costs as a result of the conversion. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time (i.e. it is possible there is not sufficient RMB for currency conversion in case of sizeable subscriptions). As such, the Investment Manager has the absolute discretion to reject any application made for Shares denominated in a non-RMB currency where it determines that there is insufficient RMB for currency conversion.

Where an investor redeems shares denominated in a non-RMB currency, the Investment Manager will sell the relevant Sub-Fund's investments denominated in RMB and convert such proceeds into non-RMB currency at the applicable exchange rate and subject to the applicable spread. Again the Sub-Fund may incur costs as a result of the conversion. Currency conversion is also subject to the relevant Sub-Fund's ability to convert the proceeds denominated in RMB into non-RMB currency which, in turn, might affect the Sub-Fund's ability to meet redemption requests from the shareholders or delay the payment of redemption proceeds. However it is the current intention of the Investment Manager that redemption proceeds will normally be paid in the currency of the relevant Class within a period of seven Business Days from the relevant Dealing Day.

Currently, the RMB is traded in two markets: one in the PRC, and one outside the PRC (primarily in Hong Kong). The RMB traded in the PRC is not freely convertible and is subject to exchange controls and certain requirements by the government of the PRC. The RMB traded outside the PRC, on the other hand, is subject to different regulatory requirements and is more freely tradable when compared to the RMB traded in the PRC.

In calculating the Net Asset Value of Classes of shares denominated in a non-RMB currency, the Administrator will apply the CNH rate for the offshore RMB market in Hong Kong. The CNH rate may be at a premium or discount to the exchange rate for the onshore RMB market in China (i.e. the CNY exchange rate); there may be significant bid and offer spreads due to supply and demand. Consequently, the difference in the CNH rate and the CNY exchange rate may give rise to additional costs for investing in Classes of Shares denominated in a non-RMB currency and investing in such Classes of Shares may suffer losses. The value of the Classes of Shares denominated in a non-RMB currency is subject to fluctuation in the CNH rate. In particular, where the CNH rate is at a premium to the CNY exchange rate, any currency conversion at the CNH rate will adversely affect the value of the relevant Class of Shares denominated in a non-RMB currency in RMB terms and increase the costs of acquiring investments in RMB terms for the Sub-Fund using subscription proceeds from such Class of Shares.

While both onshore Renminbi ("**CNY**") and offshore Renminbi ("**CNH**") are the same currency, they are traded in different and separated markets. CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there has been a growing amount of Renminbi held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. Investors should note that subscriptions and redemptions will be in USD, EUR or GBP and will be converted to/from CNH and the investors will bear the forex expenses associated with such conversion and the risk of a potential difference between the CNY and CNH rates. The liquidity and trading price of the relevant Sub-Fund may also be adversely affected by the rate and liquidity of the Renminbi outside the PRC.

k) *RMB Fixed Income Securities and Debt Instruments Risks*

Certain Sub-Funds will invest in debt instruments. Debt instruments, such as notes and bonds, are subject to liquidity risk, credit risk, interest rate risk, credit rating risk, valuation risk, and downgrade risk.

(i) *Liquidity Risk*

The price at which the RMB fixed income securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spread of the price of RMB fixed income securities may be high, and the relevant Sub-Funds may therefore incur significant trading costs and may even suffer losses when selling such investments. While such RMB fixed income securities are traded on markets where trading is conducted on a regular basis, certain extraordinary events or disruption events may lead to a disruption or suspension of trading on such markets. There is also no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB fixed income securities. In the absence of an active secondary market, a Sub-Fund may need to hold the RMB fixed income securities until their maturity date. If sizeable redemption requests are received, the relevant Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments.

(ii) *Credit Risk*

The relevant Sub-Funds are subject to the risk that the issuers of the fixed income securities are unable or unwilling to make timely principal and/or interest payment, or to honour their obligations. An issuer's ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the fixed income securities in which the relevant Sub-Fund invests defaults, the performance of such Sub-Fund will be adversely affected.

The financial market of the PRC is at an early stage of development, and most of the fixed income securities that the Sub-Fund invests in are and may be unrated. In general, debt instruments that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the fixed income securities, the Sub-Fund's Net Asset Value will be adversely affected and investors may suffer a substantial loss as a result. A Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers of fixed income securities as such issuers may be incorporated outside the jurisdiction in which the Sub-Fund has been authorized or registered and subject to foreign laws. Fixed income securities are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income securities only after all secured claims have been satisfied in full. The relevant Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Certain Sub-Funds may invest in fixed income securities which may or may not be of investment grading. Such securities are typically unsecured debt obligations which are not supported by any collateral. The relevant Sub-Fund will be fully exposed to the credit and/or insolvency risk of its counterparties as an unsecured creditor.

RMB denominated deposits that the Sub-Funds may invest are unsecured contractual obligations of the credit institutions where such deposits are held. The relevant Sub-Funds would be an unsecured creditor and is exposed to the credit/insolvency risk of such credit institutions.

(iii) *Interest Rate Risk*

There is a general inverse relationship between interest rate and price of debt instruments. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt instruments.

Changes in interest rates may affect the value of a security as well as the financial markets in general. Fixed income securities (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. If the debt securities held by a Sub-Fund fall in value, the Sub-Fund's value will also be adversely affected. On the other hand, shorter term debt securities are less sensitive to interest rate changes than longer term debt securities. However, this also means that shorter term debt securities usually offer lower yields.

Changes in macro-economic policies of PRC, such as the monetary and fiscal policy, will have an influence over capital markets which may cause changes to market interest rates, affecting the pricing of the bonds and thus the return of the Sub-Fund.

(iv) *Credit Rating Risk*

Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates.

As the credit ratings of the debt instruments of the relevant Sub-Fund are largely assigned by the credit agencies in the PRC, the methodologies adopted by the local rating agencies might not be consistent with the other international rating agencies. As a result, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

To the extent that a Sub-Fund invests in higher yield debt instruments, the Sub-Fund's success in achieving its investment objective may depend more heavily on the Manager's creditworthiness analysis than if the relevant Sub-Fund invested exclusively in higher-quality and better rated securities.

l) *China Access Channels Specific Risks*

(i) *QFII Regime Risks*

As the Sub-Funds may invest in A-Shares through institutions that have obtained the Qualified Foreign Institutional Investor status ("**QFII**") in the mainland PRC, certain restrictions imposed on QFIIs may have an adverse effect on the Sub-Funds' liquidity and performance.

Prospective investors should refer to the Foreign Investment Regulation in the PRC. Under the prevailing regulations, foreign investors can invest in A-Shares and certain other investment products in the PRC through QFII from the China Securities Regulatory Commission (the "**CSRC**") within a certain investment limit ("**Quota**") as approved by the State Administration of Foreign Exchange ("**SAFE**"). If not otherwise stated in the investment policy of the Sub-Fund, the Sub-Funds are not investing at the A-Share market for the time being, but may invest in it at a time that the Directors and Investment Manager determine in which case the prospectus will be amended. Prior notice will be given to the relevant investors should the Sub-Funds intend to invest in the A-Share market. QFIIs are subject to strict investment restrictions imposed by the CSRC.

These restrictions currently include:

- (a) A QFII may only invest in a Quota of between USD50 million and USD800 million.
- (b) A QFII (other than a closed ended fund management institution) may not repatriate invested capital for a minimum of three months and, thereafter, the maximum amount of initial capital which can be repatriated per remittance is restricted to 20%.
- (c) Net realised profits of a QFII in any financial year may be repatriated following completion of the audit of the QFII's Quota for such period, but all such repatriations shall require the prior approval of SAFE.
- (d) The holdings by the underlying investors and their related parties of the QFII should not exceed 10% of the outstanding shares of any listed company in the PRC and the aggregate holdings of all QFIIs in the shares of any listed company in the PRC cannot exceed 20% of the total number of the outstanding A shares in such a company.
- (e) Investments of a QFII must be held by a licensed custodian bank. A QFII must open an independent Renminbi special account at the custodian bank. The custodian bank shall in turn have a securities trading account and a securities settlement account opened at a securities registration settlement institution authorised by CSRC on behalf of the foreign investor. All the funds and investments in the Renminbi special account maintained by the QFII with the custodian bank will be held by the QFII as the legal owner of those funds and investments. Segregation of the Sub-Fund's funds and investments from those of the QFII

or of the other investors investing through the same QFII and utilising the same Renminbi special account is not expressly recognised under the relevant PRC regulations.

- (f) A QFII may only invest in market sectors which are classified as open to foreign investment and all such holdings will be subject to a maximum foreign investment limit or ratio as specified in (d) above.

The restrictions on repatriation of the invested capital and net profits may impact on the Sub-Funds' ability to meet the realisation on requests of its Shareholders. In the event that realisation requests for a large number of Shares are received, the Sub-Funds may need to realise other investments instead of the investments held through a QFII for the purposes of meeting such realisation requests and/or suspending the determination of the net asset value of the Sub-Funds and dealing of the Sub-Funds. It is likely that such impact will increase as the investment of the Sub-Funds in A-Shares increases.

Investments by the Sub-Funds in investment products in the PRC are to be made and held within the specified quota of the relevant QFII representing the Sub-Funds. This specified Quota is shared by the Sub-Funds with other investors investing through the same QFII. As the investment restrictions apply to the specified Quota as a whole (and not simply to that portion of the specified Quota relating to investments of the Sub-Funds), any violation of any such restriction arising from activities relating to investments of the specified Quota other than those of the Sub-Funds may result in the revocation of, or other regulatory action being imposed on, all the investments in the specified Quota, including those of the Sub-Funds. Further, the Sub-Funds may not be able to repatriate all or part of its realised profits if the investments in the specified Quota as a whole do not make any profit or the level of profits made by the entire specified Quota is below that of the portion of the specified Quota invested by the Sub-Funds.

Sub-Funds may also invest in A-Shares through institutions that have obtained the Renminbi Qualified Foreign Institutional Investor status in the mainland PRC. Any risks in relation to such type of investment are disclosed below and further referred to under the Supplements

(ii) *R-QFII Regime Risk*

The R-QFII regime is governed by rules and regulations as promulgated by the mainland Chinese authorities, i.e., the CSRC, the State Administration of Foreign Exchange ("SAFE") and the People's Bank of China ("PBOC"). Such rules and regulations may be amended from time to time and include (but are not limited to) (hereinafter the "R-QFII Regulations"):

- (i) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法);
- (ii) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 1 March 2013 (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定); and
- (iii) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by SAFE and effective from 21 March 2013 (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) ("**R-QFII Measures**");
- (iv) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and
- (v) any other applicable regulations promulgated by the relevant authorities.

Certain Sub-Funds, without being R-QFIIs, may obtain access to China A-Shares, RMB denominated fixed income instruments or other permissible investments directly using R-QFII quotas of a R-QFII. Certain Sub-Funds may invest directly in R-QFII eligible securities investment

via the R-QFII status of the Investment Manager.

The current R-QFII Regulations include rules on investment restrictions applicable to the relevant Sub-Funds. Transaction sizes for R-QFIIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Investors should note that R-QFII status could be suspended or revoked, which may have an adverse effect on the relevant Sub-Fund's performance as such Sub-Fund may be required to dispose of its securities holdings.

In addition, certain restrictions imposed by the Chinese government on R-QFIIs may have an adverse effect on the relevant Sub-Fund's liquidity and performance. The SAFE regulates and monitors the repatriation of funds out of the PRC by the R-QFII pursuant to the R-QFII Measures. Repatriations by R-QFIIs in respect of an open-ended RQFII fund (such as the relevant Sub-Funds) conducted in RMB are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the R-QFII Local Custodian. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the relevant Sub-Fund's ability to meet redemption requests from the shareholders. Furthermore, as the R-QFII Local Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the R-QFII Local Custodian in case of non-compliance with the R-QFII rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming shareholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

Repatriations by R-QFIIs in respect of funds such as the Sub-Funds referred hereto conducted in CNY are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

R-QFII quotas are generally granted to a R-QFII. The rules and restrictions under R-QFII regulations generally apply to the R-QFII as a whole and not simply to the investments made by the relevant Sub-Funds. It is provided in the R-QFII Measures that the size of the quota may be reduced or cancelled by the SAFE if the R-QFII is unable to use its R-QFII quota effectively within one year since the quota is granted. If SAFE reduces the R-QFII's quota, it may affect the Investment Manager's ability to effectively pursue the investment strategy of the relevant Sub-Funds. On the other hand, the SAFE is vested with the power to impose regulatory sanctions if the R-QFII or the R-QFII Local Custodian violates any provision of the R-QFII Measures. Such violations could result in the revocation of the R-QFII's quota or other regulatory sanctions and may adversely impact on the portion of the R-QFII's quota made available for investment by the relevant Sub-Funds.

There can be no assurance that additional R-QFII quota can be obtained by the Investment Manager to fully satisfy subscription requests. This may result in a need to close the relevant Sub-Funds to further subscriptions. In extreme circumstances, certain Sub-Funds may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to R-QFII investment restrictions, illiquidity of the PRC's securities markets, and delay or disruption in execution of trades or in settlement of trades.

Currently it is intended that certain Sub-Funds will obtain exposure to RMB equity securities, RMB fixed income securities and other permissible investments by using the R-QFII quotas of the Investment Manager or of third parties.

The regulations which regulate investments by R-QFIIs in the PRC and the repatriation of capital from R-QFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied

as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

The Depositary has been appointed to hold the assets of the SICAV. The Investment Manager (in its capacity as a R-QFII) and the Depositary have appointed Bank of China Limited as the R-QFII Local Custodian in respect of the R-QFII securities, pursuant to relevant laws and regulations.

Onshore PRC securities are registered in the name of "the full name of the RQFII investment manager – the name of the relevant Sub-Fund" in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the China Securities Depository and Clearing Corporation Limited ("**CSDCC**"). The Investment Manager may select up to three PRC brokers (each a "**PRC Broker**") to act on its behalf in each of the two onshore PRC securities markets as well as a custodian (the "**R-QFII Local Custodian**") to maintain its assets in custody in the PRC.

Onshore PRC assets will be maintained by the R-QFII Local Custodian in electronic form via a securities account with the CSDCC and a cash account with the R-QFII Local Custodian. The Investment Manager also selects the PRC Broker to execute transactions for the relevant Sub-Funds in the PRC markets. The Investment Manager can appoint up to three PRC Brokers per market (the Shanghai Stock Exchange and the Shenzhen Stock Exchange).

Should, for any reason, the relevant Sub-Fund's ability to use the relevant PRC Broker be affected, this could disrupt the operations of such Sub-Fund and affect the ability of the Sub-Fund implement its investment strategy, causing a premium or a discount to the trading price of the relevant securities on the relevant stock exchange. These Sub-Funds may also incur losses due to the acts or omissions of either the relevant PRC Broker(s) or the R-QFII Local Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Custodian will make arrangements to ensure that the R-QFII Local Custodian has appropriate procedures to properly safe-keep the Sub-Fund's assets.

According to the R-QFII Regulations and market practice, the securities and cash accounts for the relevant Sub-Funds in the PRC are to be maintained in the name of "the full name of the R-QFII investment manager – the name of the Sub-Fund". Although the Investment Manager has obtained a satisfactory legal opinion for certain other RQFII fund products confirming that the assets in such securities account would belong to the fund, such opinion cannot be relied on as being conclusive, as the R-QFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the cash account of the relevant Sub-Fund with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, such Sub-Fund will not have any proprietary rights to the cash deposited in such cash account and will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the R-QFII Local Custodian. The relevant Sub-Funds may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case such Sub-Funds will suffer losses.

In the event of any default of either the relevant PRC Broker or the R-QFII Local Custodian (directly or through its delegate) in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Funds referred in this section may encounter delays in recovering its assets which may in turn adversely impact their net asset value.

The current R-QFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the R-QFII laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through a R-QFII, may be adversely affected as a result of such changes.

(iii) *R-QFII Local Custodian Risk*

There is a risk that certain Sub-Funds may suffer losses, whether direct or consequential, from the default or bankruptcy of the R-QFII Local Custodian or disqualification of the same party from acting

as a custodian. This may adversely affect such Sub-Funds in the execution or settlement of any transaction or in the transfer of any funds or securities.

(iv) *PRC Brokerage Risk*

The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("**PRC Brokers**") appointed by a R-QFII. There is a risk that certain Sub-Funds may suffer losses, whether direct or consequential, from the default or bankruptcy of the PRC Broker or disqualification of the same from acting as a broker. This may adversely affect certain Sub-Funds in the execution or settlement of any transaction or in the transfer of any funds or securities. Reasonably competitive commission rates and prices of securities will generally be sought to execute the relevant transactions in PRC markets. It is possible that, in circumstances where only a single PRC Broker is appointed where it is considered appropriate to do so by the R-QFII holder, certain Sub-Fund may not necessarily pay the lowest commission or spread available, but the transaction execution will be consistent with best execution standards and in the best interest of the investors. Notwithstanding the foregoing, the R-QFII holder will seek to obtain the best net results for the relevant Sub-Fund, taking into account such factors as prevailing market conditions, price (including the applicable brokerage commission or dealer spread), size of order, difficulties of execution and operational facilities of the PRC Broker involved and the PRC Broker's ability to position efficiently the relevant block of securities.

m) *Risks linked with dealing in securities via Stock Connect*

To the extent that the relevant Sub-Fund's investments in China are dealt via Stock Connect, such dealing may be subject to additional risk factors. Stock Connect is a mutual market access programme through which non-PRC investors can deal in select securities listed on a PRC stock exchange, currently the Shanghai Stock Exchange ("**SSE**") and the Shenzhen Stock Exchange ("**SZSE**"), through a platform organized by the Hong Kong Stock Exchange ("**SEHK**") via a broker in Hong Kong and PRC domestic investors can deal in select securities listed on the SEHK through a platform put in place by a PRC stock exchange, currently the SSE and SZSE.

The relevant regulations are subject to change. Stock Connect is subject to quota limitations which may restrict the Sub-Fund's ability to deal via Stock Connect on a timely basis. This may impact the Sub-Fund's ability to implement its investment strategy effectively. Currently, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index, the SSE 380 Index, the SZSE Component Index, the SZSE Small/Mid Cap Innovation Index (with market capitalization of RMB 6 billion or above) as well as all China A Shares dual-listed on either the SSE or SZSE and the SEHK except for listed shares which are not traded in RMB and/or which are under 'risk alert' or under delisting arrangements. Shareholders should note further that under the relevant regulations a security may be recalled from the scope of Stock Connect. This may adversely affect the relevant Sub-Fund's ability to meet its investment objective, e.g. when the Investment Manager wishes to purchase a security which is recalled from the scope of Stock Connect.

(i) *Beneficial owner of the SSE/SZSE Shares*

Stock Connect currently comprises the Northbound link, through which Hong Kong and overseas investors like the SICAV may purchase and hold China A Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange ("**SSE/SZSE Shares**"), and the Southbound link, through which investors in Mainland China may purchase and hold shares listed on the Stock Exchange of Hong Kong. The SICAV trades SSE/SZSE Shares through its broker affiliated to the SICAV sub-custodian who is SEHK exchange participants. These SSE/SZSE Shares will be held following settlement by brokers or custodians as clearing participants in accounts in the Hong Kong Central Clearing and Settlement System ("**CCASS**") maintained by the Hong Kong Securities and Clearing Corporation Limited ("**HKSCC**") as central securities depository in Hong Kong and nominee holder. HKSCC in turn holds SSE/SZSE Shares of all its participants through a "single nominee omnibus securities account" in its name registered with ChinaClear, the central securities depository in Mainland China.

Because HKSCC is only a nominee holder and not the beneficial owner of SSE/SZSE Shares, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, investors should note that SSE/SZSE Shares will not be regarded as part of the general assets of HKSCC

available for distribution to creditors even under Mainland China law. However, HKSCC will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in SSE/SZSE Shares in Mainland China. Foreign Investors like the concerned Sub-Funds of the SICAV investing through the Stock Connect holding the SSE/SZSE Shares through HKSCC are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

(ii) *Not protected by Investor Compensation Fund*

Investors should note that any Northbound or Southbound trading under Stock Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

(iii) *Quota restrictions*

Investments into Stock Connect are subject to a daily quota that limits the maximum value of net buy trades that can be executed on each trading day. The daily quota will be reset every day. Unused daily quota will not be carried over to next day's daily quota and may change from time to time without prior notice.

Such quota and other limitations may restrict a Sub-Fund's ability to invest in Stock Connect Securities on a timely basis, and the relevant Sub-Fund may not be able to effectively pursue its investment strategy.

Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Buying services will be resumed on the following trading day.

(iv) *Difference in trading day and trading hours*

Due to differences in public holiday between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours in the two Mainland China markets, Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE), and Hong Kong Stock Exchange (HKSE). Stock Connect will thus only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but it is not possible to carry out any China A Shares trading in Hong Kong.

The investment manager should take note of the days and the hours during which Stock Connect is open for business and decide according to its own risk tolerance capability whether or not to take on the risk of price fluctuations in China A Shares during the time when Stock Connect is not trading.

(v) *The recalling of eligible stocks and trading restrictions*

A stock may be recalled from the scope of eligible stocks for trading via Stock Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Investment Manager. The Investment Manager should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE/SZSE and HKSE.

Under Stock Connect, the Investment Manager will only be allowed to sell China A Shares but restricted from further buying if: (i) the China A Share subsequently ceases to be a constituent stock of the relevant indices; (ii) the China A Share is subsequently under "risk alert"; (iii) the corresponding H share of the China A Share subsequently ceases to be traded on SEHK and/or (iv) in respect of SZSE Shares only, such Shares, based on any subsequent periodic review, that are determined to have a market capitalisation of less than RMB 6 billion. Investors should also

note that price fluctuation limits would be applicable to China A Shares.

(vi) *Trading costs*

In addition to paying trading fees and stamp duties in connection with China A Shares trading, the Sub-Funds carrying out Northbound trading via Stock Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which would be determined by the relevant authorities.

(vii) *Local market rules, foreign shareholding restrictions and disclosure obligations*

Under Stock Connect, China A Shares listed companies and trading of China A Shares are subject to market rules and disclosure requirements of the China A Shares market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. The Investment Manager should also take note of the foreign shareholding restrictions and disclosure obligations applicable to China A Shares.

The Investment Manager will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares. The Investment Manager is solely responsible for compliance with all notifications, reports and relevant requirements in connection with its interests in China A Shares.

Under the current Mainland China rules, once an investor holds or controls up to 5% of the shares of a company listed on either the SSE or the SZSE, the investor is required to disclose his interest within three working days and during which he cannot trade the shares of that company.

After that, the investor is also required to make disclosure within three working days every time a change in his shareholding reaches 5%. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not trade the shares of that company. Overseas investors holding China A Shares via Stock Connect are subject to the following restrictions (i) shares held by a single foreign investor (such as the Umbrella Fund) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (ii) total A Shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investments in a listed company must not exceed 30% of the total issued A shares of such listed company. If the aggregate foreign shareholding exceeds the 30% restriction, the foreign investors would be required to unwind their positions on the excessive shareholding according to a last-in-first-out basis within five trading days.

Trading in securities through the Stock Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities / make payment, the SICAV may suffer delays in recovering its losses or may not be able to fully recover its losses.

According to existing Mainland China practices, a Sub-Fund being the beneficial owner of China A Shares traded via Stock Connect cannot appoint proxies to attend shareholders' meetings on its behalf.

(viii) *Currency risks*

Northbound investments by the relevant Sub-Funds in the SSE/SZSE securities will be traded and settled in Renminbi. If the relevant Sub-Fund holds a class of shares denominated in a local currency other than RMB, the Sub-Fund will be exposed to currency risk if the Sub-Fund invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, such Sub-Fund will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Sub-Fund purchases it and when the Sub-Fund redeems / sells it, the Sub-Fund will still incur a loss when it converts the redemption / sale proceeds into local currency if RMB has depreciated.

The above may not cover all risks related to Stock Connect and any above mentioned laws, rules and regulations are subject to change.

(ix) *Risk of ChinaClear default*

ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. Pursuant to the General Rules of CCASS, if China Clear (as the host

central counterparty) defaults, HKSCC will, in good faith, seek recovery of the outstanding Stock Connect securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable.

HKSCC will in turn distribute the Stock Connect securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Stock Connect authorities. Although the likelihood of a default by ChinaClear is considered to be remote, the concerned Sub-Fund should be aware of this arrangement and of this potential exposure before engaging in trading SSE/SZSE Shares.

(x) *Risk of HKSCC default*

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of Stock Connect securities and/or monies in connection with them and the SICAV and its investors may suffer losses as a result. Neither the SICAV nor the Investment Manager shall be responsible or liable for any such losses.

(xi) *Ownership of Stock Connect securities*

Stock Connect securities are uncertificated and are held by HKSCC for its account holders. Physical deposit and withdrawal of Stock Connect securities are not available under the Northbound Trading for the Sub-Funds investing into such securities.

The relevant Sub-Fund's title or interests in, and entitlements to Stock Connect securities (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise. This is a complex area of law and the Client should seek independent professional advice.

n) *Risk in relation to dealing on the CIBM*

Certain Sub-Funds may invest into the China Interbank Bonds Market ("**CIBM**") is an OTC market outside the two main stock exchanges in the PRC, i.e. the Shanghai and Shenzhen stock exchanges and was established in 1997. On the CIBM, institutional investors (including domestic institutional investors but also QFII and RQFII, subject to authorization) trade sovereign, government and corporate bonds on a one-to-one quote-driven basis. The CIBM accounts for more than 95% of outstanding bond values of total trading volume in the PRC.

The main debt instruments traded on the CIBM include government bonds, bond repo, bond lending, People's Bank of China ("**PBOC**") bills, and other financial debt instruments. The CIBM is regulated and supervised by the PBOC. The PBOC is responsible *inter alia* for establishing listing, trading, functioning rules applying to the CIBM and supervising the market operators of the CIBM. The CIBM facilitates two trading models: (i) bilateral negotiation and (ii) click-and-deal.

Under China Foreign Exchange Trading System' system ("**CEFTS**"), which is the unified trading platform for the CIBM, negotiation is applied to all inter-bank products while one-click trading is only applied to cash-bonds and interest rate derivatives.

The market-maker mechanism, whereby an entity ensures bilateral quotations for bonds, was officially introduced in 2001 to improve market liquidity and enhance efficiency. Deals through market making can enjoy benefits such as lower trading and settlement costs. Bond transactions must be conducted by way of bilateral trading through independent negotiations and be concluded on a transaction by transaction basis. Bid and ask prices for primary bond transactions and repurchase interest rates must be determined independently by the parties to the transaction. Both parties to a transaction shall typically, in accordance with the contract, promptly send instructions for delivery of bonds and funds, and shall have sufficient bonds and funds for delivery on the agreed delivery date.

The China Government Securities Depository Trust & Clearing Co., Ltd. will deliver bonds on time according to the instructions matching with elements sent by both parties to a transaction. Fund

clearing banks will handle the appropriation and transfer of bond transaction funds on behalf of participants in a timely manner.

Investors should be aware that trading on the CIBM exposes the Sub-Fund to increased counterparty and liquidity risks.

(i) *PRC Settlement risks in relation to RMB fixed income securities*

There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by the SICAV, payment by the SICAV after delivery of the relevant security by the counterparty or simultaneous delivery of security and payment by each party. Although the Investment Manager may be able to negotiate terms which are favourable to the SICAV (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where the counterparty does not perform its obligations under a transaction, the SICAV will sustain losses.

Certain Sub-Funds may also invest in the PRC bond market via the exchange market and all bond trades will be settled through the China Central Depository & Clearing Co., Ltd (“**CSDCC**”). The CSDCC is the PRC’s only securities depository and clearing agency, registered with the State Administration for Industry and Commerce, and operates under the supervision of the relevant PRC authorities. As at the date of this Prospectus, although CSDCC has a registered share capital of RMB 600 million, and a total capital of RMB 1.2 billion, there is a risk that CSDCC may go into liquidation. The Shanghai Stock Exchange and Shenzhen Stock Exchange currently hold 50% of the registered share capital of CSDCC, respectively.

CSDCC has established a designated escrow account to retain securities to be delivered to a receiving participant or funds payable to a delivering participant before settlement.

If a participant defaults in payment of any sum payable to the CSDCC, the CSDCC has the power to apply the funds available towards the satisfaction of any amount due to CSDCC either from (i) cash collateral provided by the defaulting participant; (ii) cash held in the joint guarantee fund contributed by the defaulting participant; or (iii) cash generated by the sale of securities. The defaulting party will be responsible for the expenses and any price differences resulting from the sale of the securities.

If a participant defaults in delivering securities, the CSDCC is entitled to delay the payment due to the delivering participant until the outstanding obligation is satisfied. In addition, the CSDCC may apply all or any securities (*in lieu* of the securities that are the subject of the delivery obligations) from the following sources to satisfy the obligations and liabilities of such participant to the CSDCC:

- (i) securities furnished by the defaulting party;
- (ii) securities purchased using the funds in the designated escrow account; or
- (iii) securities available to the CSDCC from other alternative sources.

Although it is the intention of CSDCC that it will deliver payment and securities to delivering participant and receiving participants, respectively, a delay may occur if either party fails to fulfil its payment or delivery obligation.

o) *Risks in relation to RMB Fixed Income Securities using the CIBM Direct Access*

The CIBM Direct Access is the PRC investment program revised in 2016 under which certain foreign institutional investors such as the SICAV may invest, without particular license or quota, directly in RMB fixed income securities dealt on the CIBM via an onshore bond settlement agent (the “**Bond Settlement Agent**”), which will have the responsibility for making the relevant filings and account opening with the relevant PRC authorities in particular the PBOC.

Participation in the CIBM Direct Access by foreign institutional investors (such as the SICAV) is governed by rules and regulations as promulgated by the Mainland Chinese authorities, i.e. the PBOC and SAFE. Such rules and regulations may be amended from time to time and include (but are not limited to):

- (i) the “Announcement (2016) No 3” issued by the PBOC (中國人民銀行公告[2016]第 3 號) on 24 February 2016;
- (ii) the “Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets” (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;
- (iii) the “Circular concerning the Foreign Institutional Investors’ Investment in Interbank bond market in relation to foreign currency control” (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016; and
- (iv) any other applicable regulations promulgated by the relevant authorities.

Investors should note that the Bond Settlement Agent status could be suspended or revoked, which may have an adverse effect on the relevant Sub-Fund’s performance as the relevant Sub-Funds may be required to dispose of its securities holdings.

Certain restrictions may be imposed by the PRC authorities on investors participating in the CIBM Direct Access and/or the Bond Settlement Agent which may have an adverse effect on the relevant Sub-Fund’s liquidity and performance. Repatriations conducted in RMB are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and reports on remittances and repatriations will be submitted to the relevant PRC authorities by the Bond Settlement Agent. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the relevant Sub-Fund’s ability to meet redemption requests from the shareholders. Furthermore, as the Bond Settlement Agent’s review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Bond Settlement Agent in case of non-compliance with the CIBM Direct Access rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming shareholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager’s control.

Repatriations in respect of funds such as the SICAV in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that the CIBM Direct Access rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the SICAV’s ability to meet redemption requests.

The PBOC is vested with the power to impose regulatory sanctions if the Bond Settlement Agent violates any provision of the CIBM Direct Access rules. Such sanctions may adversely impact on the investment by the SICAV through the CIBM Direct Access.

There can be no assurance that the CIBM Direct Access rules will allow to increase the investment limit declared upon application to fully satisfy future subscription requests. This may result in a need to close the SICAV to further subscriptions. In extreme circumstances, the SICAV may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies as a result.

The CIBM Direct Access regulations which regulate investments by in the PRC under the CIBM Direct Access program and the repatriation of capital in relation thereto are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

The Depositary has been appointed to hold the assets of the relevant Sub-Fund. The Investment Manager and the Depositary have appointed the Bond Settlement Agent as identified in the relevant Supplement in respect of the CIBM Direct Access securities, pursuant to relevant laws and regulations.

Onshore PRC securities are registered in the name of "the full name of the investment manager – the name of the relevant Sub-Fund" in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC.

Onshore PRC assets will be maintained by the Bond Settlement Agent in electronic form via a securities account with the CSDCC and a cash account with the Bond Settlement Agent. The Investment Manager also selects the PRC Broker to execute transactions for the relevant Sub-Fund in the PRC markets.

Should, for any reason, the relevant Sub-Fund's ability to use the relevant PRC broker be affected, this could disrupt the operations of the relevant Sub-Fund and affect the ability of the relevant Sub-Fund implement its investment strategy, causing a premium or a discount to the trading price of the relevant securities on the relevant stock exchange. The relevant Sub-Fund may also incur losses due to the acts or omissions of either the relevant PRC broker(s) or the Bond Settlement Agent in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Depositary will make arrangements to ensure that the R-QFII Local Custodian has appropriate procedures to properly safe-keep the relevant Sub-Fund's assets.

According to the CIBM Direct Access rules and market practice, the securities and cash accounts for the relevant Sub-Fund in the PRC are to be maintained in the name of "the full name of the R-QFII investment manager – the name of the relevant Sub-Fund". Although the Investment Manager has obtained a satisfactory legal opinion for certain RQFII fund products confirming that the assets in such securities account would belong to the SICAV, such opinion cannot be relied on as being conclusive, as the CIBM Direct Access rules are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the cash account of the relevant Sub-Fund with the Bond Settlement Agent will not be segregated but will be a debt owing from the Bond Settlement Agent to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Bond Settlement Agent. In the event of bankruptcy or liquidation of the Bond Settlement Agent, the relevant Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the relevant Sub-Fund will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the Bond Settlement Agent. The relevant Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Sub-Fund will suffer losses.

In the event of any default of either the relevant PRC broker or the Bond Settlement Agent (directly or through its delegate) in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the relevant Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the net asset value of the relevant Sub-Fund.

The current CIBM Direct Access rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the CIBM Direct Access rules and regulations will not be abolished. The relevant Sub-Fund, which invests in the PRC markets through the CIBM Direct Access, may be adversely affected as a result of such changes.

#### *Bond Settlement Agent Risk*

There is a risk that the relevant Sub-Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the Bond Settlement Agent or disqualification of the same party from acting in such capacity. This may adversely affect the relevant Sub-Fund in the execution or settlement of any transaction or in the transfer of any funds or securities.

#### *PRC Brokerage Risk*

The execution and settlement of transactions or the transfer of any funds or securities may be conducted by PRC brokers appointed by the Investment Manager. There is a risk that the relevant Sub-Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the PRC broker or disqualification of the same from acting as a broker. This may adversely affect the relevant Sub-Fund in the execution or settlement of any transaction or in the transfer of any funds or securities. Reasonably competitive commission rates and prices of securities will generally be

sought to execute the relevant transactions in PRC markets. It is possible that, in circumstances where only a single PRC broker is appointed where it is considered appropriate to do so by the Investment Manager, the relevant Sub-Fund may not necessarily pay the lowest commission or spread available, but the transaction execution will be consistent with best execution standards and in the best interest of the investors. Notwithstanding the foregoing, the Investment Manager will seek to obtain the best net results for the relevant Sub-Fund, taking into account such factors as prevailing market conditions, price (including the applicable brokerage commission or dealer spread), size of order, difficulties of execution and operational facilities of the PRC broker involved and the PRC broker's ability to position efficiently the relevant block of securities.

*Restrictions to Remittances and Repatriations Risk*

In terms of fund remittance and repatriation, foreign investors (such as the SICAV) may remit investment principal in RMB or foreign currency into the PRC for investing in the CIBM under the CIBM Direct Access. An investor using the CIBM Direct Access will need to remit investment principal matching at least 50% of its anticipated investment size within nine (9) months after filing with the PBOC, or else an updated filing will need to be made through the onshore Bond Settlement Agent.

Where the SICAV repatriates funds out of the PRC, the ratio of RMB to foreign currency ("Currency Ratio") should generally match the original Currency Ratio when the investment principal was remitted into PRC, with a maximum permissible deviation of 10%.

*p) Risks related to Bond Connect*

Certain Sub-Funds may seek exposure to RMB fixed income securities dealt on CIBM through Bond Connect ("**Bond Connect Securities**"). Bond Connect is a mutual bond market access between Hong Kong and the PRC established by China Foreign Exchange Trade System & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House (together, the "**Mainland Financial Infrastructure Institutions**"), and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit (together, the "**Hong Kong Financial Infrastructure Institutions**"). Eligible foreign investors will be allowed to invest in Bond Connect Securities through a cross border platform, which facilitates the efficient trading by overseas institutional investors in the PRC bond market (Northbound link) and by PRC investors in the Hong Kong bond market (Southbound link). Northbound Trading will follow the current policy framework for overseas participation in the CIBM. There will be no investment quota for Northbound Trading.

To the extent that a Sub-Fund's investments in China are dealt via Bond Connect, such dealing may be subject to the below additional risk factors:

*Regulatory risks:* Bond Connect rules and regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. In addition, there can be no assurance that the Bond Connect rules and regulations will not be abolished in the future. A Sub-Fund(s), which invests in Bond Connect Securities, may be adversely affected as a result of any such changes or abolition.

*Custody risks:* Under the prevailing regulations in Mainland China, eligible foreign investors who wish to invest Bond Connect Securities may do so via an offshore custody agent approved by the Hong Kong Monetary Authority ("**HKMA**") ("**Offshore Custody Agent**"), who will be responsible for the account opening with the relevant onshore custody agent approved by PBOC. Since the account opening for investment in the CIBM market via Bond Connect has to be carried out via an offshore custody agent the relevant Sub-Fund is subject to the risks of default or errors on the part of the Offshore Custody Agent.

*Trading risks:* Trading in securities through the Bond Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities / make

payment, the SICAV may suffer delays in recovering its losses or may not be able to fully recover its losses.

*Investment restrictions:* Investments into Bond Connect are not subject to any quota but the relevant Chinese authorities suspend account opening or trading via Bond Connect, the relevant Sub-Fund's ability to invest in CIBM will be limited and, and the relevant Sub-Fund may not be able to effectively pursue its investment strategy or it may have an adverse effect on the relevant Sub-Fund's performance as the relevant Sub-Fund may be required to dispose of its CIBM holdings. The relevant Sub-Fund may also suffer substantial losses as a result.

*Beneficial owner of Bond Connect Securities*

The Sub-Funds' Bond Connect Securities will be held following settlement by custodians as clearing participants in accounts in the CFETS maintained by the CMU as central securities depository in Hong Kong and nominee holder. CMU in turn holds Bond Connect Securities of all its participants.

Because CMU is only a nominee holder and not the beneficial owner of Bond Connect Securities, in the unlikely event that CMU becomes subject to winding up proceedings in Hong Kong, investors should note that Bond Connect Securities will not be regarded as part of the general assets of CMU available for distribution to creditors even under Mainland China law. However, CMU will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in Bond Connect Securities in Mainland China.

Sub-Funds investing through the Bond Connect holding the Bond Connect Securities through CMU are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

However, physical deposit and withdrawal of Bond Connect Securities are not available under the Northbound trading for the Sub-Fund. In addition, the Sub-Fund's title or interests in, and entitlements to Bond Connect Securities (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign bondholding restriction, if any. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise. This is a complex area of law and the Client should seek independent professional advice.

*Not protected by Investor Compensation Fund:* Investors should note that any trading under Bond Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

*Difference in trading day and trading hours:* due to differences in public holiday between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours on the CIBM and the CMU.

Bond Connect will thus only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but it is not possible to carry out any Bond Connect Securities trading in Hong Kong.

The recalling of eligible bond and trading restrictions: A bond may be recalled from the scope of eligible stocks for trading via Bond Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or

strategies of the Investment Manager. The Investment Manager should therefore pay close attention to the relevant announcements by the Chinese authorities.

*Trading costs:* In addition to paying trading fees and other expenses in connection with Bond Connect Securities trading, the Sub-Funds carrying out Northbound trading via Bond Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from transfers which would be determined by the relevant authorities.

*Currency risks:* Northbound investments by the Sub-Fund in the Bond Connect Securities will be traded and settled in Renminbi. If the Sub-Fund holds a class of shares denominated in a local currency other than RMB, the Sub-Fund will be exposed to currency risk if the Sub-Fund invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Sub-Fund will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Sub-Fund purchases it and when the Sub-Fund redeems / sells it, the Sub-Fund will still incur a loss when it converts the redemption / sale proceeds into local currency if RMB has depreciated.

*Risk of CMU default:* A failure or delay by the CMU in the performance of its obligations may result in a failure of settlement, or the loss, of Bond Connect Securities and/or monies in connection with them and the SICAV and its investors may suffer losses as a result. Neither the SICAV nor the Investment Manager shall be responsible or liable for any such losses.

*PRC tax risks in relation to Bond Connect Securities:* There is no specific written guidance by the Mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. Hence it is uncertain as to the relevant Sub-Fund's tax liabilities for trading in CIBM via Bond Connect. For further details on PRC taxes and associated risks, please refer to the risk factor headed PRC Tax Risks.

q) *Risks linked with investing in China A-Share Access Products, QFII Funds and RQFII Funds*

The Sub-Funds may invest indirectly in A-shares in China through investing in (a) funds which are eligible to invest directly in securities issued within the PRC through qualified foreign institutional investors ("**QFII Funds**") or Renminbi qualified foreign institutional investors ("**RQFII Funds**"); or (b) access products being financial derivative instruments issued by a third party such as QFII ("**CAAP issuer**") which represent an obligation of the CAAP issuer to pay to the relevant Sub-Fund an economic return equivalent to holding the underlying A-shares and provide exposure to A-shares in China ("**CAAPs**"). When a Sub-Fund invests in CAAPs being financial derivative instruments, it has to comply with the investment restrictions applying to such instruments as set out under this Prospectus.

(i) *Risks associated with CAAP*

The policy and regulations imposed by the PRC government are subject to change and any such change may adversely impact the issuance of CAAPs invested by the relevant Sub-Fund. Under the current system, CAAP issuer is subject to an investment quota for A shares. If the relevant status of any issuer of CAAPs is revoked or if any CAAP issuer has insufficient investment quota, the CAAP issuer may cease to extend the duration of any CAAPs or to issue further CAAPs and the relevant Sub-Fund may be required to dispose of its existing CAAPs.

As there may not be an active market for trading CAAPs, investment in CAAPs may be subject to the risk of illiquidity.

An investment in a CAAP is not a direct investment in the underlying A-shares themselves but rather consists in a claim against the CAAP issuer for payment of the A-shares return, as indicated above. An investment in CAAPs does therefore not entitle the holder of such instrument to any direct beneficial interest in A-shares or any direct claim against the issuer of such A-shares.

Further, the relevant Sub-Fund will be exposed to the counterparty risk associated with the CAAP issuer because a CAAP is a payment obligation of the CAAP issuer, rather than a direct investment

in A-shares, the relevant Sub-Fund may suffer losses if the CAAP issuer becomes insolvent, defaults or fails to perform its payment obligations under the CAAPs. Hence, the performance of a CAAP may differ from the price/performance of its underlying A-shares.

*(ii) Risks associated with investments in QFII Funds / RQFII Funds*

A Sub-Fund may invest in QFII Funds or RQFII Funds and investment by QFII / RQFII Funds is limited by investment quotas and there can be no assurance that sufficient quotas will be available to the relevant QFII / RQFII Funds to meet all applications for subscription to those funds. The ability of a QFII / RQFII Fund to fully implement or pursue its investment objective or strategy is dependent on the available investment quotas, and the relevant Sub-Fund may suffer losses due to insufficiency of QFII / RQFII quotas.

The QFII regime is currently subject to repatriation restrictions. Repatriations by RQFIIs in respect of an open-ended RQFII Fund conducted in RMB are currently not subject to repatriation restrictions or prior approval, but there is no guarantee that restrictions will not be imposed in future. Any restrictions on repatriation of the invested capital and net profits out of China may impact on a QFII / RQFII Fund's ability to meet redemption requests from the relevant Sub-Fund. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control. Therefore, the relevant Sub-Fund may be subject to liquidity risk.

Investment via the QFII and RQFII regimes will be subject to regulatory risks in China. The Chinese authorities may impose sanctions for violations of applicable laws and regulations, and this might result in their revocation of the QFII's or RQFII's quota or other regulatory sanctions. Investors should also note that the QFII / RQFII status could be suspended or revoked, which may have an adverse effect on the relevant QFII / RQFII Funds' performance.

The current QFII and RQFII laws, rules and regulations are subject to change. Any changes to the relevant laws and rules may have an adverse impact on the investment in the QFII / RQFII Funds (and thus the SICAV's and the relevant Sub-Fund's performance). In the worst case, the QFII / RQFII Funds may be terminated if they are not legal or viable to operate because of changes to the application of the relevant rules. The relevant Sub-Fund's holdings in the relevant QFII / RQFII Funds will be realised in case of such termination and the relevant Sub-Fund may suffer losses in its initial investment in such schemes.

### **Sub-Fund Specific Risks**

Please review the particular Sub-Fund Supplement for specific risks associated with each particular Sub-Fund.

## CONFLICTS OF INTEREST

he Directors, the Management Company, the Investment Manager, any sub-investment manager, the Depositary and the Administrator and/or their respective affiliates or any person connected with them (together the “**Relevant Parties**”) may from time to time act as directors, management company, investment manager, manager, distributor, trustee, custodian, depositary, registrar, broker, administrator, investment adviser or dealer in relation to, or be otherwise involved in, other investment funds which have similar or different objectives to those of the Sub-Funds or which may invest in the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Sub-Funds. The Board of Directors and each of the Relevant Parties will, at all times, have regard in such event to its obligations to the Sub-Funds and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any Relevant Party may deal, as principal or agent, with the Sub-Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm’s length basis. Any Relevant Party may deal with the SICAV as principal or as agent, provided that it complies with applicable law and regulation and the provisions of the Investment Management Agreement, the Administration Agreement or the Depositary Agreement, to the extent applicable.

The Investment Manager, any sub-investment manager or any of its or their affiliates or any person connected with the Investment Manager or any sub-investment manager may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Sub-Funds. Neither the Investment Manager, any sub-investment manager nor any of its or their affiliates nor any person connected with the Investment Manager or any sub-investment manager is under any obligation to offer investment opportunities of which any of them becomes aware to the SICAV or to account to the SICAV in respect of (or share with the Sub-Funds or inform the SICAV of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the SICAV and other clients.

In the event that a potential conflict of interests arises between the Relevant Parties, the Relevant Parties shall have regard to their respective obligations in respect of the SICAV (or the Sub-Fund, as the case may be) under the applicable agreement or instrument and endeavour to act, so far as practicable, in the best interests of the SICAV (or the Sub-Fund, as the case may be) and the Shareholders. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and “Chinese walls” have been put in place to minimise potential conflicts of interest. In any event, the Investment Manager will ensure that all investment opportunities will be fairly allocated.

In calculating a Sub-Fund’s Net Asset Value, the Administrator may consult with the Investment Manager or any sub-investment manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of the Investment Manager or any sub-investment manager in determining the Net Asset Value of a Sub-Fund and the entitlement of the Investment Manager or any sub-investment manager to a management fee and/or performance fee which is calculated on the basis of the Net Asset Value of the Sub-Fund. The Investment Manager and/or the Management Company will endeavour to resolve any such conflict of interest fairly and in the interest of investors.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in the Sub-Fund.

The Directors, the Management Company and the Investment Manager will seek to ensure that any conflict of interest of which they are aware is resolved fairly.

## USE OF DEALING COMMISSIONS

The Investment Manager does not intend to agree to incur higher commissions or spreads for securities transactions effected through brokerage firms that provide it with research or other products or services. However, the Investment Management Agreement authorizes the use of “soft dollars” to the extent permitted by applicable law and provided that such products or services are of demonstrable benefit to the Shareholders and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates (the term “**soft dollars**” refers to the receipt by an investment manager of products and services provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager). The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Research services delivered by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, discussion with research personnel, and invitations to attend conferences or meetings with management or industry consultants. For the avoidance of doubt, examples of goods and services which are not permitted include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. The Investment Manager is not required to weigh any of these factors equally. Information so received in addition to and not in lieu of services required to be performed by the Investment Manager and the Investment Manager’s fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the SICAV may be used by the Investment Manager or its affiliates in connection with its investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by the Investment Manager in performing its services for the SICAV.

The SICAV’s soft dollar arrangements are subject to the following conditions: (i) the Investment Manager will act at all times in the best interest of the SICAV when entering into soft commission arrangements; (ii) the services provided will be in direct relationship to the activities of the Investment Manager for the SICAV; (iii) brokerage commissions on portfolio transactions for the SICAV will be directed by the Investment Manager to broker-dealers that are entities and not to individuals; (iv) the Investment Manager will provide periodic reports to the Directors and the Management Company with respect to soft commission arrangements including the nature of the services it receives; and (v) soft commission agreements will be listed in such periodic reports and (vi) such other conditions as the applicable legal or regulatory requirements may require.

## **TRANSACTIONS WITH CONNECTED PERSONS**

The Management Company, the Investment Manager or any of their connected persons will not receive cash or other rebates from brokers or dealers in consideration of directing transactions to them or in respect of any business placed for or on behalf of the SICAV. When placing business for or on behalf of the SICAV, the Management Company, the Investment Manager or any of their connected persons may only pay brokerage fees to corporate entities.

Any such cash commission rebate received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions will be disclosed in the annual report of the SICAV.

In addition to the above, the Management Company or the Investment Manager may not obtain a rebate on any fees or charges levied by an underlying scheme that the Sub-Fund invests in or its management company.

## CO-MANAGEMENT AND POOLING

To ensure effective management of the SICAV, the Directors may decide to manage all or part of the assets of one or more Sub-Funds with those of other Sub-Funds in the SICAV (so-called "pooling") or, where applicable, to co-manage all or part of the assets, except for a cash reserve, if necessary, of one or more Sub-Funds with the assets of other Luxembourg investment funds or of one or more funds of other Luxembourg investment funds (hereinafter referred to as the "Party(ies) to the co-managed assets") for which the SICAV's Depositary is the appointed depositary bank. These assets will be managed in accordance with the respective investment policies of the Parties to the co-managed assets, each of which is pursuing identical or comparable objectives. Parties to the co-managed assets will only participate in co-managed assets which are in accordance with the stipulations of their respective Prospectuses and investment restrictions.

Each Party to the co-managed assets will participate in the co-managed assets in proportion to the assets it has contributed to the co-management. Assets will be allocated to each Party to the co-managed assets in proportion to its contribution to the co-managed assets. Each Party's rights to the co-managed assets apply to each line of investment in the said co-managed assets. The aforementioned co-managed assets will be formed by the transfer of cash or, where applicable, other assets from each of the Parties participating in the co-managed assets. Thereafter, the Directors may regularly make subsequent transfers to the co-managed assets. The assets can also be transferred back to a Party to the co-managed assets for an amount not exceeding the participation of the said Party to the co-managed assets. Dividends, interest and other distributions deriving from income generated by the co-managed assets will accrue to each Party to the co-managed assets in proportion to its respective investment. Such income may be kept by the Party to the co-managed assets or reinvested in the co-managed assets. All charges and expenses incurred in respect of the co-managed assets will be applied to these assets. Such charges and expenses will be allocated to each Party to the co-managed assets in proportion to its respective entitlement to the co-managed assets.

In the case of an infringement of the investment restrictions affecting a Sub-Fund of the SICAV, when such a Sub-Fund takes part in co-management and even if the Investment Manager has complied with the investment restrictions applicable to the co-managed assets in question, the Investment Manager shall reduce the investment in question in proportion to the participation of the Sub-Fund concerned in the co-managed assets or, where applicable, reduce its participation in the co-managed assets to a level that respects the investment restrictions of the Sub-Fund.

When the SICAV is liquidated or when the Board of Directors of the SICAV decide to withdraw the participation of the SICAV or a Sub-Fund of the SICAV from co-managed assets, the co-managed assets will be allocated to the Parties to the co-managed assets in proportion to their respective participation in the co-managed assets.

The investor must be aware of the fact that such co-managed assets are employed solely to ensure effective management in as much as all Parties to the co-managed assets have the same depositary bank. Co-managed assets are not distinct legal entities and are not directly accessible to investors. However, the portion of assets and liabilities attributable to each Sub-Fund of the SICAV will be constantly identifiable.

## GENERAL INFORMATION

### 1. Shareholder meetings and reports to Shareholders

Notice of any general meeting of the Shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the SICAV or of any Sub-Fund) shall be mailed to each Shareholder at least twenty-one (21) calendar days prior to the meeting and/or shall be published to the extent and in the manner required by Luxembourg law as shall be determined by the Board of Directors.

If the Articles are amended, such amendments shall be filed with the Luxembourg Trade and Companies' Register and published in the *Mémorial C*. Any such amendments will be subject to the approval of the home regulator of the SICAV and may be subject to the approval of other Non-EU Regulators, where Sub-Funds of the SICAV are authorized for public distribution. Shareholders will be given prior notice before any such amendments take effect (in the manner as may be required by the home regulator of the SICAV and, if relevant, those by Non-EU Regulators).

Detailed audited reports of the SICAV on its activities and on the management of its assets are published annually; such reports shall include, *inter alia*, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditor.

The semi-annual unaudited reports of the SICAV on its activities are also published including, *inter alia*, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The SICAV's financial statements will be prepared in accordance with Luxembourg GAAP.

The aforementioned documents will be at the disposal of the Shareholders within four (4) months for the annual reports and two (2) months for the semi-annual reports of the date thereof at the registered office of the SICAV. Upon request, these reports will be sent free of charge to any Shareholder and copies may be obtained free of charge by any person at the registered office of the SICAV.

The accounting year of the SICAV commences on 1 January of each year and terminates on 31 December of each year. The first accounting year started on the date of incorporation of the SICAV and ended on 31 March 2016. In February 2018, the accounting year of the SICAV has been amended, ending on 31 December of each year. The SICAV will publish an annual report for the period ending on 31 December and a semi-annual report drawn up for the period ending 30 June. The first audited report has been published for the period ended on 31 March 2016 and the first unaudited semi-annual report for the period ended on 30 September 2016.

The annual general meeting takes place in the city of Luxembourg at a place specified in the notice of meeting on the second Monday in April each year at 10:00 am (Luxembourg time). If such day is a legal or a bank holiday in Luxembourg, the annual general meeting shall be held on the next following Business Day. The first annual general meeting has been held on 11 July 2016 in the city of Luxembourg.

The Shareholders of any Class or Sub-Fund may hold, at any time, general meetings to decide on any matters that relate exclusively to such Class or Sub-Fund.

The combined accounts of the SICAV are maintained in USD being the Reference Currency of the SICAV. The financial statements relating to the separate Sub-Funds shall also be expressed in the Reference Currency of the relevant Sub-Fund.

## **2. Dissolution and Liquidation of the SICAV**

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

Whenever the share capital falls below two-thirds of the minimum capital indicated in the Articles, the question of the dissolution of the SICAV shall be referred to a general meeting of the Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by simple majority of the votes validly cast at the meeting.

The question of the dissolution of the SICAV shall also be referred to a general meeting of Shareholders whenever the share capital falls below one quarter of the minimum capital set by the Articles; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by the Shareholders holding one quarter of the votes validly cast at the meeting.

The meeting must be convened so that it is held within a period of forty (40) calendar days from the date that the net assets have fallen below two-thirds or one quarter of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, duly approved by the CSSF and appointed by the general meeting of the Shareholders that shall determine their powers and their compensation.

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

Should the SICAV be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of Luxembourg law. Such law specifies the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provides for a deposit in escrow at the *Caisse de Consignation* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

## **3. Closure of Sub-Funds and Classes**

### **3.1 Closure decided by the Board of Directors**

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

The SICAV shall serve a written notice to the Shareholders of the relevant Class or Sub-Fund prior to the effective date for the compulsory redemption. This notice will indicate the reasons and the procedure for the redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Class or the Sub-Fund concerned may continue to request redemption or conversion of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

### **3.2 Closure decided by the Shareholders**

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of the Shareholders of any Class within any Sub-Fund may, upon a proposal from the Board of Directors, redeem all the Shares of the relevant Class within the relevant Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of the Shareholders which shall decide by resolution taken by simple majority of the votes validly cast at the meeting.

### **3.3 Consequences of the closure**

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

The liquidation of the last remaining Sub-Fund of the SICAV will result in the liquidation of the SICAV as referred to in Article 145 (1) of the UCI Law.

## **4. Mergers**

### **4.1 Mergers decided by the Board of Directors**

The Board of Directors may decide to proceed with a merger (as defined by the UCI Law) as follows:

#### **(A) SICAV**

The Board of Directors may decide to proceed with a merger (within the meaning of the UCI Law) of the SICAV, either as receiving or absorbed UCITS, with (i) another Luxembourg or foreign UCITS (the "New UCITS") or (ii) a sub-fund thereof, and, as appropriate, to redesignate the Shares of the SICAV concerned as shares of this New UCITS, or of the relevant sub-fund thereof as applicable.

In case the SICAV involved in a merger is the receiving UCITS (within the meaning of the UCI Law), solely the Board of Directors will decide on the merger and effective date thereof.

In the case the SICAV involved in a merger is the absorbed UCITS (within the meaning of the UCI Law), and hence ceases to exist, the general meeting of the Shareholders, rather than the Board of Directors, has to approve, and decide on the effective date of, such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

#### **(B) Sub-Funds**

The Board of Directors may decide to proceed with a merger (within the meaning of the UCI Law) of any Sub-Fund, either as receiving or absorbed Sub-Fund, with (i) another existing or new Sub-Fund within the SICAV or another sub-fund within a New UCITS (the "New Sub-Fund") or (ii) a New UCITS, and, as appropriate, to redesignate the Shares of the Sub-Fund concerned as shares of the New UCITS, or of the New Sub-Fund as applicable.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

## **4.2 Mergers decided by the Shareholders**

Notwithstanding the powers conferred to the Board of Directors by the preceding section, a merger (within the meaning of the UCI Law) may also be decided by the Shareholders as follows:

### **(A) SICAV**

The general meeting of the Shareholders may decide the merger (within the meaning of the UCI Law) of the SICAV, either as receiving or absorbed UCITS, with (i) a New UCITS or (ii) a sub-fund thereof.

There shall be no quorum requirement to decide on such a merger and its effective date. However, the merger and the effective date thereof shall be accepted by resolution adopted at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

### **(B) Sub-Funds**

The general meeting of the Shareholders of a Sub-Fund may also decide a merger (within the meaning of the UCI Law) of the relevant Sub-Fund, either as receiving or absorbed Sub-Fund, with (i) any New UCITS or (ii) a New Sub-Fund by a resolution adopted with no quorum requirement at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

## **4.3 Amalgamation of Share Classes**

In the event that for any reason the value of the assets in any Class has decreased to an amount determined by the Board of the Directors (in the interest of the Shareholders) to be the minimum level for such Class to be operated in an economically efficient manner for any reason determined by the Board of Directors and disclosed in this Prospectus, the Board of Directors may decide to allocate the assets of any Class to those of another existing class within the SICAV and to re-designate the Shares of the Class or Classes concerned as Shares of another Class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). The SICAV shall seek the relevant regulatory approvals, if any, inform investors in relation thereto and amend the prospectus of the SICAV.

## **4.4 General**

Shareholders will in any case be entitled to request, without any charge other than those retained by the SICAV or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the UCI Law.

Mergers involving a Sub-Fund registered for public distribution in a Non-Member State and authorized by a Non-EU Regulator may be subject to the prior approval such Non-EU Regulator, which may require a prior notice to be given to investors, in particular, where such a merger falls under Section 4.1 above.

## **5. Directors' Interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the SICAV and the Shares are set out below:

- (A) Mr. Lam has indirect interest for China Tonghai Asset Management Limited.
- (B) The Directors or companies of which they are officers or employees may subscribe for Shares in the SICAV. Their applications for Shares will rank *pari passu* with all other applications.

## **6. Indemnity**

The Articles provide that every Director, agent, auditor, or officer of the SICAV and his personal representatives shall be indemnified and secured harmless out of the assets of the SICAV against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the SICAV business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the SICAV in any court whether in Luxembourg or elsewhere. No such person shall be liable: (i) for the acts, receipts, neglects, defaults or omissions of any other such person; or (ii) by reason of his having joined in any receipt for money not received by him personally; or (iii) for any loss on account of defect of title to any property of the SICAV; or (iv) on account of the insufficiency of any security in or upon which any money of the SICAV shall be invested; or (v) for any loss incurred through any bank, broker or other agent; or (vi) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own gross negligence or wilful misconduct against the SICAV.

## **7. General**

Copies of the following documents may be obtained free of charge during usual business hours on any full bank Business Day in Luxembourg at the registered office of the SICAV:

- (A) the latest Prospectus of the SICAV;
- (B) the Articles and any amendments thereto;
- (C) the Management Company Services Agreement between the SICAV and the Management Company;
- (D) the Depositary Agreement between the SICAV and the Depositary;
- (E) the Investment Management Agreement between the Management Company, the SICAV and the Investment Manager;
- (F) the Administration Agreement between the Management Company, the SICAV and the Administrator;
- (G) the information regarding the risk management process of the SICAV;
- (H) the Key Investors Information Documents; and
- (I) the latest reports and accounts referred to under the heading "Shareholder meetings and reports to Shareholders".

The agreements referred to above may be amended by mutual consent between the parties thereto.

Furthermore:

- (A) A person having a complaint to make about the operation of the SICAV may submit such complaint in writing to Lemanik Asset Management S.A., 106, route d'Arlon, L-8210 Mamer

Grand Duchy of Luxembourg. The details of the Management Company's complaint handling procedures may be obtained free of charge during normal office hours at the registered office of the Management Company.

- (B) The Management Company has a strategy for determining when and how voting rights attached to ownership of the SICAV's investments are to be exercised for the exclusive benefit of the SICAV. A summary of this strategy may be obtained free of charge during normal office hours at the registered office of the Management Company.
- (C) The best execution policy sets out the basis upon which transactions and place orders in relation to the SICAV whilst complying with its obligations under the CSSF Regulation No. 10-4 and the CSSF Circular 11/508 to obtain the best possible result for the SICAV and its Shareholders. Details of the best execution policy may be obtained free of charge during normal office hours at the registered office of the Management Company.

## **APPENDIX 1 : INVESTMENT RESTRICTIONS AND POWERS**

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

Subject to the prior review of the home regulator of the SICAV, and when applicable, the relevant Non-EU Regulator(s), the Board of Directors may change the investment restrictions and/or policy for each Sub-Fund. In such case, the Sub-Fund concerned will provide prior notification to the Shareholders concerned and this Prospectus will be updated accordingly (as may be required or allowed by the home regulator of the SICAV and the relevant Non-EU Regulators).

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund under the relevant Supplement, the investment policy shall comply with the investment rules and restrictions laid down hereafter:

### **1. Permitted Investments**

The investments of a Sub-Fund must comprise only one or more of the following:

- 1.1** Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- 1.2** Transferable Securities and Money Market Instruments dealt in on another market in a Member State that is regulated, operates regularly and is recognised and open to the public;
- 1.3** Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a Non-Member State or dealt in on another market in a Non-Member State which is regulated, operates regularly and is recognised and open to the public (i.e. an Other Regulated Market);
- 1.4** recently issued Transferable Securities and Money Market Instruments, provided that:
  - (A) the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on another regulated market as described under 1.1 to 1.3 above;
  - (B) such admission is secured within one year of issue;
- 1.5** units of UCITS and/or other UCIs within the meaning of Article 1 (2), points a) and b) of the UCITS Directive, whether or not established in a Member State, provided that:
  - (A) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European law, and that cooperation between authorities is sufficiently ensured;
  - (B) the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of UCITS Directive;
  - (C) the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;

- (D) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their management regulations or articles of incorporation, be invested in aggregate in units of other UCITS or other UCIs;

**1.6** deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a Non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European law;

**1.7** financial derivative instruments, in particular options and futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or other market referred to in 1.1 to 1.3 above, and/or financial derivative instruments dealt in over-the-counter ("over-the-counter derivatives" / "OTC"), provided that:

- (A) - the underlying consists of instruments covered by this section 1, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objectives;
- the counterparties to over-the-counter derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
- the over-the-counter derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the SICAV's initiative;
- exposure to the underlying assets does not exceed the investment restrictions set out in 2.12 below.
- (B) Under no circumstances shall these operations cause the Sub-Fund to diverge from its investment objectives.

**1.8** Money Market Instruments other than those dealt in on a Regulated Market, and which fall within the definition given in the Definitions section of this Prospectus, to the extent that the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- (A) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more member states of the EU belong; or
- (B) issued by an undertaking any securities of which are dealt in on Regulated Markets or Other Regulated Markets referred to in 1.1, 1.2 or 1.3 above; or
- (C) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by European law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by European law; or
- (D) issued by other bodies provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual financial statements in accordance with Directive 78/660/EEC, is an entity

which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**1.9** shares issued by one or several other Sub-Funds of the SICAV (the “**Target Fund**”), under the following conditions:

- (A) the Target Fund does not invest in the investing Sub-Fund;
- (B) not more than 10% of the assets of the Target Fund whose acquisition is contemplated may be invested in units of other Sub-Funds of the SICAV;
- (C) the voting rights linked to the transferable securities of the Target Fund are suspended during the period of investment;
- (D) in any event, for as long as these securities are held by the SICAV, their value will not be taken into consideration for the calculation of the Net Asset Value for the purposes of verifying the minimum threshold of the net assets imposed by the UCI Law; and

**1.10** However, each Sub-Fund:

- (A) shall not invest more than 10% of its net assets in Transferable Securities or Money Market Instruments other than those referred to above under 1.1 to 1.4 and 1.8 above;
- (B) shall not acquire either precious metals or certificates representing them;
- (C) may hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders;
- (D) may acquire movable and immovable property which is essential for the direct pursuit of its business;
- (E) may borrow up to 10% of its net assets, provided that such borrowings (i) are made only on a temporary basis or (ii) enables the acquisitions of immovable property essential for the direct pursuit of its business. Where a Sub-Fund is authorised to borrow under points (i) and (ii), that borrowing shall not exceed 15% of its assets in total. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction; and
- (F) may acquire foreign currency by means of a back-to-back loan.

## **2. Investment Restrictions**

**2.1** For the purpose of calculating the restrictions described in 2.3 to 2.7 and 2.10 below, companies which are included in the same Group of Companies are regarded as a single issuer.

**2.2** To the extent an issuer is a legal entity with multiple sub-funds where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk diversification rules.

## Transferable Securities and Money Market Instruments

- 2.3** No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
- (A) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of such issuer; or
  - (B) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and over-the-counter derivative transactions made with financial institutions subject to prudential supervision.
- 2.4** A Sub-Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.
- 2.5** The limit of 10% set forth above under 2.3(A) above is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Non-Member State or by a public international body of which one or more Member State(s) are member(s).
- 2.6** The limit of 10% set forth above under 2.3(A) above is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, “qualifying debt securities” are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.
- 2.7** The securities specified under 2.5 and 2.6 above are not to be included for purposes of computing the ceiling of 40% set forth under 2.3(B) above.
- 2.8** **Notwithstanding the ceilings set forth above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU, by its local authorities, by any other Member State of the OECD such as the U.S., by certain non-Member States of the OECD (currently Brazil, Indonesia, Russia, China and South Africa as well as countries member of the G-20 and the Republic of Singapore) or by a public international body of which one or more Member State(s) of the EU are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any or such issue do not account for more than 30% of the net assets of such Sub-Fund.**
- 2.9** Without prejudice to the limits set forth hereunder under 2.22 and 2.23 below, the limits set forth in 2.3 above are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:
- (A) the composition of the index is sufficiently diversified,
  - (B) the index represents an adequate benchmark for the market to which it refers,

(C) it is published in an appropriate manner.

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

### **Bank Deposits**

**2.10** A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body.

### **Derivative Instruments**

**2.11** The risk exposure to a counterparty in an over-the-counter derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in 2.8 above or 5% of its net assets in other cases.

**2.12** Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set out in this section. When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits set out above.

**2.13** When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of 1.7 above as well as with the risk exposure and information requirements laid down in the present Prospectus.

### **Units of open-ended Sub-Funds**

**2.14** Unless otherwise provided in a Sub-Fund's specific part of this Prospectus, a Sub-Fund may not invest in aggregate more than 10% of its net assets in the units of other UCITS or other UCIs. If a Sub-Fund is authorised to invest in aggregate more than 10% of its net assets in the units of other UCITS or other UCIs, the investment in the units of a single other UCITS or a single other UCI may however not exceed 20% of the relevant Sub-Fund's net assets but investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of a UCITS.

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

**2.16** A Sub-Fund that invests a substantial proportion of its assets in other UCITS and/or other UCIs shall disclose in the relevant Sub-Fund's part of this Prospectus the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or other UCIs in which it intends to invest. In its annual report, the SICAV shall indicate the maximum proportion of management fees charged both to the Sub-Fund itself and to the UCITS and/or other UCIs in which it invests.

## Master-Feeder structure

- 2.17** Each Sub-Fund may act as a feeder fund (the “**Feeder**”) of a master fund. In such case, the relevant Sub-Fund shall invest at least 85% of its assets in shares/units of another UCITS or of a sub-fund of such UCITS (the “**Master**”), which is not itself a Feeder nor holds units/shares of a Feeder. The Sub-Fund, as Feeder, may not invest more than 15% of its assets in one or more of the following:
- (A) ancillary liquid assets in accordance with Article 41 second indent of second paragraph of the UCI Law;
  - (B) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 first indent, point g) and Article 42 second and third indents of the UCI Law;
  - (C) movable and immovable property which is essential for the direct pursuit of the SICAV’s business.
- 2.18** When a Sub-Fund invests in the shares/units of a Master which is managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Sub-Fund’s investment in the shares/units of the Master.
- 2.19** A Feeder Fund that invests into a Master shall disclose in the relevant Sub-Fund’s part of this Prospectus the maximum level of the management fees that may be charged both to the Feeder Fund itself and to the Master in which it intends to invest. In its annual report, the SICAV shall indicate the maximum proportion of management fees charged both to the Sub-Fund itself and to the Master. The Master shall not charge subscription or redemption fees for the investment of the Feeder into its shares/units or the disinvestment thereof.

## Combined limits

- 2.20** Notwithstanding the individual limits laid down in 2.3, 2.10 and 2.11 above, a Sub-Fund shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following:
- (i) investments in Transferable Securities or Money Market Instruments issued by that body,
  - (ii) deposits made with that body, and/or
  - (iii) exposures arising from over-the-counter derivative transactions undertaken with that body.
- 2.21** The limits set out in 2.3, 2.5, 2.6, 2.10, 2.11 and 2.20 above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with 2.3, 2.5, 2.6, 2.10, 2.11 and 2.20 above may not exceed a total of 35% of the net assets of each Sub-Fund.
- 2.22** The SICAV may not acquire such amount of shares carrying voting rights which would enable the SICAV to exercise legal or management control or to exercise a significant influence over the management of the issuer.

- 2.23** The SICAV may acquire no more than (i) 10% of the outstanding non-voting shares of the same issuer; (ii) 10% of the outstanding debt securities of the same issuer; (iii) 10% of the Money Market Instruments of any single issuer; or (iv) 25% of the outstanding shares or units of the same UCITS or other UCI.

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

- 2.24** The limits set forth above under 2.22 and 2.23 do not apply in respect of:

- (A) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- (B) Transferable Securities and Money Market Instruments issued or guaranteed by any Non-Member State;
- (C) Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s);
- (D) Shares in the capital of a company which is incorporated under or organised pursuant to the laws of a state which is not a Member State provided that (i) such company invests its assets principally in securities issued by issuers having their registered office in that state, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that state, and (iii) such company observes in its investments policy the restrictions set forth under 2.3, 2.7, 2.10, 2.11 and 2.14 to 2.23; or
- (E) Shares held by one or more Sub-Funds in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at the request of shareholders exclusively on its or their behalf.

**3. Additional investment restrictions:**

- 3.1** No Sub-Fund may acquire commodities or precious metals or certificates representative thereof.
- 3.2** No Sub-Fund may invest in real estate or any option, right or interest therein provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein (such as investments into REITs, to the extent they are considered eligible in light of UCITS rules and regulations by the Board of Directors of the Fund).
- 3.3** The investment policy of a Sub-Fund may replicate the composition of an index of securities or debt securities, in compliance with the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the UCI Law and implementing the UCITS Directive, the ESMA guidelines on ETFs and other UCITS issues (ESMA/2014/937) and any other applicable rules and regulations enacted in relation thereto from time to time.
- 3.4** A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in non fully paid-up Transferable Securities, Money Market Instruments or other financial instruments and shall not prevent the lending of securities in accordance with applicable laws and regulations (as described further in 'Securities Lending and Borrowing' below). Furthermore, such restriction will not prevent any Sub-Fund from entering into securities financing transactions in the form of

repurchase agreements, buy-sell back transactions or securities lending transactions, margin lending transactions and total return swaps as described in section 4 below.

- 3.5 The SICAV may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
- 3.6 The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio.
- 3.7 If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its shareholders.
- 3.8 The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the SICAV are offered or sold.

#### **Breach of investment limits**

The Sub-Funds need not comply with the limits set out above in this section when exercising subscription rights attached to Transferable Securities and Money Market Instruments which form part of its assets.

If the limits set out above in this section are exceeded for reasons beyond the control of the SICAV or as a result of the exercise of subscription rights, the SICAV shall take corrective measures in its sale transactions, taking due account of the interest of investors.

### **4. Financial derivative instruments**

#### **4.1 General**

Each Sub-Fund may use financial derivative instruments such as options, futures, forwards and swaps or any variation or combination of such instruments, for hedging or investment purposes, in accordance with the conditions set out in this section and the investment objective and policy of the Sub-Fund, as set out in its Supplement. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective.

Financial derivative instruments used by any Sub-Fund may include, without limitation, the following categories of instruments.

- (A) Options: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.
- (B) Futures contracts: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.
- (C) Forward agreements: a forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.

- (D) Interest rate swaps: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.
- (E) Swaptions: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.
- (F) Credit default swaps: a credit default swap or CDS is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread.
- (G) Total return swaps: a total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.
- (H) Contracts for differences: a contract for differences or CFD is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

Each Sub-Fund must hold at any time sufficient liquid assets to cover its financial obligations arising under financial derivative instruments used.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund, as further described under "Global Exposure Limits".

The exposure of a Sub-Fund to underlying assets referenced by financial derivative instruments, combined with any direct investment in such assets, may not exceed in aggregate the investment limits set out above.

Where a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account in complying with the risk diversification rules, global exposure limits and information requirements of this section applicable to financial derivative instruments.

#### **4.2 Over the counter financial derivative instruments (OTC), including total return swaps (TRS)**

Sub-Funds may enter into OTC financial derivative instruments (including total return swaps and other derivatives with similar characteristics) with Approved Counterparties specialised in the relevant type of transaction to gain exposure to underlying assets, in accordance with the conditions set out in this section and the investment objective and policy of the relevant Sub-Fund.

The identity of the counterparties to total return swaps and other derivatives with similar characteristics will be disclosed in the annual report of the SICAV. The counterparties will have no discretion over the composition or management of the portfolio of the Sub-Fund or the underlying assets of the financial derivative instruments. Otherwise, for regulatory purposes, the agreement between the SICAV and such counterparty will be considered as an investment management delegation.

The Management Company uses a process for accurate and independent assessment of the value of OTC derivatives in accordance with applicable laws and regulations. In order to limit the exposure

of a Sub-Fund to the risk of default of the counterparty under OTC derivatives, the Sub-Fund may receive cash or other assets as collateral, as further specified below.

Each Sub-Fund may incur costs and fees in connection with total return swaps or other financial derivative instruments with similar characteristics, which may lead to any increase or decrease of their notional amount. The amount of these fees may be fixed or variable.

Information on costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the annual report of the SICAV and, to the extent relevant and practicable, in each Supplement.

All revenues arising from total return swaps or other financial derivative instruments with similar characteristics, net of fees and costs, will be returned to the relevant Sub-Fund. If a Sub-Fund makes use of such swaps or other instruments with similar characteristics, information on revenues earned through their use will be available in the annual report of the SICAV.

## **5. Techniques and Instruments**

Each Sub-Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments such as securities financing transactions, i.e. (i) securities lending transactions, (ii) repurchase transactions (iii) buy-sell back or sell-buy back transactions (iv) margin lending transactions and (v) total return swaps pursuant to the regulations, applicable laws, and CSSF circulars issued from time to time, in particular, but not limited to SFTR, CSSF circulars 08/356 and 14/592 and ESMA guidelines 2014/937. Such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and circulars issued by the CSSF from time to time. In particular, those techniques and instruments should not result in a change of the declared investment objective of the Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of the Sub-Fund.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under Appendix 1 "*investment restrictions and powers*". In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under securities financing transactions, the Sub-Fund will receive cash or other assets as collateral, as further specified below.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund. In particular, fees and cost may be paid to agents of the SICAV and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation for their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary of the SICAV or the Investment Manager – will be available in the annual report of the SICAV and, to the extent relevant and practicable, in each Supplement.

### **5.1 Securities Lending and Borrowing**

The SICAV may, for efficient portfolio management purposes, enter into securities lending borrowing and repurchase agreement transactions in respect of securities held within the portfolio of a Sub-Fund provided that they comply with the following rules:

- (A) The SICAV may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a first class financial institution subject to

prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialized in this type of transactions.

- (B) As part of and during the lifetime of the lending transactions, the SICAV must in principle receive a guarantee, the value of which must be at least at least equivalent to 90% of the global valuation of the securities lent.

This guarantee must be given in the form of liquid assets and/or in the form of securities referred to in the CSSF Circular 08/356 dated 4 June 2008 as clarified by the CSSF Circular 14/592 dated 30 September 2014. The guarantee given under any form other than cash or shares/units of an undertaking for collective investment/UCITS must be issued by an entity not affiliated to the counterparty.

Cash guaranties may be reinvested under the conditions set out in Section III of the CSSF Circular 08/356 dated 4 June 2008 as clarified by the CSSF Circular 14/592 dated 30 September 2014.

- (C) The SICAV must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the SICAV's assets in accordance with its investment policy.
- (D) The SICAV may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time; and (c) to avoid a failed settlement when the Depository fails to make delivery.
- (E) The securities borrowed by the SICAV may not be disposed of during the time they are held by the SICAV, unless they are covered by sufficient financial instruments that enable the SICAV to return the borrowed securities at the close of the transaction.
- (F) The SICAV may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

## **5.2 Reverse repurchase and repurchase agreement transactions, buy-sell back transactions and buy-sell back transactions**

The SICAV may on an ancillary basis enter into reverse repurchase and repurchase agreement transactions with Approved Counterparties, which consist of a forward transaction at the maturity of which

- (A) the seller (counterparty) has the obligation to repurchase the asset sold and the SICAV the obligation to return the asset received under the transaction. Securities that may be purchased in reverse repurchase agreements are limited to those referred to in the CSSF Circular 08/356 dated 4 June 2008, as clarified by the CSSF Circular 14/592 dated 30 September 2014, and they must conform to the relevant Sub-Fund's investment policy; or
- (B) the SICAV has the obligation to repurchase the asset sold and the buyer (the counterparty) the obligation to return the asset received under the transaction. The SICAV must ensure that, at maturity of the agreement, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution to the SICAV.

Buy-sell back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty

securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty selling them.

The SICAV may enter into these transactions only if the counterparties to these transactions are Approved Counterparties.

The SICAV must take care to ensure that the value of these transactions is kept at a level such that it is able, at all times, to meet its redemption obligations towards its Shareholders.

The SICAV may only enter into such transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the SICAV.

### **5.3 Margin lending**

Margin lending transaction means a transaction in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities.

Where specified in its Supplement, a Sub-Fund may enter into margin lending transactions with Approved Counterparties, in accordance and within the limits of Article 50 (2) of the UCI Law.

## **6. Collateral and Reinvestment of Collateral**

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, the SICAV may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the SICAV in such case.

Where the SICAV on behalf of a Sub-Fund enters into OTC financial derivative transactions and/or efficient portfolio management techniques, all collateral received by the Sub-Fund must comply with the criteria listed in ESMA Guidelines 2014/937 in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability.

### **6.1 Eligible collateral**

Collateral received for the benefit of a Sub-Fund may be used to reduce its counterparty risk exposure if it complies with the conditions set out in applicable laws and regulations. In particular, collateral received for the benefit of a Sub-Fund should comply with the following conditions:

- (A) collateral other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (B) collateral should be valued at least on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place, as further specified below;
- (C) collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (D) collateral should be sufficiently diversified in terms of countries, markets and issuers. The maximum exposure of a Sub-Fund to any given issuer included in the basket of collateral received is limited to 20% of the net assets of the Sub-Fund. When the Sub-Fund is exposed

to different counterparties, collateral received should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, this limit may be exceeded and up to 100% of the collateral received by a Sub-Fund may consist in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a Member State, by one or more of its local authorities, by a member State of the OECD or the Group of Twenty (G20) such as the United States of America, by the Republic of Singapore, by the PRC, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided that such securities or instruments are part of a basket of collateral comprised of securities or instruments of at least six different issues and that securities or instruments from any one issue do not account for more than 30% of the net assets of the Sub-Fund;

- (E) where there is a title transfer, collateral received should be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement (e.g. a pledge), collateral can be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral;
- (F) collateral should be capable of being fully enforced by the SICAV at any time without reference to or approval from the counterparty; and
- (G) where applicable, collateral received should also comply with the control limits set out in this Prospectus.

Subject to the above conditions, permitted forms of collateral include:

- (A) cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- (B) bonds issued or guaranteed by a Member State, any other member state of the OECD or their local public authorities, by supranational institutions and undertakings with an EU, regional or worldwide scope;
- (C) shares or units issued by money market UCI calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (D) shares or units issued by other UCITS investing mainly in bonds and/or shares identified in items (E) and (F) below;
- (E) bonds issued or guaranteed by first class issuers offering adequate liquidity; and
- (F) shares admitted to or dealt in on a Regulated Market or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

## **6.2 Level of collateral**

The level of collateral required for OTC financial derivatives transactions and efficient portfolio management techniques will be determined as per the agreements in place with the individual counterparties, taking into account factors including the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions. At all times the counterparty exposure not covered by collateral will remain below the applicable counterparty risk limits set out in this Prospectus.

It is expected that OTC financial derivative instruments will generally be collateralised at a minimum of 90% of their underlying securities value. Repurchase agreements and buys-sell back transactions will generally be collateralised at a minimum of 90% of their notional amount. With

respect to securities lending, the borrower will generally be required to post collateral representing, at any time during the lifetime of the agreement, at least 90% of the total value of the securities lent.

### 6.3 Haircut policy

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined for each asset class based on the haircut policy adopted by the Board of Directors. The policy, established in accordance with the ESMA Guidelines 2014/937, takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out under normal and exceptional liquidity conditions.

While the SICAV and any of its duly appointed delegates will only accept non-cash collateral which does not exhibit high price volatility, the non-cash received on behalf of the SICAV will typically be subject to a valuation percentage between 90% to 100% of its value. The valuation percentage will depend on factors such as liquidity, price volatility, issuer credit quality and remaining maturity and will take into account the results of stress tests performed by the Investment Manager.

In accordance with its haircut policy, the Board of Directors expects that the maximum valuation percentages specified in the table below will be used in the calculation of the value of collateral received by the Sub-Fund. The value of collateral will correspond to the market value of the securities multiplied by a factor equal to or lower than the specified maximum valuation percentage:

<b>Category of collateral</b>	<b>Valuation percentage [maximum figures]</b>
Cash in the Sub-Fund Currency	100%
Negotiable debt instruments issued by the US Treasury Department having a remaining maturity of no more than one year	98%
Negotiable debt instruments issued by the US Treasury Department having a remaining maturity of more than one year but less than ten years	95%
Negotiable debt instruments issued by the US Treasury Department having a remaining maturity of more than ten years	90%

The daily valuation of the collateral may lead to daily margin calls.

Other permitted forms of collateral may be accepted by the Board of Directors in accordance with its collateral policy, as described above. In such cases, the collateral will be valued in accordance with the parameters agreed with the counterparty, subject to and in compliance with the requirements of the haircut policy and the Prospectus will be updated accordingly.

### 6.4 Stress tests

Where a Sub-Fund receives collateral for at least 30% of its assets, regular stress tests will be carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy includes, without limitation, (i) design of stress test

scenario analysis including calibration, certification and sensitivity analysis; (ii) empirical approach to impact assessment, including back-testing of liquidity risk estimates; (iii) reporting frequency and limit/loss tolerance thresholds; and (iv) mitigation actions to reduce loss, including haircut policy and gap risk protection.

## **6.5 Reinvestment of collateral**

Non-cash collateral received for the benefit of a Sub-Fund may not be sold, re-invested or pledged. Cash collateral received for the benefit of a Sub-Fund can only be:

- (A) placed on deposit with a credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (B) invested in high-quality government bonds;
- (C) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the SICAV is able to recall at any time the full amount of cash on accrued basis; and/or
- (D) invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds issued by ESMA (CESR/10-049) as may be amended from time to time.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above. Re-investment of cash collateral involves certain risks for the Sub-Fund, as described in section “Risk Factors”.

A Sub-Fund may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty at the conclusion of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

The above provisions apply subject to any further guidelines issued from time to time by ESMA amending and/or supplementing ESMA Guidelines 2014/937 and/or any additional guidance issued from time to time by the CSSF in relation to the above.

## **7. Global exposure limits**

### **7.1 General**

In accordance with Luxembourg laws and regulations, the Management Company has adopted and implemented a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Sub-Fund.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund. Global exposure is calculated, at least on a daily basis, using either the commitment approach or the value-at-risk or “VaR” approach, as further explained below. Global exposure is a measure designed to limit either the incremental exposure and leverage generated by a Sub-Fund through the use of financial derivative instruments and efficient portfolio management techniques (where the Sub-Fund uses the commitment approach) or the market risk of the Sub-Fund’s portfolio (where the Sub-Fund uses the VaR approach). The method used by each Sub-Fund to calculate global exposure is mentioned in its Supplement.

## **7.2 Commitment approach**

Under the commitment approach, all financial derivative positions of the Sub-Fund are converted into the market value of the equivalent position in the underlying assets. Netting and hedging arrangements may be taken into account when calculating global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Under this approach, the global exposure of a Sub-Fund is limited to 100% of its Net Asset Value.

## **7.3 VaR approach**

In financial mathematics and financial risk management, VaR is a widely used risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR measures the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The calculation of VaR is conducted on the basis of a one-sided confidence interval of 99% and a holding period of 20 days. The exposure of the Sub-Fund is subject to periodic stress tests.

VaR limits are set using an absolute or relative approach. The Management Company and the Board of Directors will decide which VaR approach is the most appropriate methodology given the risk profile and investment strategy of the Sub-Fund. The VaR approach selected for each Sub-Fund using VaR is specified in its Supplement.

The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark for the Sub-Fund (for instance, where the Sub-Fund has an absolute return target). Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Sub-Fund. Based on the above calculation parameters, the absolute VaR of each Sub-Fund is limited to 20% of its Net Asset Value. The Management Company may set a lower limit if appropriate.

The relative VaR approach is generally appropriate for Sub-Funds where a leverage-free VaR benchmark or reference portfolio may be defined, reflecting the investment strategy of the Sub-Fund. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of the defined benchmark or reference portfolio and is limited to no more than twice the VaR on that benchmark or reference portfolio. The VaR benchmark or reference portfolio of the Sub-Fund, which may be different from the benchmark used for other purposes, is specified in its Supplement.

## **7.4 Leverage**

Unless otherwise indicated in its Supplement, a Sub-Fund may use leverage to increase its exposure through the use of financial derivative instruments. Leverage may be used at the discretion of the Investment Manager in accordance with the investment objective and policy of each Sub-Fund and its defined risk profile. Leverage involves certain risks for the Sub-Fund, as further described in section "Risk Factors". Leverage is monitored on a regular basis by the Management Company.

Under applicable laws and regulations, the level of leverage is defined as the sum of the absolute value of the notional amount of all financial derivative instruments used by the Sub-Fund, as well as any additional exposure generated by the reinvestment of cash collateral in relation to efficient portfolio management techniques. For each Sub-Fund using the VaR approach to calculate and monitor its global exposure, the expected level of leverage, expressed as a percentage of the Net Asset Value of the Sub-Fund, is disclosed in the Supplement.

The above methodology based on the "sum of notionals" is mandatory under applicable laws and regulations. It does not allow for the offset of hedging transactions and other risk mitigation strategies involving financial derivative instruments, such as currency hedging or duration management. Similarly, this methodology does not allow for the netting of derivative positions and

does not make any distinction between short term and long term assets. As a result, strategies that aim to reduce risks may contribute to an increased level of leverage for the Sub-Fund.

In order to take into account the specific use of financial derivative instruments and their contribution to the risks of the Sub-Fund, the expected level of leverage disclosed in the Supplement, based on the “sum of notionals” methodology, may be completed with the expected leverage figures calculated on the basis of the commitment approach, as described above, which takes into account hedging and netting arrangements, or with other additional explanations.

## SUPPLEMENT 1: Oceanwide Funds SICAV - Oceanwide Greater China UCITS Fund

The information contained in this part of this Prospectus in relation to Oceanwide Greater China UCITS Fund (the “**Sub-Fund**”), should be read in conjunction with the full text of this Prospectus.

### 1. Investment Objective and Strategies

#### 1.1 Investment Objective

The investment objective of the Sub-Fund is to maximize long-term capital appreciation through investments in securities issued by companies with substantial business in, exposure to or deriving their revenue from the Greater China region.

#### 1.2 Investment Strategies

To achieve this investment objective, the Sub-Fund will invest primarily in debt securities and equity securities issued (i) by companies incorporated in Greater China or (ii) companies that have a substantial portion of their business, or derive most of their revenue from, or have most of their operating assets located in, or expanding business in Greater China or (iii) companies that are deemed by the Investment Manager, based on objective criteria, to have substantial exposure to Greater China<sup>1</sup>.

Those securities shall be listed, quoted or traded on the Hong Kong Stock Exchange and/or the Singapore Stock Exchange and/or the New York Stock Exchange, as well as any other Regulated Market or Other Regulated Markets.

In addition, the Sub-Fund may invest no more than 30% in fixed income and convertible bonds and other debt securities, with fixed or floating rates (i) which are listed, quoted or traded on an Other Regulated Markets in the Greater China region, irrespective of their issuer, or (ii) which are listed, quoted or traded on a Regulated Market or an Other Regulated Markets, irrespective of the location of such a market, and issued by companies incorporated in Greater China, or companies that derive most of their revenue from, or have most of their operating assets located in, Greater China, or companies incorporated outside Greater China but which are deemed by the Investment Manager, based on objective criteria, to have substantial exposure to Greater China. The types of debt securities in which the Sub-Fund may invest are government bonds, corporate bonds, floating rate notes, commercial papers and certificates of deposit.

The above mentioned securities include RMB denominated securities, China A Shares and RMB fixed income securities, in which the Sub-Fund may invest through the RQFII license and quotas of the Investment Manager or third parties as well as Stock Connect, Bond Connect and the CIBM Direct Access (together the “**China Access Channels**”)<sup>2</sup>.

The Sub Fund may also take an indirect exposure to China A Shares or onshore RMB fixed income securities through investments in exchange trade funds (“**ETFs**”) having such securities as underlying assets, to the extent eligible under the UCI Law.

The Sub-Fund will not be constrained by the size of a listed security or the industry in which these securities operate, and may include a combination of larger and small companies operating in several different industries, subject to the overall liquidity of the Sub-Fund assets being suitable to pay redemption requests, at any time. The Sub-Fund investments will focus on securities issued by companies subject to or potentially subject to meaningful events where the Investment Manager finds the current market price is undervalued and the fair value will be crystallized by the potential

<sup>1</sup> Investments into debt securities issued by Chinese Companies will fall under the scope of primary investments by the Sub-Fund as from 4 June 2018.

<sup>2</sup> The Sub-Fund may use this possibility of investing directly in the PRC through China Access Channels as from 4 June 2018.

event(s). The Investment Manager will focus primarily on three areas of investment opportunities: events, value and growth companies.

It is the intention of the Sub-Fund to be fully invested under normal circumstances, although the Investment Manager reserves the right to keep a portion of the Sub-Funds' Net Asset Value in cash up to 30 percent of the Sub-Funds' Net Asset Value if, in its absolute discretion, it considers that prevailing market conditions are not favorable to investment.

The Sub-Fund may use financial derivative instruments for currency hedging purposes however, for the time being, the Sub-Fund will not enter into (i) repurchase or reverse repurchase agreements, (ii) securities or commodities lending and securities and commodities borrowings, (iii) buy-sell back transactions or sell-buy back transactions, (iv) margin lending transactions and (v) total return swaps. Should the Sub-Fund use any of these techniques, this Prospectus shall be updated accordingly.

Such variations may be dependent on, but are not limited to, factors such as total size of the Sub-Fund and seasonal trends in the underlying markets.

### ***1.3 Investment selection process***

The Sub-Fund places particular emphasis on companies, in the opinion of the Investment Manager, with potential for improvement that the market has failed to appreciate. Such companies are undervalued or exhibit growth investment characteristics, such as above-average growth rates in earnings or sales and high or improving profitability, namely growth and value equities. In some cases such companies can also benefit from changes in corporate strategy, business restructuring, asset disposals and change in major shareholder stakes.

Growth equities are companies enjoying high visible growth in coming years based on the Investment Manager's internally generated research in their industry, management, products and financials. Value equities are companies trading at a substantial discount to their intrinsic value. The Investment Manager will look for substantial appreciation potential or high dividend return with less downside risk on average for Value equities.

The Investment Manager will select investments through fundamental analysis as the following usual analysis procedures. Potential investment target will be analyzed upon the company's fundamental (i.e. industry, management, product, peers, financials and valuation.) After a thorough review, the Investment Manager will decide whether further analysis should be conducted on the company or whether it should be filed away for the time being. All rejected companies will continue to be monitored and revisited when appropriate. More rigorous analysis will be conducted on companies that pass the initial review. Additional analyses include a full financial forecast model, further due diligence on the company's operations (which would include conference calls with management and site visits), as well as consultations with the Investment Manager's industry specialists (if applicable). The Investment Manager will then reconvene and discuss any new findings and conclusions. An iterative process of modifying the analysis will take place until the Investment Manager is satisfied with the assumptions and conclusions. Investment Manager will decide whether to add the stock to the SICAV's active portfolio depending on the attractiveness of the stock's current valuation as well as growth and catalyst prospects in the future.

### ***1.4 Profile of Typical Investor***

A typical investor will invest in this Sub-Fund to seek long-term capital appreciation, rather than minimum possible short-term losses, through equity securities. The Sub-Fund aims to provide high returns over the long-term, but may be subject to fluctuations in capital value.

## 1.5 Global Exposure

The global exposure of the Sub-Fund is measured using the commitment approach on a daily basis.

## 2. Share Classes / Minimum Investment and Holding

Currently, the Sub-Fund offers Class A Shares, Class I Shares and Class F Shares.

### 2.1 Class A Shares

Class A Shares will be issued to all types of investors, irrespective of their location.

Class A Shares will be issued in the following Reference Currencies: USD, EUR and RMB.

**For the avoidance of doubt, any reference to RMB should be understood as offshore Renminbi (“CNH”).**

The Class A (EUR) shares will be available as a hedged Share Class only.

	<i>Minimum Holding</i>	<i>Minimum Subscription</i>	<i>Minimum Additional Subscription</i>
<i>Class A (USD) Acc</i>	USD 750.-	USD 1,500.-	USD 150.-
<i>Class A (EUR) hedged Acc</i>	EUR 600.-	EUR 1,200.-	EUR 120.-
<i>Class A (RMB) Acc</i>	RMB 6,000.-	RMB 12,000.-	RMB 1,200.-

### 2.2 Class I Shares

Class I Shares may only be purchased by Institutional Investors within the meaning of Article 174 of the UCI Law, irrespective of their location.

Class I Shares will be issued in the following Reference Currencies: USD, EUR and RMB.

The Class I (EUR) shares will be available as a hedged Share Class only.

	<i>Minimum Holding</i>	<i>Minimum Subscription</i>	<i>Minimum Additional Subscription</i>
<i>Class I (USD) Acc</i>	USD 500,000.-	USD 1,000,000.-	USD 100,000.-
<i>Class I (EUR) hedged Acc</i>	EUR 400,000.-	EUR 800,000.-	EUR 80,000.-
<i>Class I (RMB) Acc</i>	RMB 4,000,000	RMB 8,000,000	RMB 8,000,000

### 2.3 Class F Shares

Class F Shares may be purchased by all types of investors, irrespective of their location.

Class F Shares will be issued in the following Reference Currencies: USD and EUR.

The Class F (EUR) shares will be available as a hedged Share Class only.

	<i>Minimum Holding</i>	<i>Minimum Subscription</i>	<i>Minimum Additional Subscription</i>
<i>Class F (USD) Acc</i>	USD 500,000.-	USD 1,000,000.-	USD 100,000.-
<i>Class F (EUR) hedged Acc</i>	EUR 400,000.-	EUR 800,000.-	EUR 80,000.-

### 3. Subscription Price, Subscription Fee, Dilution Levy and Redemption Fee

The Subscription Price per Class A Share, Class I Share and Class F Share will be equal to the Net Asset Value per Share of the relevant Class plus the Preliminary Charge as mentioned hereinafter.

The Preliminary Charge levied in relation to Class A Share, Class I Share and Class F is a maximum of 5% of the aggregate Net Asset Value per Share of the relevant Class subscribed by investors.

Based on the expected level of transactions in the Sub-Fund the estimated rate of the price adjustment due to any dilution levy may be up to 1.5% of Net Asset Value per Share.

No Redemption Fee will be charged to the investors.

### 4. Subscriptions

A Dealing Day for this Sub-Fund shall be any day which is a Business Day in the PRC, the Hong Kong S.A.R. and the Grand Duchy of Luxembourg (hereinafter a "**Dealing Day**").

Applications for subscriptions received by the Administrator no later than 12:00 noon, Luxembourg time on the relevant Dealing Day (for this Sub-Fund, the "**Cut-Off time**") will be executed on the same day on the basis of the above-mentioned Subscription Price plus any dilution levy.

Only complete applications received in this timeframe will be executed. For this Sub-Fund, investors will only be eligible to subscribe in cash (and not in kind), and will be required to specify on their subscription form the subscription amount, in the relevant currency.

Cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) in relation to any Classes of Shares must be received by wire transfer by the Administrator at the latest on the relevant Dealing Day.

Submission of application forms via Distributors may be subject to a cut-off time earlier than the Cut-Off time as specified in this Supplement.

### 5. Redemptions

Applications for redemptions will be dealt with on each Dealing Day. Applications for redemptions must be received by the Administrator not later than 12:00 noon Luxembourg time to be executed on the same Dealing Day. Applications received after that time will be processed on the next Dealing Day.

The Redemption Price shall be equal to the Net Asset Value per Share of the Sub-Fund on the relevant Dealing Day, less any dilution levy if applicable.

Payment of redemptions proceeds will be made within seven (7) Business Days from the relevant Dealing Day.

Submission of redemption requests via Distributors may be subject to a cut-off time earlier than the Cut-Off time as specified in this Supplement.

## **6. Conversions**

The Shares of the Sub-Fund of a given class and denominated in a given currency can be converted into Shares of another currency or another class within the same Sub-Fund, or another Share Class (and another currency) in another Sub-Fund, provided that the minimum subscription amount and minimum holding of the Share Class in which the current shares are to be converted in are complied with. The Shares of the Sub Fund of a particular class can be converted into shares of another class, within the Sub-Fund.

No conversion fee shall apply, however, a dilution levy may apply in relation to conversions.

## **7. Reference Currency of the Sub-Fund/ Reference Currency of the available Share Classes/ Currency Hedging**

The Reference Currency of the Sub-Fund is USD.

The Net Asset Value per Share of Class A (USD) Shares, Class A (EUR) hedged Shares and Class A (RMB) Shares will be calculated in USD, EUR and RMB, respectively, being the Reference Currencies of these Classes.

The Net Asset Value per Share of Class I (USD) Shares, Class I (EUR) hedged Shares and Class I (RMB) Shares will be calculated in USD, EUR and RMB, respectively, being the Reference Currencies of these Classes.

The Net Asset Value per Share of Class F (USD) Shares and Class F (EUR) hedged Shares will be calculated in USD and EUR, respectively, being the Reference Currencies of these Classes.

The investments of the Sub-Fund denominated in a currency other than USD may be hedged into the Reference Currency of the Sub-Fund. Currency hedging, when put in place, will be made through the use of various techniques including the entering into forward currency contracts, currency options and futures. The relevant currency hedging is intended to reduce a Shareholder's exposure to the respective currencies in which the Sub-Fund's investments are denominated. In this regard, it is anticipated that currency risks will be hedged to a large extent although there is no guarantee that such hedging will be effective. Where the currency exposure of the Sub-Fund is not fully hedged or where the hedging transactions are not completely effective, the value of the assets of the Sub-Fund may be affected favourably or unfavourably by fluctuations in currency rates. From time to time the Investment Manager may not fully hedge the currency exposure, if it considers this to be in the interest of the Shareholders. Any costs incurred relating to the above mentioned hedging will be borne by the Sub-Fund.

In addition, the foreign exchange exposure of the assets of the Sub-Fund attributable to any Class of Shares denominated in any currency other than USD will, when indicated under point 2 "*Share Classes / Minimum Investment and Holding*" above, hedged in order to minimise, so far as reasonably practicable, the impact of fluctuations in the exchange rates between USD (being the Reference Currency of the Sub-Fund) and such other currency. Again, there can be no guarantee that any such hedges that are put in place will be effective. The costs and any benefit of hedging the foreign currency exposure of the assets attributable to any Class of Shares with a Reference Currency other than USD from USD into the relevant currency will be allocated solely to the relevant Share Class.

## 8. Frequency of the Net Asset Value calculation and Valuation Day

The Net Asset Value per Share of the Sub-Fund is determined on each Dealing Day, which for this Sub-Fund shall be a Valuation Day on the basis of closing or last available price upon closing of the New York Stock Exchange (the “**Valuation Point**”).

The Net Asset Value per Share will be published at 4:00 pm Luxembourg time on the Business Day following each Dealing Day.

## 9. Distribution policy

The Sub-Fund issues Accumulation Shares.

With respect to Accumulation Shares (the name of which will include “Acc”), no dividend will be declared and any income in relation to the Shares shall be accumulated and automatically reinvested, according to the investment strategies described above.

## 10. Management Fee

The Investment Manager will receive from the Sub-Fund, payable out of the assets attributable to the relevant Class of Shares, the following investment management fees calculated and accrued on each Valuation Day on the basis of the Net Asset Value of the assets attributable to the relevant Class of Shares and paid out monthly in arrears on the relevant Valuation Day:

Class A Shares:	2.00% <i>per annum</i>
Class I Shares:	1.50% <i>per annum</i>
Class F Shares:	1.00% <i>per annum</i>

Investors will be given at least one month’s prior notice before an increase in the investment management fee may take effect.

## 11. Performance Fee

In addition to the Management Fee, the Investment Manager will be entitled to a Performance Fee at the following rate:

Class A Shares:	20% of the positive performance above the High Water Mark
Class I Shares:	20% of the positive performance above the High Water Mark
Class F Shares:	15% of the positive performance above the High Water Mark

The performance fee shall be calculated and accrued at each Valuation Date on the positive performance of each class of Shares above the High Water Mark. The Performance Fee is paid yearly (end of fiscal year).

The High Water Mark is the total Net Asset Value of each Share Class adjusted of the net proceeds until the end of any performance period where a performance fee has been paid or failing that, the initial amount subscribed, adjusted of subscriptions and redemptions until the end of the relevant performance period.

In order to calculate the Sub-Fund's performance, the total net asset value before Performance Fee is compared to the High Water Mark.

In case of redemptions, the corresponding Performance Fee (if any) will be crystallised.

In case of liquidation of the Sub-Fund, the cumulative Performance Fee accrued during such Performance Period shall be calculated and accrued until the liquidation of the Sub-Fund and will be paid on the closure of the liquidation of the Sub-Fund.

## 12. Listing on the Luxembourg Stock Exchange

The Shares of the Sub-Fund will not be listed.

## 13. Availability of the Net Asset Value

The Net Asset Value per Share of each Class in the Sub-Fund will be available at the registered office of the SICAV.

## 14. Luxembourg Tax (“*Taxe d’abonnement*”)

Class A Shares: 0.05%

Class I Shares: 0.01%

Class F Shares: 0.05%

## 15. Initial Offer Period

As at the date of the Prospectus, the following Classes of Shares will be issued on the first Dealing Day after expiry of the relevant Initial Offer Period.

The Initial Share Subscription Price for the Shares of the Sub-Fund shall be as follows:

	<b>Initial Share Subscription Price</b>
Class A (USD) Acc	USD 100
Class A (EUR) hedged Acc	EUR 100
Class A (RMB) Acc	RMB 1,000
Class I (USD) Acc	USD 100
Class I (EUR) hedged Acc	EUR 100
Class I (RMB) Acc	RMB 1,000
Class F (USD) Acc	USD 100
Class F (EUR) hedged Acc	EUR 100

The Initial Offer Period for the Shares of the Sub-Fund started on November 30, 2015 and ended on December 11, 2015 or such other dates as may have been determined by the Board of Directors of the SICAV. Should the Initial Offer Period be extended after the launch thereof, then the express consent of all Shareholders having subscribed for Shares prior to such an extension shall be obtained in order for such an extension to become effective.

After the Initial Offer Period, Shares are offered at the prevailing Net Asset Value per Share with the Preliminary Charge as set out above.

## 16. Risk warnings

Investors are advised to carefully consider the risks of investing in the Sub-Fund listed under section “Risk Factors” of the Prospectus, in particular in relation to those disclosed under the headers “Risks regarding PRC and RMB Investments / China Access Channels Specific Risks”:

## 17. Duration

The Sub-Fund is established for an unlimited duration, subject to the circumstances as may be occurred in respect of the SICAV and/or the Sub-Fund under the sections “Dissolution and Liquidation of the SICAV”, “Closure of Sub-Funds and Classes” and “Mergers” in this Prospectus.

## 18. Sustainable Finance

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR”), the Sub-Fund is required to disclose the manner in which Sustainability Risks are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on its returns.

The Sub-Fund is considered as falling within the scope of Article 6 of the SFDR as it does not promote environmental or social characteristics and does not maximize portfolio alignment with Sustainability Factors. The Sub-Fund however remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns. Materially relevant Sustainability Risks are incorporated into due diligence and research, valuation, asset selection, portfolio construction, and ongoing investment monitoring alongside with other material risk factors. Sustainability Risks are identified, measured using the likelihood of occurrence of each of them, and should one occurs, managed and monitored on an ongoing basis.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. The Sustainability Risks generally revolve around the following themes:

- corporate governance malpractices (e.g. board structure, executive remuneration);
- shareholder rights (e.g. election of directors, capital amendments);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health & safety records, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations);
- and
- work practices (e.g. observation of health, safety and human rights provisions).

In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value. As such, for a company in which the Sub-Fund invests, this may be because of damage to its reputation resulting in a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A company may also suffer the impact of fines and other regulatory sanctions. The time and resources of the company’s management team may be diverted from furthering its business into dealing with the Sustainability Risk event, including changes to business practices and dealing with investigations and litigation. Sustainability Risks events may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by companies to which the Sub-Fund is exposed may also be adversely impacted by a Sustainability Risk event. A Sustainability Risk event may

arise and impact a specific investment or may have a broader impact on an economic sector, geographical or political region or country.

In particular, it is expected that the Sub-Fund be exposed to a various range of Sustainability Risks resulting from its strategy and exposures to specific sectors, issuers and asset classes. Nevertheless, given the high level of diversification and risk-spreading of the Sub-Fund, it is not anticipated that the Sustainability Risks to which the Sub-Fund may be exposed cause a material impact on its respective returns apart from Sustainability Risks linked to its investments in the Greater China region.

Since the Sub-Fund is investing in the Greater China region, it is exposed to a range of Sustainability Risks linked to its investments which will usually have greater exposure to Sustainability Risks than others. Less sustainability-related regulations are implemented and monitored in the Greater China region. Governance risks can be more pronounced in the Greater China region, with a lack of maturity or corporate tenure being one of the contributing factors. Combined these mean that sustainability-related information might not be available which could lead to challenges for the Sub-Fund to properly identify the exposure and readiness of target companies to Sustainability Risks. Governance risks in the Greater China region can present a higher risk compared to developed markets; ownership structures more commonly include controlling state interests or the controlling interests of an individual or family. In addition, share structure can be more complex, with non-voting shares leaving minorities with less recourse and connected parties can introduce political risks, which have far reaching implications. Sustainability Risks finally stem from operational business strains due to social issues linked to human capital and skill gaps which can affect returns. Lag on labor and human rights practices, child labor, corruption are examples of Sustainability Risks that could damage the reputation and earnings prospects of the Sub-Fund and the underlying companies and increase the risk of regulatory scrutiny and sanctions. Such events could significantly impact the return and valuation of the Sub-Fund and its underlying companies.