


**VISA 2023/173632-8013-0-PC**

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

Luxembourg, le 2023-07-24

Commission de Surveillance du Secteur Financier

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## **KIM Investment Funds**

Investment company with variable capital with multiple sub-funds

**PROSPECTUS**

**21 July 2023**

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## **IMPORTANT INFORMATION**

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

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

Shares are available for issue on the basis of the information and representations contained in this Prospectus and the relevant Key Investor Information Documents. Any further information given or representations made by any person with respect to any shares must be regarded as unauthorised. Depending on applicable legal and regulatory requirements (comprising but not limited to MiFID) in the countries of distribution, additional information on the Company and the shares may be made available to investors under the responsibility of local intermediaries / distributors.

All Classes of shares of all Sub-Funds that are in issue may be listed on the Luxembourg Stock Exchange. Trading in shares of the Company on the Luxembourg Stock Exchange will be in accordance with the rules and regulations of the Luxembourg Stock Exchange and subject to normal brokerage fees.

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

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

The shares have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons, except in a transaction which does not violate the securities laws of the United States of America. The Articles of Incorporation permit certain restrictions on the sale and transfer of shares to restricted persons and the Board of Directors has decided that United States persons shall be restricted persons and are defined as follows:

The term "United States Person" or "US Person" shall mean a citizen or resident of the United States of America, a partnership organised or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for purpose of computing United States income tax payable by it. If a shareholder subsequently becomes a

"United States Person" and such fact comes to the attention of the Company, shares owned by that person may be compulsorily repurchased by the Company.

Investors and applicants should note that under the Foreign Account Tax Compliance Act ("FATCA") details of US investors holding assets outside the US will be reported by financial institutions to the Internal Revenue Service (IRS), as a safeguard against US tax evasion. As a result, and to discourage non-United States financial institutions from staying outside this regime, financial institutions that do not comply with the regime will be subject to a 30% withholding tax penalty with respect to certain United States sourced income (including dividends) and gross proceeds from the sale or other disposal of property that can produce United States sourced income. In order to protect the shareholders from the effect of any withholding penalty, it is the intention of the Company to be compliant with the requirements of the FATCA regime as this applies to entities such as the Company. For further details please refer to section 21. "TAXATION".

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

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

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

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

Investors are informed that their personal data or information given in the Application Form or otherwise obtained in the course of their relationship as investors in the Company, including details of their shareholding, will be collected, stored in digital form and otherwise processed by the Company, the Management Company, the Depositary, the Registrar and Transfer Agent and/or their agents and delegates in compliance with the provisions of the 2002 Law for the purpose of (i) providing their services to the investors and (ii) complying with applicable legislation including anti-money laundering legislation, FATCA Law, and the CRS Law (as defined in the section 21."TAXATION") or similar laws and regulations as data controllers or processors (as defined in the 2002 Law), as appropriate.

Investors accept the aforementioned processing of their personal data (implying the transfer and the disclosure of their personal data between the parties above including entities in countries outside the European Union and which may not offer protection similar to the data protection laws in Luxembourg and the European Union).

By subscribing or purchasing shares of the Company, investors also accept that their telephone conversations with the Management Company or the Registrar and Transfer Agent may be recorded and that the information so obtained will be processed in accordance with applicable laws and regulations (implying the transfer and the disclosure of their personal data between the parties above, including entities in countries outside the European Union (including the United States of America) and which may not offer protection similar to the data protection laws in Luxembourg and the European Union) and to answer to some mandatory questions in compliance with FATCA and CRS Law.

To the extent personal data provided by investors include personal data of his/her/its representatives, and/or authorised signatories and/or beneficial owners, the investors need to secure their consent to the aforementioned processing of their personal data including the transfer of their personal data to parties situated in countries outside of the European Union which may not offer a similar level of protection as the one deriving from Luxembourg data protection law, including, but not limited to the United States of America.

Investors are also advised that their personal data will be held in the register of shareholders maintained by the Registrar and Transfer Agent while the contract by which the Management Company appoints the Registrar and Transfer Agent remains in force. The Registrar and Transfer Agent will process the personal data relating to investors as a processor acting on behalf of the Company.

In accordance with the 2002 Law, investors are entitled to request at any time access to, correction or deletion of their personal data provided to or stored by any of the parties above in the manner and subject to the limitations of applicable laws and regulations. Investors should address such requests to the appointed Registrar and Transfer Agent at the address of 49, avenue J.F. Kennedy, L-1855 Luxembourg.

The Board of Directors draws the investors' attention to the fact that any investor will only be able to fully exercise its investor rights directly against the Company, notably the right to participate in general meetings of shareholders if the investor is registered himself and in its own name in the Company's register of shareholders maintained by the Registrar and Transfer Agent. In cases where an investor invests in the Company through an intermediary investing into the Company in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors should seek advice from their salesman or intermediary on their rights in the Company.

|                  |
|------------------|
| <b>DIRECTORY</b> |
|------------------|

**Registered Office of the Company**

49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Board of Directors of the Company**

- DaeWon Lee, Korea Investment Management Co., Ltd., 12F FKI Tower, 24, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea
- Donghyeon Kim, Korea Investment Management Co., Ltd., 12F FKI Tower, 24, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea
- Dimitri Brunwasser, Business Development, Lemanik Asset Management S.A., 106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**Management Company**

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

**Board of Directors of the Management Company**

- Gianluigi Sagramoso, Chairman, Via Trevano, 2/A, CH-6900 Lugano, Switzerland
- Carlo Sagramoso, Director, Via Trevano, 2/A, CH-6900 Lugano, Switzerland
- Philippe Meloni, Director, 106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**Depository Bank**

State Street Bank International GmbH, Luxembourg Branch, 49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Administration, Paying Agent, Registrar and Transfer Agent**

State Street Bank International GmbH, Luxembourg Branch, 49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Auditors**

PricewaterhouseCoopers, *société coopérative*,  
2, rue Gerhard Mercator,  
L-2182 Luxembourg,  
Grand Duchy of Luxembourg

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

Elvinger Hoss Prussen

*société anonyme*

2, Place Winston Churchill

L-2014 Luxembourg

Grand Duchy of Luxembourg

|                 |
|-----------------|
| <b>GLOSSARY</b> |
|-----------------|

|                                  |   |
|----------------------------------|---|
| <b>1915 Law</b>                  | Luxembourg Law of 10 August 1915 relating to commercial companies, as amended.  |
| <b>2010 Law</b>                  | Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, implementing Directive 2009/65/EC into Luxembourg law.  |
| <b>2002 Law</b>                  | Luxembourg Law of 2 August 2002 on data protection.   |
| <b>Administration Agent</b>      | State Street Bank International GmbH, Luxembourg Branch, acting in its capacity as administration agent of the Company.   |
| <b>Application Form</b>          | The application form available at the registered office of the Company and from distributors (if any).  |
| <b>Articles of Incorporation</b> | The articles of incorporation of the Company, as may be amended from time to time.  |
| <b>Auditors</b>                  | PricewaterhouseCoopers, <i>société cooperative</i> .  |
| <b>Base Currency</b>             | The base currency of a Sub Fund, as disclosed in the relevant Sub-Fund Particular.  |
| <b>Board of Directors</b>        | The board of directors of the Company.  |
| <b>Business Day</b>              | Any full day on which the banks are open for normal business banking in Luxembourg and other relevant jurisdictions as further detailed in the relevant Sub-Fund Particular (except 31 December).   |
| <b>Class(es)</b>                 | Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereinafter referred to as a "Class") whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, dividend policy or other feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund Particular. |
| <b>Company</b>                   | KIM Investment Funds.   |
| <b>CSSF</b>                      | <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.  |
| <b>Depository</b>                | State Street Bank International GmbH, Luxembourg Branch, acting in its capacity as depository of the Company.   |
| <b>Directors</b>                 | The members of the Board of Directors.  |
| <b>EEA</b>                       | European Economic Area.   |



|                                       |   |
|---------------------------------------|---|
| <b>Emerging Markets</b>               | Emerging markets are those markets in countries that are not amongst the following groups of industrialised countries: United States and Canada, Switzerland and Members of the European Economic Area, Japan, Australia and New Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets. |
| <b>EMIR</b>                           | Means (i) the European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories, (ii) any regulation of any type taken pursuant to (i) and (iii) any rule, guideline and specific position from time to time adopted by the CSSF or the European Securities and Market Authority (ESMA).                        |
| <b>EU</b>                             | European Union.   |
| <b>EUR</b>                            | The legal currency of the European Union (the "Euro").  |
| <b>Eligible State</b>                 | Any Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.   |
| <b>G20</b>                            | The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.                                     |
| <b>Grand-Ducal Regulation of 2008</b> | The Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investments.  |
| <b>Group of Eight (G8)</b>            | Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States of America.  |
| <b>Institutional Investor(s)</b>      | Institutional investor(s) within the meaning of article 174 of the 2010 Law.  |
| <b>Luxembourg</b>                     | The Grand Duchy of Luxembourg.  |
| <b>Management Company</b>             | Lemanik Asset Management S.A.   |
| <b>Mémorial</b>                       | <i>Mémorial C, Recueil des Sociétés et Associations</i> , Luxembourg legal gazette. As of 1 June 2016, the <i>Mémorial</i> has been replaced by the <i>Recueil Electronique des Sociétés et Associations</i> (RESA).  |
| <b>MiFID</b>                          | Directive 2014/65/EU on markets in financial instruments, Regulation (EU) 600/2014 on markets in financial instruments, Delegated Regulation (EU) 2017/565, Delegated Directive (EU) 2017/593 and any EU or Luxembourg implementing laws and regulations.   |
| <b>Money Market Instruments</b>       | Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.   |

|                                     |   |
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| <b>Net Asset Value per share</b>    | The net asset value of any Class within any Sub-Fund determined in accordance with the relevant provisions detailed in section 12 "Net Asset Value and dealing prices".   |
| <b>OECD</b>                         | Organisation for Economic Co-operation and Development.   |
| <b>Register</b>                     | The register of shareholders of the Company.  |
| <b>Registrar and Transfer Agent</b> | State Street Bank International GmbH, Luxembourg Branch, acting as registrar and transfer agent of the Company.   |
| <b>Reference Currency</b>           | The Reference Currency of a Class as disclosed in the relevant Sub-Fund Particular.   |
| <b>Regulated Market</b>             | A regulated market as defined under MiFID, namely a market which appears on the list of the regulated markets drawn up by each Member State, which functions regularly, is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by MiFID and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State. |
| <b>RESA</b>                         | <i>Recueil Electronique des Sociétés et Associations.</i>   |
| <b>SFDR</b>                         | Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.   |
| <b>Sub-Fund</b>                     | A specific portfolio of assets and liabilities within the Company having its own Net Asset Value and represented by one or more Classes.  |
| <b>Sub-Fund Particulars</b>         | Part of the Prospectus containing information relating to each Sub-Fund.  |
| <b>Taxonomy Regulation</b>          | Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended from time to time.   |
| <b>Transferable Securities</b>      | Shall mean:<br>(a) shares and other securities equivalent to shares,<br>(b) bonds and other debt instruments,<br>(c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and Money Market Instruments.  |
| <b>UCITS</b>                        | An undertaking for collective investment in Transferable Securities and other eligible assets authorised pursuant to Directive 2009/65/EC, as amended.  |

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

## GENERAL PART

### 1. STRUCTURE OF THE COMPANY

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

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

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

The Company was incorporated for an unlimited period in Luxembourg on 24 October 2013. The capital of the Company shall be equal at all times to its net assets. The minimum capital of the Company shall be the minimum prescribed by the 2010 Law, which at the date of this Prospectus is the equivalent of EUR 1,250,000.

The Company was incorporated with an initial capital of USD 45,000, divided into 450 fully paid up shares.

The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg* (Luxembourg register of commerce and companies) under number B 181.321. The Articles of Incorporation are deposited with the *Registre de Commerce et des Sociétés, Luxembourg* and have been published in the *Mémorial* on 11 November 2013.

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

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

The Company seeks to provide a range of Sub-Fund(s) with the purpose of spreading investment risk and satisfying the requirements of investors seeking to gain capital growth as detailed for each Sub-Fund in the relevant Sub-Fund Particular.

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

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

## SFDR AND TAXONOMY REGULATION

The Management Company analyses sustainability risks as part of its risk management process.

The Investment Manager(s) identify, analyse and integrate sustainability risks in their investment decision-making process as they consider that this integration could help enhance long-term risk adjusted returns for investors, in accordance with the investment objectives and policies of the Sub-Funds. The Investment Manager(s) believe that transparent governance can increase corporate sustainability by creating corporate values and creating a virtuous cycle such as rising stock prices and corporate development.

By introducing stewardship codes and actively carrying out mitigation activities throughout the entire process of investment, the Investment Manager(s) strives to fulfil its responsibility for the continuous growth of investment enterprises.

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

The Investment Manager(s) consider that sustainability risks are likely to have an impact on the value of the Sub-Fund's investments in the medium to long term. Sustainability risks are further described under section 4. Risk Considerations - Sustainability risks.

In case sustainability risks are not considered to be relevant for a specific Sub-Fund this will be disclosed.

The Sub-Funds do not promote environmental or social characteristics, and do not have as objective sustainable investment (as provided by articles 8 or 9 of SFDR).

The investments underlying the Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

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

The Management Company, on behalf of the Company will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company, on behalf of the Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

### **4. RISK CONSIDERATIONS**

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

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

#### ***Market risk***

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 the Company. In particular, the value of investments in securities may be affected by uncertainties such as international, political and economic and general financial market developments or changes in government policies, especially in countries where the investments are based.

#### ***Foreign exchange risk***

Because a Sub-Fund's assets and liabilities may be denominated in currencies different to the Base Currency or to the reference currency of the relevant Class, the Sub-Fund / relevant Class may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency (or reference currency of the relevant Class) and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's / Class' shares, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by

supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

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

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

### ***Liquidity risk***

A Sub-Fund is exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption.

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

A Sub-Fund may invest primarily in countries with relatively new equity markets. Some equities in those countries are less liquid than in developed markets which might affect both the price and timing when holdings are to be sold. Liquidity risks are divided into: asset liquidity risk (e.g. the risk of decreased market value of the portfolio and individual holdings due to a stressed liquidity in the market) and funding liquidity risk (e.g. the risk that a Sub-Fund cannot meet its payment obligations without considerable costs or in the worst case, does not have sufficient liquid resources to meet redemptions or other payment obligations).

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

A Sub-Fund that has exposure to bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

### ***Credit risk***

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

### ***Downgrading Risk***

Investment Grade bonds may be subject to the risk of being downgraded to non-Investment Grade bonds. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Sub-Fund's investment value in such security may be adversely affected. The Management Company or the relevant Investment Manager may or may not dispose of the securities, subject to the investment objective of the Sub-Fund. If downgrading occurs, the non-Investment Grade debt risk outlined in the paragraph below will apply.

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

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

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

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

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

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

### ***Lack of availability***

Because the markets for certain financial derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Management Company or the Investment Manager may wish to retain the respective Sub-Fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable



counterparty can be found. There is no assurance that a Sub-Fund will engage in derivatives transactions at any time or from time to time. A Sub-Funds' ability to use derivatives may also be limited by certain regulatory and tax considerations.

### **Control and monitoring**

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Sub-Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

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

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, a Sub-Fund entering into OTC financial derivative transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Sub-Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Management Company or the relevant Investment Manager with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

### ***Counterparty risk***

The Company on behalf of a Sub-Fund may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.

For example, the Company on behalf of the Sub-Fund may enter into forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Sub-Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as swap contracts entered into by the Company on behalf of a Sub-Fund involve credit risk that could result in a loss of the Sub-Fund's entire investment as the Sub-Fund may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised.

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

Substantial withdrawals by shareholders within a short period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the assets of the Company. The resulting reduction in the assets of the Company could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

### ***Political risks***

The value of the Company's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some of the countries in which the Company may invest.

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

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

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

Securities of small cap companies tend to be traded less frequently and in smaller volumes than those of large cap companies. As a result, the prices of shares of small cap companies tend to be less stable than those of large cap companies. Their value may rise and fall more sharply than other securities, and they may be more difficult to buy and sell.

### ***Specialization Risk***

Some Sub-Funds specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach. Specialization allows a Sub-Fund to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in favour. However, if the particular sector, country or investment style is out of favour, the value of the Sub-Fund may underperform relative to less specialized investments. Sub-Funds that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

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

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

### ***Sector and/or geographical concentration***

Sub-Funds which specialise in investing in a particular market sector or geographical region are likely to be more volatile than funds with a broader range of investments. This risk is greater in relation to investment in emerging and frontier market countries which may experience political and economic changes.

### ***Single Country risk***

Sub-Funds which essentially invest or have exposure in only one country will have greater exposure to market, political, legal, economic and social risks of that country than a Sub-Fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of Sub-Funds with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Investment in a single country may result in reduced liquidity, greater financial risk, higher volatility and limited diversification, which may have significant impact on the ability of Sub-Funds to purchase or sell investment and possibly the ability to meet redemption

requests in a timely manner. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

***Specific risk factors linked to emerging markets and frontier markets***

For those Sub-Funds which invest in securities of issuers of frontier and/or emerging countries, investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Frontier/emerging markets may be volatile and illiquid and the investments of a Sub-Fund in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the net asset value and of the suspension of redemptions in Sub-Funds investing in emerging/frontier markets may be higher than for Sub-Funds investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or frontier/emerging markets. The assets of a Sub-Fund, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the net asset value of such Sub-Funds' Shares may be subject to significant volatility. Some of these frontier/emerging markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets.

The frontier and emerging markets in which a Sub-Fund may invest are considerably less regulated than many of the world's leading stock markets. In addition, market practices in relation to settlement of securities transactions and custody of assets in such markets can provide a material risk to a Sub-Fund. None of the Company, the Depositary, the Investment Manager or any of their agents makes any representation or warranty about, or any guarantee of the operation, performance or settlement, clearing and registration of transactions dealing in emerging markets.

Prospective investors should be aware that safe custody of securities in emerging/frontier markets involves risk and considerations which do not normally apply when settling transactions and providing safe custody services in more developed countries.

***Political and economic risk factors of emerging and frontier markets***

There is in some emerging and frontier market countries, in which certain Sub-Funds may invest, a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging and frontier market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economics of many emerging or frontier market countries can be heavily dependent on international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, managed

adjustments on relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

## **Sustainability risks**

Sustainability risks are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of a Sub-Fund's investments. Specific sustainability risk can vary for each product and asset class, and include but are not limited to:

### Environmental Risk

The risk posed by the exposure to issuers that may potentially be causing or affected by environmental degradation and/or depletion of natural resources. Environmental risks may result from air pollution, water pollution, waste generation, depletion of freshwater and marine resources, and loss of biodiversity or damages to ecosystems. Environmental risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

- **Physical Risk**

The risk posed by the exposure to issuers that may potentially be negatively affected by the physical impacts of climate change. Physical risk includes acute risks arising from extreme weather events such as storms, floods, droughts, fires or heatwaves, and chronic risks arising from gradual changes in the climate, such as changing rainfall patterns, rising sea levels, ocean acidification, and biodiversity loss. Physical risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

- **Transition Risk**

The risk posed by the exposure to issuers that may potentially be negatively affected by the transition to a low carbon economy due to their involvement in exploration, production, processing, trading and sale of fossil fuels, or their dependency upon carbon intensive materials, processes, products and services. Transition risk may result to several factors, including rising costs and/or limitation of greenhouse gas emissions, energy-efficiency requirements, reduction in fossil fuel demand or shift to alternative energy sources, due to policy, regulatory, technological and market demand changes. Transition risk may negatively affect the value of investments by impairing assets or by increasing liabilities, capital expenditures, operating and financing costs.

### Social Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by social factors such as poor labour standards, human rights violations, damage to public health, data privacy breaches,

or increased inequalities. Social risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

#### Governance Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by weak governance structures. For companies, governance risk may result from malfunctioning boards, inadequate remuneration structures, abuses of minority shareholders or bondholders rights, deficient controls, aggressive tax planning and accounting practices, or lack of business ethics. For countries, governance risk may include governmental instability, bribery and corruption, privacy breaches and lack of judicial independence. Governance risk may negatively affect the value of investments due to poor strategic decisions, conflict of interest, reputational damages, increased liabilities or loss of investor confidence.

### **5. SHARES**

The Board of Directors may, within each Sub-Fund, decide to create different Classes of shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but where a specific fee structure, hedging strategy, reference currency, distribution policy or other specific features may apply to each Class. A separate Net Asset Value per share, which may differ as a consequence of these variable factors, will be calculated for each Class. The offering details of each Sub-Fund, including the name and characteristics of the different Classes created in each Sub-Fund are disclosed in the relevant Sub-Fund Particular. The Board of Directors may at any time decide to issue further Classes of shares in each Sub-Fund, in which case the relevant Sub-Fund Particular will be amended accordingly.

The Board of Directors may decide to issue currency hedged Classes which aim to hedge the currency exposure of Classes of shares denominated in currencies different to the Base Currency of the relevant Sub-Fund in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Reference Currency of such Class and the Base Currency of the Sub-Fund. Where hedging of this kind is undertaken, such Class will be designated as such by a reference to "currency hedged" or "H1".

The Board of Directors may also decide to issue portfolio hedged Classes which aim to hedge the currency exposure of shares of the Classes against the currency or currencies in which the underlying assets of the relevant Sub-Fund are denominated in order to reduce the currency exposure between the Reference Currency of such Class and the currency exposure of the underlying assets of the relevant Sub-Fund. Where hedging of this kind is undertaken, such Class will be designated as such by a reference to "port hedged" or "H2".

The Investment Manager may implement the foreign exchange hedge for hedged Classes in accordance with applicable laws and regulations and regulatory guidance by using financial derivative instruments including financial swaps, futures, forward currency exchange contracts, options and other similar derivative transactions deemed appropriate in its discretion.

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

The full list of available Classes may be obtained on the web site [www.kimfunds.com](http://www.kimfunds.com).

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

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

Shares will in principle be freely transferable to investors complying with the eligibility criteria of the relevant Class and provided that shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the shares which he holds.

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

### **Application**

Applicants buying shares for the first time need to complete the Application Form which can be sent first by fax to the Registrar and Transfer Agent. The original Application Form has to be sent without delay to the Registrar and Transfer Agent by post. Any subsequent purchase of shares can be made by Swift, fax or any other form of transmission previously agreed upon between the applicant and the Registrar and Transfer Agent.

### **Dealing cut-off times**

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

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

### **Acceptance**

The right is reserved by the Company, represented by its directors, to reject any subscription or conversion application in whole or in part without giving the reasons thereof. If an application is

rejected, the application monies or balance thereof will be returned at the risk of the applicant and without interest as soon as practicable.

### **Anti-money laundering and prevention of terrorist financing**

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 (as amended) on the fight against money laundering and terrorist financing, as amended, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 and CSSF Circular 13/556, 15/609 and 17/556 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacement, obligations have been imposed on professionals of the financial sector to prevent the use of undertakings for collective investment such as the Company for money laundering and terrorist financing purposes ("AML & KYC").

As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment shall ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require applicants to provide any document it deems necessary to effect such identification. In addition, the Registrar and Transfer Agent, as delegate of the Company, may require any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined in section 21. "TAXATION").

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

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

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

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

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



## **Settlement**

### *IN CASH*

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

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

If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement date will be on the next Business Day on which those banks are open. Payment should arrive in the transfer agent's appropriate bank account, as specified in the Application Forms by the settlement date at the latest as specified in the relevant Sub-Fund Particular and subject to the foregoing. If timely settlement is not made, an application may lapse and be cancelled at the cost of the applicant or his/her financial intermediary. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company.

### *IN KIND*

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

## **Share allocation**

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

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

## **Contract notes**

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

## **Form of shares**

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

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

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

### **Request**

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

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

### **Settlement**

#### *IN CASH*

Redemption proceeds will in principle be paid in the reference currency of the relevant Class specified in the relevant Sub-Fund Particular within the timeframe provided for in the relevant Sub-Fund Particular. The Board of Directors may also agree to satisfy the payment of redemption proceeds in any other freely convertible currency specified by the shareholder. In that case, any currency conversion cost shall be borne by the shareholder and the payment of the redemption proceeds will be carried out at the risk of the shareholder.

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

#### *IN KIND*

At a shareholder's request, the Company may elect to make a redemption in kind subject to a special report from the Company's Luxembourg Auditors (to the extent this report is legally or regulatory required), having due regard to the interests of all shareholders, to the industry sector of the issuer, to

the country of issue, to the liquidity and to the marketability and the markets on which the investments distributed are dealt in and to the materiality of investments. Additional costs resulting from redemption in kind will be borne exclusively by the shareholder concerned, unless the Board of Directors considers that the redemption in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

### **Contract notes**

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

### **Compulsory redemption**

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

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

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

### **Deferral of redemption**

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

The Company, having regard to the fair and equal treatment of shareholders, on receiving requests to redeem shares exceeding 10% of the net asset value of any Sub-Fund shall not be bound to redeem on any Business Day a number of shares representing more than 10% of the net asset value of any Sub-Fund. If the Company receives requests on any Business Day for redemption of a greater number of shares, it may declare that such redemptions exceeding the 10% limit may be deferred for such period as the Board of Directors considers being in the best interests of the Sub-Fund. Unless otherwise decided by the Board of Directors on the basis of exceptional circumstances, the deferral period should in principle not exceed 15 days.

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

### **Cancellation right**

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

### **Prevention of market timing practices**

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

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

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

In addition to the fees listed elsewhere in this Prospectus, the Board of Directors may impose a charge of up to 2% of the net asset value of the shares redeemed or exchanged where the Board of Directors reasonably believes that an investor has engaged in market timing activity or active trading that is to the disadvantage of other shareholders. The charge shall be credited to the relevant Sub-Fund.

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

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

Such application must include the following information: the name of the holder, the number of shares to be switched (if it is not the total holding) and, if possible, the reference number on any share of each

Sub-Fund to be switched and the proportion of value of those shares to be allocated to each new Sub-Fund or Class (if more than one).

Conversions will be subject to the condition that all conditions to subscribe in shares relating to the new Sub-Fund/Class are met.

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

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

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

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

The meanings are as follows:

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

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

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

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

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

## **9. LATE TRADING**

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

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

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

## **10. FOREIGN EXCHANGE TRANSACTIONS**

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

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

### **Calculation of net asset value**

#### *Valuation Principles*

The net asset value of each Class within each Sub-Fund (expressed in the Reference Currency of the Class) is determined by aggregating the value of securities and other permitted assets of the Company allocated to that Class and deducting the liabilities of the Company allocated to that Class.

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

1. shares or units in open-ended undertakings for collective investment, which do not have a price quotation on a Regulated Market, will be valued at the actual net asset value for such shares or units as of the relevant Valuation Day, failing which they shall be valued at the last available net asset value which is calculated prior to such Valuation Day. In the case where events have occurred which have resulted in a material change in the net asset value of such shares or units since the last net asset value was calculated, the value of such shares or units may be adjusted at their fair value in order to reflect, in the reasonable opinion of the Board of Directors, such change;
2. the value of securities (including a share or unit in a closed-ended undertaking for collective investment and in an exchange traded fund) and/or financial derivative instruments which are

listed and with a price quoted on any official stock exchange or traded on any other organised market at the closing price. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the Board of Directors shall select the principal of such stock exchanges or markets for such purposes;

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

11. in circumstances where the interests of the Company or its shareholders so justify (avoidance of market timing practices, for example), the Board of Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Company's assets.

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

### *Swing Pricing*

On any Business Day the Board of Directors may determine to apply an alternative net asset value calculation method (to include such reasonable factors as they see fit) to the Net Asset Value per share. This method of valuation is intended to pass the estimated costs of underlying investment activity of the Company to the active shareholders by adjusting the net asset value of the relevant share and thus to protect the Company's long-term shareholders from costs associated with ongoing subscription and redemption activity. Such adjustment may vary from Sub-Fund to Sub-Fund and will not exceed 2% of the original Net Asset Value per share.

This alternative net asset value calculation method may take account of trading spreads on the Company's investments, the value of any duties and charges incurred as a result of trading and may include an allowance for market impact. Where the Board of Directors, based on the prevailing market conditions and the level of subscriptions or redemptions requested by shareholders or potential shareholders in relation to the size of the relevant portfolio, have determined for a particular portfolio to apply an alternative net asset value calculation method, the portfolio may be valued either on a bid or offer basis.

Because the determination of whether to value the Company's net asset value on an offer or bid basis is based on the net transaction activity of the relevant day, shareholders transacting in the opposite direction of the Company's net transaction activity may benefit at the expense of the other shareholders in the Company. In addition, the Company's net asset value and short-term performance may experience greater volatility as a result of this alternative net asset value calculation method.

### **Temporary suspension**

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

- a) during any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of the investments of the relevant Sub-Fund for the time being are quoted, is closed, or during which dealings are substantially restricted or suspended;
- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the relevant Sub-Fund by the Company is not possible;



- c) during any period when the publication of an index, underlying of a financial derivative instrument representing a material part of the assets of the relevant Sub-Fund is suspended;
- d) during any period when the determination of the Net Asset Value per share of the underlying funds or the dealing of their shares/units in which a Sub-Fund is a materially invested is suspended or restricted;
- e) during any breakdown in the means of communication normally employed in determining the price of any of the relevant Sub-Fund's investments or the current prices on any market or stock exchange;
- f) during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant Sub-Fund's investments is not possible;
- g) from the date on which the Board of Directors decides to liquidate or merge one or more Sub-Fund(s)/Class of shares or in the event of the publication of the convening notice to a general meeting of shareholders at which a resolution to wind up or merge the Company or one or more Sub-Fund(s) or Class of shares is to be proposed; or
- h) during any period when in the opinion of the Directors there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the shareholders to continue dealing in shares of any Sub-Fund of the Company.

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

To the extent legally or regulatory required or decided by the Company, shareholders who have requested conversion or redemption of their shares will be promptly notified in writing of any such suspension and of the termination thereof.

### **Offer price**

Shares will be issued at a price based on the net asset value calculated on the relevant Valuation Day. Subscription proceeds shall be paid within the timeframe disclosed in the relevant Sub-Fund Particular.

### **Redemption price**

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

### **Information on prices**

The Net Asset Value per share in each Sub-Fund is available at the registered office of the Company.

## **12. DIVIDENDS**

The Directors may issue distribution and capital-accumulation shares, as further specified in the relevant Sub-Fund Particular.

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

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

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

## **13. CHARGES AND EXPENSES**

### **Management Company Fee**

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

### **Investment Management/Advisory Fees**

In consideration for the investment management/advisory services provided to the Company, the investment managers/advisers (if any) are entitled to receive from the Company any investment management/advisory fee of a percentage as further detailed in the relevant Sub-Fund Particulars.

The investment managers/advisers (if any) and any duly authorised distributors, intermediaries and/or professional investors may, from time to time, share the management/advisory fees as mutually agreed between themselves in compliance with applicable laws and regulations.

### **Performance**

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

## **Central Administration Fee**

For its services as Administration Agent, Registrar and Transfer Agent and unless otherwise agreed for a specific Sub-Fund, State Street Bank International GmbH, Luxembourg Branch receives an annual fee based upon a reducing scale, of up to 0.08%, depending upon the value of the Company's net assets, subject to a minimum annual central administration fee of EUR 48,000 per Sub-Fund. This fee is calculated and accrued on each Valuation Day and is payable by the Company monthly in arrears and as agreed from time to time in writing.

## **Depository Fees**

### **Until 20 August 2023**

**For its services as Depository, State Street Bank International GmbH, Luxembourg Branch receives a fee for this service which can vary dependent upon the markets in which the assets of the Company are invested. This fee can range from 0.008% p.a. of the value of the assets of a Sub-Fund of the Company when safe kept in developed markets to 0.10% p.a. of the value of the assets of such Sub-Funds which are safe kept in emerging markets (excluding sub-custodian out-of-pocket expenses). Trade Settlement is charged on a per transaction basis based on the countries in which the securities are settled. This fee can range from EUR 10 to EUR 65 per transaction.**

### **As from 21 August 2023**

For its services as Depository, State Street Bank International GmbH, Luxembourg Branch receives a fee for this service which can vary dependent upon the markets in which the assets of the Company are invested. This fee can range from 0.028% p.a. of the value of the assets of a Sub-Fund of the Company when safe kept in developed markets to 0.40% p.a. of the value of the assets of such Sub-Funds which are safe kept in emerging markets (excluding sub-custodian out-of-pocket expenses). Trade Settlement is charged on a per transaction basis based on the countries in which the securities are settled. This fee can range from EUR 10 to EUR 65 per transaction.

## **Other charges and expenses**

The Company pays all brokerage and any other fees arising from transactions involving securities in the Company's portfolio, clearing, taxes and governmental duties and charges payable by the Company, and fees and expenses involved in registering and maintaining the authorisation in Luxembourg and elsewhere and the listing of the Company's shares (where applicable), any fees and charges payable to fund distribution platforms, cost and expenses for subscriptions to professional associations and other organisations in Luxembourg or in other jurisdiction where it may be registered for offer of its shares, which the Company will decide to join in its own interest and in that of its shareholders, the costs related to tax reporting in any relevant jurisdiction, the cost of publication of prices and costs relating to distribution of dividends, the remuneration of the Directors, if any, and their reasonable out-of-pocket expenses and its other operating expenses such as accounting and pricing costs, expenses for legal, auditing and other professional services relating to the management of the Company and of its Sub-Funds, costs of printing, translating, and publishing information for the shareholders and in particular the costs of printing, translating and distributing the periodic reports, as well as the Prospectuses,

litigation and other recurring or non-recurring expenses.

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

The costs and expenses for the formation of the Company and the initial issue of its shares will be borne by the first Sub-Funds of the Company (namely the KIM Korea Navigator Fund and the KIVAM Korea Value Fund) and amortized over a period not exceeding 5 years. Any additional Sub-Fund(s) which may be created in the future shall bear their own formation expenses to be amortized over a period not exceeding 5 years. Notwithstanding the foregoing, Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd may pay all or part of the set-up costs of the Company.

#### **14. MANAGEMENT COMPANY**

The Company has appointed Lemanik Asset Management S.A. as the management company. In this capacity, the Management Company acts as asset manager, administrator and distributor of the Company's shares.

The Management Company has delegated the above-mentioned tasks as follows:

Tasks relating to investment management are performed by the investment managers as further detailed under 15 and in the Sub-Fund Particulars.

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

The Management Company was incorporated in Luxembourg on as a *société anonyme* for an indefinite period and is subject to the provisions of Chapter 15 of the 2010 Law. It has its registered office in Luxembourg, at 106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg.

The articles of incorporation of the Management Company were published in the Mémorial on 1<sup>st</sup> September 1993 and have since that time been amended several times. The latest amendments were published on 25 August 2015. The articles of incorporation of the Management Company are filed in their consolidated, legally binding form for public reference in the Luxembourg Trade and Companies Register under no. B 44870.

The equity capital of the Management Company amounts to EUR 2,000,000.

The board of directors of the Management Company shall have plenary powers on behalf of the Management Company and shall cause and undertake all such actions and provisions which are necessary in pursuit of the Management Company's objective.

The Board of Directors is currently composed of the members listed in the Directory.

The Management Company shall be supervised by an independent auditor. At present, this function is performed by Deloitte Audit S.à r.l., 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.

In addition to the Company, the Management Company also manages other undertakings for collective investment.

### **Remuneration Policy**

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

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

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the [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 Company 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 by the Management Company of its duties, as described above, 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 Company in order to ensure that the assessment process is based on the longer-term performance of the Company 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 Company 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 Company.

## **15. INVESTMENT MANAGER**

The Management Company may delegate all or part of its management duties to one or more investment managers (each an "Investment Manager") whose identity will be disclosed in the relevant Sub-Fund Particular.

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

The Management Company or an Investment Manager, in this case subject to prior approval by the Management Company, may also appoint one or more investment advisers (each an "Investment Adviser") to advise it on the management of one or more Sub-Fund(s).

## **16. DISTRIBUTION OF SHARES**

The Management Company may delegate all or part of its distribution functions to one or more distributors.

## **17. DEPOSITARY**

The Depositary has been appointed by the Company by a Depositary Agreement, which may be amended by mutual consent of the parties. The Depositary has been appointed for an undetermined duration.

State Street Bank International GmbH, Luxembourg Branch., having its registered office at 49, avenue J.F. Kennedy L-1855 Luxembourg, assumes the rights and duties of the Depositary as laid down in the 2010 Law, as amended.

### **Depositary's functions**

The Depositary has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law and the Articles of Incorporation.
- ensuring that the value of the Shares is calculated in accordance with Luxembourg law and the Articles of Incorporation.
- carrying out the instructions of the Company unless they conflict with Luxembourg law and the Articles of Incorporation.
- ensuring that in transactions involving the assets of the Company any consideration is remitted within the usual time limits.
- ensuring that the income of the Company is applied in accordance with Luxembourg law and the Articles of Incorporation.
- monitoring of the Company's cash and cash flows.
- safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### **Depositary's liability**

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the Commission Delegated Regulation (EU) 2016/438, the Depositary shall return financial instruments of identical type or the corresponding amount to the Company without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody 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 pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the shareholders may invoke the liability of the Depositary directly or indirectly through the Company provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

The Depositary will be liable to the Company and to the shareholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

### **Delegation**

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Company or at the following internet site:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

### **Conflicts of Interest**

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.



In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Company;
- (v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

An Investment Manager or the Management Company may also be a client or counterparty of the Depositary or its affiliates. Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- (1) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholder.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary as well as the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to shareholders on request.

## **18. ADMINISTRATION**

### **Administration Agent**

The Management Company has delegated the administration of the Company to State Street Bank International GmbH, Luxembourg Branch and has authorized the latter in turn to delegate tasks wholly or partly to one or more third parties under the supervision and responsibility of the Management Company.

As the Administration Agent, State Street Bank International GmbH, Luxembourg Branch, will assume all administrative duties that arise in connection with the administration of the Company.

The agreement between the Management Company, the Administration Agent and the Company, effective as of 24 October 2013, may be terminated by a written prior notice given three months in advance by either party to the other.

The Administrator is not responsible for any investment decisions of the Company or the effect of such investment decisions on the performance of the Company. The Administration Agreement contains provisions indemnifying the Administrator, and exempting the Administrator from liability, in certain circumstances.

### **Registrar, Transfer Agent and Paying Agent**

State Street Bank International GmbH, Luxembourg Branch has also been appointed as Registrar and Transfer Agent of the Company pursuant to an agreement effective as of 24 October 2013 with the Management Company and the Company, which may be terminated by a written prior notice given three months in advance by either party to the other.

The Company has also appointed the State Street Bank International GmbH, Luxembourg Branch as paying agent of the Company.

### **Domiciliary Agent**

State Street Bank International GmbH, Luxembourg Branch has also been appointed by the Company as Domiciliary Agent.

## **19. CONFLICTS OF INTEREST**

The Management Company, the Investment Manager, the sales agents, the Administration Agent, the Registrar and Transfer Agent and the Depositary may from time to time act as management company, investment manager or adviser, sales agent, administrator, registrar and transfer agent or depositary in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Company or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of the shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

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

## **20. MEETINGS AND REPORTS**

The annual general meeting of shareholders of the Company (the "Annual General Meeting") is held at the registered office of the Company or such other place as may be specified in the notice of meeting in Luxembourg at 10.00 a.m. (Luxembourg time) on the third Wednesday of April in each year (or, if such day is not a Business Day, on the next following Business Day in Luxembourg).

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

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

Notices of general meetings are given in accordance with Luxembourg Law. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting

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

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of shareholders may provide that the quorum and the majority at this general meeting shall be determined according to shares issued and outstanding at a certain date and time preceding the general meeting (the "Record Date"), whereas the right of a shareholder to attend a general meeting of shareholders and to exercise the voting rights attaching to his shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

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

The semi-annual report dated as of 30 June each year will be available at the Company's registered office, at the latest two month after the end of the period to which it relates.

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

## **21. TAXATION**

### **Taxation of the Company**

The following summaries are based on the Company's understanding of the law and practice in force in Luxembourg at the date of this prospectus. As shareholders will be resident for tax purposes in various jurisdictions, no attempt has been made in this Prospectus to summarise the tax consequences for every jurisdiction which may be applicable to investors subscribing for, purchasing, holding, exchanging, selling or redeeming shares. These consequences will vary in accordance with the law and practice in force in the relevant shareholder's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances. Hence no shareholder should solely rely on the following guidance when determining the tax consequences of investing in the Company's shares.

It is the responsibility of shareholders or prospective shareholders to inform themselves of the possible tax consequences of subscribing for, purchasing, holding, exchanging, selling or redeeming shares in the light of the laws of the country relevant to their citizenship, residence or domicile and of their personal circumstances and to take appropriate professional advice regarding exchange control or other legal restrictions relating thereto. Shareholders and prospective investors also should bear in mind that levels and bases of taxation, as well as tax authority practices, may change and that such changes may have, depending on the countries, retrospective effect.

### **LUXEMBOURG**

The Company is not liable to any Luxembourg tax on profits or income, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

The Company is, however, liable in Luxembourg to a subscription tax of 0.05% per annum of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter. This tax rate is reduced to 0.01% per annum for Classes of shares reserved to institutional investors within the meaning of Article 174 of the 2010 Law. In addition, the value of the Sub-Fund(s)' assets represented by units held in other Luxembourg undertaking for collective investment shall be exempt from this tax, provided such units have already been subject to this subscription tax.

No stamp duty or other tax is payable in Luxembourg on the issue of shares.

No Luxembourg tax is payable on the realised or unrealised capital appreciation of the assets of the Company.

### **Taxation of shareholders**

Prospective investors should ascertain from their professional advisers the consequences to them of acquiring, holding, redeeming, transferring, selling or converting shares under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences will vary with the law and practice of a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances. Prospective investors also should bear in mind that levels and bases of taxation may change.

#### *Luxembourg resident individuals*

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

- (i) the shares are sold before or within 6 months from their subscription or purchase; or
- (ii) if the shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller, alone or with his/her spouse and underage children, has participated either directly or indirectly at any time during the five years preceding the date of the disposal in the ownership of more than 10% of the capital or assets of the company.

Distributions made by the Company will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale.

#### *Luxembourg resident corporate*

Luxembourg resident corporate shareholders will be subject to corporate taxation on the distribution received from the Company and the gains received upon disposal of the shares.

Luxembourg corporate resident shareholders who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialised investment funds subject to the amended law of 13 February 2007 related to specialised investment funds, or (iii) family wealth management companies subject to the amended law of 11 May 2007 related to family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The shares shall be part of the taxable net wealth of the Luxembourg resident corporate shareholders except if the holder of the shares is (i) an undertaking for collective investment subject to the 2010 Law, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13 February 2007 related to specialised investment funds or (v) a family wealth management company subject to the amended law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%.

#### *Non Luxembourg residents*

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

#### **Automatic Exchange of Information**

Following the development by the Organisation for Economic Co-operation and Development ("OECD") of a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") in the future on a global basis, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted on 9 December 2014 in order to implement the CRS among the Member States.

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

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Company will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption

proceeds to the local tax authorities of the country of fiscal residency of the foreign investors to the extent that they are fiscally resident in a jurisdiction participating in the AEOL.

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

Investors in the Company may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

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

## **FATCA**

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States of America in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such Luxembourg IGA, implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996.

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

To ensure the Company's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Company, the Management Company, in its capacity as the Company's management company or the Registrar and Transfer agent may:

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

### **Prospective investors**

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

### **Applicable law**

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

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

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

### **Liquidation of the Company**

With the consent of the shareholders expressed in the manner provided for by articles 67-1 and 142 of the 1915 Law, the Company may be liquidated. Upon a decision taken by the shareholders of the Company or by the liquidator duly authorised and subject to a one month's prior notice to the



shareholders, all assets and liabilities of the Company may be transferred to another UCI having substantially the same characteristics as the Company in exchange for the issue to shareholders in the Company of shares of such corporation or fund proportionate to their shareholdings in the Company.

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

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

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

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

The Directors may decide to liquidate one Sub-Fund if the net assets of such Sub-Fund fall below USD 20,000,000 or its equivalent or, one Sub-Fund/Class of shares if a change in the economic or political situation relating to the Sub-Fund or Class concerned would justify such liquidation or if the interests of the shareholders would justify it. The decision of the liquidation will be published or notified to the shareholders by the Company as decided from time to time by the Directors, prior to the effective date of the liquidation and the publication/notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their shares (free of charge). Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund or Class concerned will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

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

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

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

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

### **Documents available for inspection**

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

- i) The Articles of Incorporation;
- ii) The most recent Prospectus;
- iii) The Key Investors Information Documents;
- iv) The latest annual and semi-annual reports; and
- v) The material agreements.

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

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

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company.

### **Queries and complaints**

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

|                             |
|-----------------------------|
| <b>SUB-FUND PARTICULARS</b> |
|-----------------------------|

## **I. KIM Investment Funds – KIM Vietnam Growth Fund**

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

KIM Vietnam Growth Fund (the "Sub-Fund")

### **2. Base Currency**

USD

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

The investment objective of KIM Vietnam Growth Fund is to achieve superior long-term capital appreciation by investing principally in transferable equity and equity-related securities of companies of any market capitalization which are (i) incorporated or listed in Vietnam, and/or (ii) listed or incorporated elsewhere in the world but which have their principal business activities in Vietnam. The Sub-Fund strives to earn capital gains by investing primarily in stocks with growth potentials. The Investment Manager will seek to add value with a stock selection and a buy and hold strategy in terms of investment.

The Sub-Fund may invest in money market instruments, deposits, units or shares of money market UCIs for treasury management purposes, in unfavourable market conditions or in order to achieve the sub-fund's investment objective.

In exceptionally unfavourable market conditions, the Sub-Fund may also hold up to 100% of its net assets in liquidities such as current accounts, deposits, money market UCITS and money market instruments.

The Sub-Fund may utilise financial derivative instruments for hedging and/or investment purposes, subject to the conditions and within the limits laid down by applicable laws and regulations. The Sub-Fund may accordingly use any type of eligible financial derivative instrument, including (but not limited to) futures and options providing exposure to Vietnam and the Vietnamese economy.

### **4. Investment Manager**

The Management Company has delegated the investment management of the Sub-Fund to Korea Investment Management Co., Limited, a company incorporated in the Republic of Korea on June 26, 2000 and having its registered office at 12F FKI Tower 24, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea and regulated by the Financial Supervisory Service of South Korea. Korea Investment Management Co., Limited is a wholly owned subsidiary of Korea Investment & Securities Co., Limited, which is in turn wholly owned by Korea Investment Holdings Co., Limited. Korea Investment Holdings Co., Limited is a publicly traded financial holding company in South Korea.

The Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund in accordance with the investment objectives and investment and borrowing restrictions of the Company and the Sub-Fund under the overall responsibility of the Board of Directors.

## 5. Profile of the typical investor

KIM Vietnam Growth Fund may be suitable for investors who aim to achieve long term capital appreciation through investment in Vietnamese equities.

## 6. Global Exposure

The global exposure relating to this Sub-Fund will be calculated using the commitment approach.

## 7. Classes of shares available for subscription<sup>1</sup>

| <b>Class of Shares</b>                                | <b>Class A USD</b>  | <b>Class A EUR</b>  | <b>Class I USD</b>  | <b>Class I EUR</b>  | <b>Class X USD</b>  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Reference Currency</b>                             | USD                 | EUR                 | USD                 | EUR                 | USD                 |
| <b>Minimum initial investment and minimum holding</b> | USD 1000            | EUR 1000            | USD 500 000         | EUR 500 000         | N/A                 |
| <b>Minimum subsequent investment</b>                  | USD 1000            | EUR 1000            | USD 100 000         | EUR 100 000         | N/A                 |
| <b>Distribution policy</b>                            | Accumulating shares | Accumulating shares | Accumulating shares | Accumulating shares | Accumulating shares |

Class A shares are available to all investors.

Class I shares are available to institutional investors as defined in article 174 of the 2010 Law.

Class X shares are available to certain investors, which at the time the relevant subscription order is received, are clients or affiliates of Investment Manager.

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<sup>1</sup> The Company may also at the discretion of the Board of Directors launch hedged Classes as described under section 5. "SHARES" of this Prospectus. Where the currency exposure of the Class is hedged against the Base Currency, such Class will be designated by a reference to "hedged" or "h1". Where the currency exposure of the Class is hedged against the currency or currencies in which the underlying assets of the Sub-Fund are denominated, such Class will be designated by a reference to "port hedged" or "h2". The full list of available Classes can be obtained from the website [www.kimfunds.com](http://www.kimfunds.com).

## 8. Fees and expenses

The Management Company Fees and Investment Management Fees detailed in the table below shall be calculated as a percentage of the applicable Net Asset Value per Sub-Fund. The other charges detailed in the table below shall be calculated as a percentage of the investment amounts.

| <b>Class of Shares</b>           | <b>Class A USD</b>    | <b>Class A EUR</b>    | <b>Class I USD</b>    | <b>Class I EUR</b>    | <b>Class X USD</b>    |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Management Company Fee*</b>   | Up to 0.07% per annum | Up to 0.07% per annum | Up to 0.07% per annum | Up to 0.07% per annum | Up to 0.07% per annum |
| <b>Investment Management Fee</b> | Up to 2.5%            | Up to 2.5%            | Up to 1.5%            | Up to 1.5%            | 0%                    |
| <b>Sales charge</b>              | Up to 5%              | Up to 5%              | N/A                   | N/A                   | N/A                   |
| <b>Redemption charge</b>         | N/A                   | N/A                   | Up to 1%              | Up to 1%              | N/A                   |
| <b>Conversion charge</b>         | Up to 1%              | Up to 1%              | Up to 1%              | Up to 1%              | N/A                   |

\*With a minimum of EUR 15 000 per sub-fund per annum

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

With respect to this Sub-Fund, a Business Day means any full day on which banks are open for normal business banking in Luxembourg, Vietnam and Republic of Korea (except 31 December).

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

## 10. Subscription

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

During the Initial Offer Period detailed in the Application Form, subscriptions of shares in the Sub-Fund will be accepted at an initial subscription price of USD or EUR 100 per Share (the "Initial Offering Price"), increased as the case may be, by any applicable sales charge, as disclosed under section 8 of this Sub-Fund Particular.

Applications must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 5 p.m. (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys must be received on the account of the Sub-Fund at the latest 3 Business Days after the last day of the Initial Offer Period.

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

Shares will be issued at a price based on the Net Asset Value per share calculated on the relevant Valuation Day increased, as the case may be, by any applicable sales charge, as detailed in section 8 of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 5 p.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next following Business Day.

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

### **11. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per share calculated on the relevant Valuation Day, less, any applicable redemption fee, as detailed in section 8 of these Sub-Fund Particulars.

Applications must be received by the Registrar and Transfer Agent no later than 5 p.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next following Business Day.

Payment for redeemed Shares has to be made no later than 4 Business Days after the relevant Valuation Day.

### **12. Conversions**

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

Applications must be received by the Registrar and Transfer Agent no later than 5 p.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Days in both applicable Sub-Funds/Classes. Any applications received after the application deadline will be processed in respect of the next Business Day.

### **13. Historical Performance**

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

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

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

In particular, investors shall take into consideration the risks associated with investments in one single country and in emerging countries, such as Vietnam, which include considerable regulatory and legal risks, political and economic risks, but also tax and currency risks, as more fully described under the Section 4. "Risk considerations" in the general part of the Prospectus.

While the prudent and judicious use of derivatives can be beneficial, the use of financial derivative instruments may involve increased risks and costs. The Sub-Fund's ability to use such instruments successfully depends on the Investment Manager's ability to accurately anticipate movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets.

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

## APPENDICES

### **Appendix 1 General Investment Restrictions**

The Company or where a UCITS comprises more than one compartment, each such Sub-Fund or compartment shall be regarded as a separate UCITS for the purposes of this Appendix. The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the Company in respect of each Sub-Fund and the currency of denomination of a Sub-Fund subject to the following restrictions:

I. (1) The Company may invest in:

- a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- b) Transferable Securities and Money Market Instruments dealt in on another market in a Member State of the European Union which is regulated, operates regularly and open to the public;
- c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the UCITS;
- d) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within a year of the issue;
- e) units of UCITS and/or Other UCI, whether situated in an EU Member State or not, provided that:
  - such Other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for unitholders in such Other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC, as amended;



- the business of such Other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the Other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or Other UCIs.
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU Member State or if the registered office of the credit institution is situated in a non-EU Member State provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law;
- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund(s) may invest according to its/their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

and/or

- h) Money Market Instruments other than those dealt in on a Regulated Market and defined in the Glossary, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or

- issued by an undertaking any securities of which are dealt in on Regulated Markets;
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law; or
- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 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.

(2) In addition, the Company may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to under (1) above.

II. The Company may hold up to 20% of its net assets in bank deposits at sight (such as cash held in current accounts with a bank accessible at any time).

III. a) (i) The Company will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments issued by the same issuing body.

(ii) The Company may not invest more than 20% of the total net assets of such Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) f) above or 5% of its net assets in other cases.

b) Moreover where the Company holds on behalf of a Sub-Fund investment in Transferable Securities and Money Market Instruments of any issuing body which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph III. a), the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each Sub-Fund:

- investments in Transferable Securities or Money Market Instruments issued by that body,
  - deposits made with that body, or
  - exposures arising from OTC derivative transactions undertaken with that body.
- c) The limit of 10% laid down in sub-paragraph III. a) (i) above will be increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- d) The limit of 10% laid down in sub-paragraph III. a) (i) may be of a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest. If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net asset value of the Sub-Fund.
- e) The Transferable Securities and Money Market Instruments referred to in paragraphs III. c) and III.d) shall not be included in the calculation of the limit of 40% stated in paragraph III. b) above.

The limits set out in sub-paragraphs a), b) c) and d) may not be aggregated and, accordingly, investments in Transferable Securities and Money Market Instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

- f) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member state of the OECD, Singapore or any member state of the G20 or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the total net assets of such Sub-Fund.**
- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

Each Sub-Fund may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

The limits under the second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the

legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), c) and d).

- VI. a) The Company may acquire units of the UCITS and/or Other UCIs referred to in paragraph I. (1) e), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of other UCITS or Other UCI, unless otherwise provided in the Sub-Fund Particular in relation to a given Sub-Fund.

In case a Sub-Fund may invest more than 10% in UCITS or Other UCIs, such Sub-Fund may not invest more than 20% of its net assets in units of a single UCITS or Other UCI.

For the purpose of the application of the investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

Investments made in units of Other UCIs may not, in aggregate, exceed 30% of the net assets of such Sub-Fund.

- b) The underlying investments held by the UCITS or Other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- c) When the Company invests in the units of other UCITS and/or Other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or Other UCIs.

In respect of a Sub-Fund's investments in UCITS and Other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund itself and the other UCITS and/or Other UCIs concerned shall not exceed 1.5% of the relevant assets. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and Other UCIs in which such Sub-Fund has invested during the relevant period.

- d) Each Sub-Fund may acquire no more than 25% of the units of the same UCITS and/or Other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or Other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.

VII. In compliance with the applicable laws and regulations any Sub-Fund of the Company (hereinafter referred to as a "Feeder Sub-Fund") may be authorised to invest at least 85% of its assets in the units of another UCITS or portfolio thereof (the "Master UCITS"). A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with II;
- financial derivative instruments, which may be used only for hedging purposes;
- movable and immovable property which is essential for the direct pursuit of its business.

For the purposes of compliance with article 42(3) of the 2010 Law, the Feeder Sub-Fund shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of the first sub-paragraph with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder Sub-Fund investment into the Master UCITS; or
- the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder Sub-Fund investment into the Master UCITS.

A Sub-Fund of the Company may in addition and to the full extent permitted by applicable laws and regulations but in compliance with the conditions set-forth by applicable laws and regulations, be launched or converted into a Master UCITS in the meaning of Article 77(3) of the 2010 Law.

VIII. A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund of the Company (each a "Target Sub-Fund") without the Company being, subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own shares; under the condition however that:

- unless otherwise provided in the relevant Sub-Fund particulars, the Investing Sub-Fund may not invest more than 10% of its net asset value in a single Target Sub-Fund; and
- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund (s); and

- the investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) net asset value in UCITS and UCIs; and
- voting rights, if any, attaching to the shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
- there is no duplication of management/subscription or repurchase fees between those at the level of the Investing Sub-Fund(s).

IX. The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the total net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in restriction III. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction III.

When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

- X.
- a) The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the total net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only as a temporary basis provided that the purchase of foreign currencies by way of back to back loans remains possible.
  - b) The Company may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Company from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) e), g) and h) which are not fully paid, and (ii) performing permitted securities lending activities that shall not be deemed to constitute the making of a loan.

- c) The Company may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
  - d) The Company may not acquire movable or immovable property.
  - e) The Company may not acquire either precious metals or certificates representing them.
- XI. If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
- The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in which the shares are marketed.
- During the first six months following its launch, a new Sub-Fund may derogate from restrictions III., IV. and VI. a), b) and c) while ensuring observance of the principle of risk spreading.
- XII. The Company does not enter into total return swaps, securities lending transactions, buy-sell or sell-buy back transactions, margin lending transactions or repurchase agreements (and/or reverse repurchase agreements), as covered by 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.

## **Financial Derivative Instruments**

### *a. General*

A Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, circulars and CSSF positions (the "Regulations"), invest in financial derivative instruments for hedging purposes, investment purposes or to provide protection against risks if and as disclosed in the relevant Sub-Fund Particular.

Financial derivative instruments include, but are not limited to, futures, forwards, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), swaptions and forward foreign currency contracts. New financial derivative instruments may be developed which may be suitable for use by the Company and the Company may employ such financial derivative instruments in accordance with the Regulations and collateral received will be according to its collateral policy.

Under no circumstances shall these operations cause the Company and its Sub-Funds to diverge from its investment policies and restrictions.

The counterparties to such transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in this type of



transaction. Details of the selection criteria and a list of approved counterparties are available at the registered office of the Company.

*b. Management of collateral and collateral policy*

In the context of OTC financial derivatives transactions, each Sub-Fund concerned may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Company in such case.

*Eligible collateral*

Collateral received by the relevant Sub-Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (b) It should be valued mark-to-market on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Fund's Net Asset Value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such event, the relevant Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value;
- (e) It should be capable of being fully enforced by the relevant Sub-Fund at any time without reference to or approval from the counterparty;
- (f) Where there is a title transfer, the collateral received will be held by the Depositary or a sub-custodian. For other types of collateral arrangement, the collateral will be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Under EMIR, both parties to OTC derivative transactions not subject to central clearing obligations and not cleared through a CCP within the meaning of EMIR ("Non-cleared OTC Transactions"), are required to implement appropriate procedures and arrangements to measure, monitor and mitigate

operational risk and counterparty credit risk. This includes the need to put in place between the parties to these Non-Cleared OTC Transactions measures to ensure timely, accurate and appropriately segregated exchange of collateral.

In relation to the OTC derivative transactions entered into between the Company and counterparties, the Company may deliver or receive requested collateral by way of title transfer or by way of pledge, depending on the terms of the agreement between the relevant Sub-Fund and the counterparty.

The securities which may be obtained as collateral will be bonds issued by certain countries' governments, central banks, international organisations or corporate bodies, convertible bonds which may be converted into equities included in a main index, equities included in a main index, shares or units in UCITS or any other eligible collateral under EMIR. Haircuts will be applied to such securities in line with the requirements under EMIR. These will be generally be at least 15% for equities and between at least 0.5% and 8% for bonds, the haircut depending on factors such as the credit rating, time to maturity and currency for such bonds. Cash collateral will not be subject to haircut. For all non-cash collateral in any other currency than the termination currency of the Non-cleared OTC Transaction, a haircut of at least 8% shall apply.

Cash collateral received shall only be:

- placed on deposit with entities prescribed in the 2010 Law;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. In case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund concerned, or (iii) yield a sum less than the amount of collateral to be returned.