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Luxembourg, le 2021-01-20

Commission de Surveillance du Secteur Financier



# Sturgeon Capital Funds

*Société d'Investissement à Capital Variable*

PROSPECTUS  
January 2021

SUBSCRIPTIONS SHALL ONLY BE VALID IF MADE ON THE BASIS OF THE KEY INVESTOR INFORMATION OR THE CURRENT PROSPECTUS ACCOMPANIED BY THE MOST RECENT ANNUAL REPORT AS WELL AS BY THE MOST RECENT SEMI-ANNUAL REPORT IF PUBLISHED MORE RECENTLY THAN THE MOST RECENT ANNUAL REPORT. NO ONE IS AUTHORISED TO STATE OTHER INFORMATION THAN THE ONE CONTAINED IN THE PROSPECTUS AS WELL AS IN THE DOCUMENTS HEREIN MENTIONED, WHICH ARE AVAILABLE TO THE PUBLIC.

**Sturgeon Capital Funds**  
Société d'Investissement à Capital Variable

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**BOARD OF DIRECTORS**

**Chairman:**

Mr. Michael CARTER

Michaelerstrasse 24  
1180 Vienna  
Austria

**Directors:**

Ms. Mylene BASSO

76, rue de Merl  
L-2146 Luxembourg  
Grand Duchy of Luxembourg

Ms. Valentine BAUDOIN

36, rue Saint-Sulpice  
75006 Paris  
France

Mr. Michael CARTER

Michaelerstrasse 24  
1180 Vienna  
Austria

**REGISTERED OFFICE**

94, rue de Kiem, L-1857 Luxembourg  
Grand Duchy of Luxembourg

**MANAGEMENT COMPANY**

MC SQUARE S.A.  
94, rue de Kiem, L-1857 Luxembourg  
Grand Duchy of Luxembourg

**Directors:**

- Ms. Josée Lynda DENIS
- Mr. Karl Heinz DICK
- Mr André LECOQ
- Mr. Ntoudi MOUYELO-KATOULA

**Conducting persons of the Management Company:**

- Mr Alexandre HECKLEN
- Mr André LECOQ

**DEPOSITARY BANK AND PAYING AGENT**

BANQUE DE PATRIMOINES PRIVES  
30, Boulevard Royal  
L-2449 Luxembourg  
Grand Duchy of Luxembourg

**DOMICILIARY AGENT**

MC SQUARE S.A.  
94, rue de Kiem, L-1857 Luxembourg  
Grand Duchy of Luxembourg

**ADMINISTRATIVE AGENT AND REGISTRAR AGENT**

BANQUE DE PATRIMOINES PRIVES  
30, Boulevard Royal  
L-2449 Luxembourg  
Grand Duchy of Luxembourg

**INVESTMENT MANAGER**

STURGEON CAPITAL LTD  
96, Great Titchfield Street  
London W1W 6SQ  
United Kingdom

**GLOBAL DISTRIBUTOR**

STURGEON CAPITAL LTD  
96, Great Titchfield Street  
London W1W 6SQ  
United Kingdom

**AUDITOR**

DELOITTE SARL  
20 Boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand-Duchy of Luxembourg

## Table of contents

|   |           |
|---|-----------|
| <b>I. GENERAL DESCRIPTION</b>   | <b>7</b>  |
| 1. INTRODUCTION   | 7         |
| 2. THE COMPANY  | 7         |
| <b>II. MANAGEMENT AND ADMINISTRATION</b>  | <b>8</b>  |
| 1. BOARD OF DIRECTORS   | 8         |
| 2. DEPOSITARY BANK AND PAYING AGENT   | 9         |
| 3. ADMINISTRATIVE AGENT AND REGISTRAR AND TRANSFER AGENT  | 11        |
| 4. MANAGEMENT COMPANY   | 11        |
| 5. INVESTMENT MANAGER   | 13        |
| 6. NOMINEES   | 14        |
| 7. SUPERVISION OF THE COMPANY'S TRANSACTIONS  | 15        |
| <b>III. THE SHARES</b>  | <b>16</b> |
| 1. GENERAL PRINCIPLES   | 16        |
| 2. SHARE ISSUE AND SUBSCRIPTION PRICE   | 17        |
| 3. REDEMPTION OF SHARES   | 19        |
| 4. CONVERSION OF SHARES   | 20        |
| 5. PREVENTION OF MARKET TIMING AND LATE TRADING PRACTICES   | 21        |
| 6. STOCK EXCHANGE LISTING   | 22        |
| <b>IV. NET ASSET VALUE</b>  | <b>23</b> |
| 1. GENERAL PRINCIPLES   | 23        |
| 2. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE, OF ISSUES, CONVERSIONS AND REDEMPTIONS OF SHARES | 25        |
| <b>V. CHARGES AND EXPENSES</b>  | <b>27</b> |
| 1. FEES TO BE BORNE BY THE COMPANY  | 27        |
| 2. FEES TO BE BORNE BY THE SHAREHOLDER  | 28        |
| <b>VI. TAX STATUS - APPLICABLE LAW - OFFICIAL LANGUAGE</b>  | <b>29</b> |
| 1. TAX STATUS   | 29        |
| 2. APPLICABLE LAW   | 31        |
| 3. OFFICIAL LANGUAGE  | 31        |
| <b>VII. FINANCIAL YEAR - MEETINGS - REPORTS</b>   | <b>32</b> |
| 1. FINANCIAL YEAR   | 32        |
| 2. MEETINGS   | 32        |
| 3. PERIODIC REPORTS   | 32        |
| <b>VIII. LIQUIDATION OF THE COMPANY - MERGER OF SUB-FUNDS OR CLASSES</b>                                  | <b>33</b> |
| 1. LIQUIDATION OF THE COMPANY   | 33        |
| 2. CLOSURE AND MERGER OF SUB-FUNDS OR CLASSES   | 33        |
| <b>IX. CONFLICTS OF INTEREST</b>  | <b>35</b> |
| <b>X. DATA PROTECTION</b>   | <b>35</b> |
| <b>XI. INFORMATION - DOCUMENTS AVAILABLE TO THE PUBLIC</b>  | <b>37</b> |

|  |           |
|--|-----------|
| 1. INFORMATION FOR SHAREHOLDERS                            | 37        |
| 2. DOCUMENTS AVAILABLE TO THE PUBLIC                       | 37        |
| <b>XII. SPECIAL CONSIDERATION ON RISKS</b>                 | <b>38</b> |
| <b>APPENDIX I INVESTMENT RESTRICTIONS</b>                  | <b>44</b> |
| <b>APPENDIX II RISK MANAGEMENT PROCESS</b>                 | <b>40</b> |
| <b>APPENDIX III FINANCIAL TECHNIQUES AND INSTRUMENTS</b>   | <b>41</b> |
| <b>APPENDIX IV THE SUB-FUNDS</b>                           | <b>44</b> |
| <b>ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND</b> | <b>51</b> |

**PROSPECTUS**  
relating to the permanent offer of shares in the Company  
**Sturgeon Capital Funds**

**Sturgeon Capital Funds** (the "Company") is listed on the official list of undertakings for collective investment pursuant to the law of 17 December 2010 relating to undertakings for collective investment as it may be amended from time to time (hereafter referred to as the "Law" or the "2010 Law") and submitted to the Law and to the law of 10<sup>th</sup> August 1915 on commercial companies, as amended (the "1915 Law"). It is subject in particular to the provisions of Part I of the 2010 Law, which relates specifically to undertakings for collective investment in transferable securities ("UCITS"), as defined by the Directive 2009/65/EC. However, such listing does not require any Luxembourg authority to approve or disapprove either the adequacy or the accuracy of this Prospectus or the portfolio of securities held by the Company. Any representation to the contrary would be unauthorised and unlawful.

The Company's board of directors (the "Board of Directors") has taken all possible precautions to ensure that the facts indicated in this Prospectus are accurate in all material respects and that no point of any importance has been omitted which could render erroneous any of the statements set forth herein.

Any information or representation not contained herein, in the Appendices to the Prospectus, in the Key Investor Information or in the reports, which form an integral part hereof, must be regarded as unauthorised. Neither the remittance of this Prospectus, nor the offer, issue or sale of shares of the Company will constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof. In order to take account of important changes such as the opening of a new sub-fund of shares, this Prospectus, as well as its Appendices will be updated at the appropriate time. Subscribers are therefore advised to contact the Company in order to establish whether any later Prospectus has been published.

References to the terms or abbreviations set out below designate the following currencies:

EUR: Euro

USD: US Dollar

GBP British Pound

CHF: Swiss Franc

# I. GENERAL DESCRIPTION

## 1. INTRODUCTION

**Sturgeon Capital Funds** is an investment company with variable share capital consisting of various sub-funds, each relating to a portfolio of specific assets made up of transferable securities and money market instruments within the meaning of the Law and the Grand-ducal regulation of 8<sup>th</sup> February 2008 ("Transferable Securities" and "Money Market Instruments" respectively) as well as other eligible assets in compliance with article 41 of the Law denominated in various currencies. The characteristics and investment policies of each sub-fund are defined in Appendix IV.

The capital of the Company is divided into several sub-funds each of which may offer several classes of shares, as defined in Section III below and for each sub-fund in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix IV.

The Company may create new sub-funds. In such an event, this Prospectus will be amended accordingly and will contain detailed information on the new sub-funds in its sub-funds' data sheets under Appendix IV. The actual launch of any new sub-fund or class of shares within a sub-fund mentioned in the Prospectus and in the Key Investor Information will be decided by the Board of Directors. More particularly, the Board of Directors will determine the initial subscription price and subscription period/day, as well as the payment date of those initial subscriptions.

The shares of each sub-fund of the Company are issued and redeemed at prices calculated for each sub-fund with a frequency in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix IV and provided the banks in Luxembourg are fully open for business (a "Bank Business Day") on this day (the calculation day so defined being hereafter referred to as a "Valuation Day"). For the avoidance of doubt, half-closed bank business days in Luxembourg are considered as being closed for business.

The Net Asset Value of each sub-fund of shares will be expressed in its reference currency, as stipulated in the sub-fund's relevant data sheet under Appendix IV.

The reference currency of the Company is expressed in US Dollar.

## 2. THE COMPANY

The Company was incorporated in Luxembourg for an unlimited period on 25 July 2012 under the name "**Sturgeon Capital Funds**".

The minimum capital as provided by law is set at EUR 1,250,000. - (one million two hundred and fifty thousand Euro), or equivalent in another currency, and was reached within six months of the Company's authorisation. The Company's initial capital as at 25 July 2012 was equal to EUR 31,000. - (thirty-one thousand Euro). The Company's capital is at all times equal to the sum of the values of the net assets of its sub-funds and represented by shares of no par value.

Variations in the capital are effected "ipso jure" (automatically by the effect of law).

The Company's articles of incorporation (the "Articles of Incorporation") have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg and published on 27 August 2012 in the Luxembourg Official Gazette, the *Mémorial C, Recueil des Sociétés et Associations* (the "*Mémorial*"). The Company's articles of incorporation were amended on 12 November 2013, to incorporate the new registered office address. These amended Articles of Incorporation have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg and published in the *Mémorial*, where they may be consulted and where copies may be obtained upon payment of the applicable charges

The Company is entered in the *Registre de Commerce et des Sociétés* in Luxembourg (the "R.C.S. Luxembourg") under the number B170.810.

## II. MANAGEMENT AND ADMINISTRATION

### 1. BOARD OF DIRECTORS

The Board of Directors is responsible for the administration, management and marketing of the Company and of the assets of each sub-fund. It may carry out all acts of management and administration on behalf of the Company; it may in particular purchase, sell, subscribe or exchange any Transferable Securities, Money Market Instruments and other eligible assets and exercise all rights directly or indirectly attached to the Company's assets.

The list of the members of the Board of Directors, as well as of the other administrative bodies in operation may be found in this Prospectus and in the periodic reports.

**Mr. Michael Carter** is CEO of Powerhut Ltd, an independent financial consultancy and advisory firm in Kazakhstan, and Chairman of the Board of Directors of the Company. Previously he was CEO of Visor Capital, a regional investment banking and brokerage business. Michael joined Visor Capital in 2007 to set up and head the investment research division, and was then promoted to CEO in 2008. He has over 16 years of experience in the investment management industry. He has held a number of senior research posts with ING Bank, UBS Warburg, and was a management consultant at Bain and Co. He specializes in the Oil and Gas and Energy Sectors. Michael holds a BA from University of California and an MBA from Georgetown University in Washington, DC. Mr. Carter has a strong knowledge of the fund industry. He contributes to the valuation of the assets of the portfolio, especially when the value of the assets is not easily determinable. Mr. Carter also advises on issues related to (i) investment research and (ii) addition of new assets to the portfolio of the Company. Mr. Carter therefore takes the oversight role over the portfolio management and valuation functions within the Board.

**Ms. Mylene Basso** acts as an independent director and has worked at senior positions (Senior Corporate Officer, Corporate Manager and Head of Department) of various Luxembourg companies active in the investment funds and management industry since 2001. While working in Luxembourg branches of global fund administrator (Apex Fund Services) as Head of Corporate Services and Domiciliation and corporate administrator (Arkai), Ms. Basso acquired expert knowledge in the fund and corporate administration, compliance and KYC procedures and practices, client relationship management, Luxembourgish laws and regulations as well as management of Luxembourg companies (Holdings, Partnerships, SOPARFIs and others), particularly in funds, securitization and real estate sector. The last 10 years of her work involved supervision of third-party service providers, drafting and reviewing internal corporate documents, managing the proceedings before funds' regulators, developing internal procedures, including compliance, and reviewing KYC documents in order to accept new clients. Her 18 year professional experience with well-known companies like TMF Group, Intertrust or Maitland Group combines high corporate administration skills and deep knowledge in compliance and fund administration. Ms. Basso has in-depth knowledge of the Luxembourg AML and KYC framework which is especially important given that the Board of Directors performs the "Responsible du Respect" function for the Company. Thus, Ms. Basso takes over the AML/KYC compliance of the Fund with Luxembourg applicable laws and regulations. Ms. Basso also regularly liaises with Luxembourg services providers for the Fund to facilitate the smooth running of the Fund's operations.

**Ms. Valentine Baudouin** mainly works in the field of national and international fund and investment industry. Before joining a private equity firm, Ms. Baudouin was a lawyer in the Banking and Finance team in the Paris office of a large American law firm Kramer Levin. She has also intervened as an expert in banking and financial law regarding Islamic finance in several missions with notably the Central Bank of West African States and the Central Bank of Morocco. She has developed a particular competence in the field of banking and financial regulation and regularly advises banks, investment firms and portfolio management companies (both AIFM and UCITS) on questions related to the creation of regulated establishments, investment funds (both AIF and UCITS in France, Luxembourg and Ireland) internal organization, compliance and control, distribution of financial products or cross-border banking and financial operations. Ms. Baudouin is one of the recognized experts in banking, financial and insurance regulation and operations in accordance with Muslim law in French-speaking European countries. She is a board member at the Luxembourg UCITS Fund SALAM PAX SICAV. She has also been Head of Legal and Compliance for the alternative management company of Banco Santander that was managing UCITS and alternative funds and Head of EMEA Compliance for Citi private Bank. Valentine is also a teacher in the Master "Principles and Practices of Islamic Finance" at Paris-Dauphine University in France and in the UCL University Certificate in Belgium. She is co-author of the Takaful insurance guide published in September 2015.

## 2. DEPOSITARY BANK AND PAYING AGENT

Banque de Patrimoines Privés (“BPP”), having its registered office at 30, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, has been appointed as depositary bank and principal paying agent (the “Depositary Bank”) of the Company with responsibility for the

- (a) safekeeping of the assets,
- (b) oversight duties and
- (c) cash flow monitoring

in accordance with the Law and the Depositary Agreement dated 10 February 2020, amended on 1 January 2021 following the change of the management company and entered into between the Management Company, the Company and BPP (the “Depositary Agreement”).

BPP is registered with the Luxembourg Trade and Companies Register (RCS) under number B-153890 and was incorporated in 2010. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services.

The Depositary Bank has been authorized by the Management Company to delegate its safekeeping duties (i) to delegates in relation to other assets and (ii) to sub-custodians in relation to Financial Instruments and to open accounts with such sub-custodians.

An up to date description of any safekeeping functions delegated by the Depositary Bank and an up to date list of the delegates and sub-custodians may be obtained, upon request, from the Depositary Bank or via the following website link:

<https://banquedepatrimoinesprives.com/fr/tableau-daffichage>

The Depositary Bank shall act honestly, fairly, professionally, independently and solely in the interests of the Company and the shareholders in the execution of its duties under the Law and the Depositary Bank and Principal Paying Agent Agreement.

Under its oversight duties, the Depositary Bank will:

- ensure that the sale, issue, repurchase, redemption and cancellation of Units effected on behalf of the Company are carried out in accordance with the Law and with the Company’s Articles of Incorporation;
- ensure that the value of Shares is calculated in accordance with the Law and the Company’s Articles of Incorporation;
- carry out the instructions of the Management Company acting on behalf of the Company, unless they conflict with the Law or the Company’s Articles of Incorporation;
- ensure that in transactions involving the Company’s assets, the consideration is remitted to the Company within the usual time limits;
- ensure that the income of the Company is applied in accordance with the Law and the Company’s Articles of Incorporation.

The Depositary Bank will also ensure that cash flows are properly monitored in accordance with the Law and the Depositary Agreement.

Depositary Bank’s conflicts of interests

From time to time conflicts of interests may arise between the Depositary Bank and the delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. On an ongoing basis, the Depositary Bank analyses, based on applicable laws and regulations any potential conflicts of interests that may arise while carrying out its functions. Any identified potential conflict of interest is managed in accordance with the BPP's conflicts of interest policy which is subject to applicable laws and regulation for a credit institution according to and under the terms of the Luxembourg law of 5 April 1993 on the financial services sector.

Further, potential conflicts of interest may arise from the provision by the Depositary Bank and/or its affiliates of other services to the Articles of Incorporation, the Management Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, custodian and/or administrator of other funds. It is therefore possible that the Depositary Bank (or any of its affiliates) may, in the course of its business, have conflicts or potential conflicts of interest with those of the Articles of Incorporation, the Management Company and/or other funds for which the Depositary Bank (or any of its affiliates) acts.

BPP has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interests;
- Recording, managing and monitoring the conflicts of interests situations in:
  - Implementing a functional and hierarchical segregation making sure that operations are carried out at arm's length from the Depositary Bank business;
  - Implementing preventive measures to decline any activity giving rise to the conflict of interest such as:
    - BPP and any third party to whom the custodian functions have been delegated do not accept any investment management mandates;
    - BPP does not accept any delegation of the compliance and risk management functions;
    - BPP has a strong escalation process in place to ensure that regulatory breaches are notified to compliance which reports material breaches to senior management and the board of directors of BPP;
    - A dedicated permanent internal audit department provides independent, objective risk assessment and evaluation of the adequacy and effectiveness of internal controls and governance processes.

BPP confirms that based on the above no potential situation of conflicts of interest could be identified.

An up to date information on conflicts of interest policy referred to above may be obtained, upon request, from the Depositary Bank.

<https://banquedepatrimoinesprives.com/fr/mifid>

In respect of any losses to the Company arising from any Correspondent, including losses resulting from the fraud, negligence or wilful default of any Correspondent, the Depositary Bank shall use its reasonable endeavours to exercise such rights as are available to it in the local market against the relevant Correspondent and account to the Company for any recovery, and in the case of a liquidation, bankruptcy or insolvency of a Correspondent, the Depositary Bank will use all reasonable endeavours to recover any Securities or other property held and to recover any losses suffered by the Company as a consequence of such liquidation, bankruptcy or insolvency.

The Depositary Bank shall, in compliance with Luxembourg laws, be liable to the Company and the shareholders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations or improper performance thereof.

In performing its obligations under the Depositary Agreement, the Depositary Bank shall observe and comply with (i) Luxembourg Law and any other applicable laws and regulations for the time being in force, (ii) the

Depositary Agreement (including any operating procedures agreed to from time to time between the Depositary and the Company), and (iii) the terms of this Prospectus. Furthermore, in carrying out its role as depositary bank, the Depositary Bank must act solely in the interest of the shareholders.

Either party may terminate the Depositary Agreement by giving at least three months' notice to the other party (or earlier on certain breaches of the Depositary Agreement, including the insolvency of any of the parties thereof).

The Depositary Bank may not be removed by the Company until the Company has appointed a replacement depositary bank. The duties of the Depositary Bank, as depositary bank, shall continue after its removal for such period as may be necessary to allow the transfer of all assets of the Company to the succeeding depositary bank.

The fees and costs of the Depositary Bank for the above functions will be borne by the Company (and apportioned between each of the Company's Sub-Fund to reflect the services provided by the Depositary Bank for each Sub-Fund) and conform to common practice in Luxembourg. The Depositary Bank will receive a depositary bank fee as further described hereinafter for each Sub-Fund.

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

The Depositary Bank has no decision-making discretion relating to the Company's investments. The Depositary Bank is a service provider to the Company and is not responsible for the preparation of this Prospectus or the activities of the Company and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Company.

### **3. ADMINISTRATIVE AGENT AND REGISTRAR AND TRANSFER AGENT**

The Management Company has delegated under its control and responsibility its registrar and transfer agent and administrative agent duties to Banque de Patrimoines Privés (hereafter referred to as the "Administrative Agent and Registrar and Transfer Agent"), pursuant to an administrative agent and registrar and transfer agent agreement effective as of 10 February 2020, amended on 1 January 2021 following the change of the management company, and entered into between the Company, the Management Company and BPP (the "Central Administration Services Agreement").

As Administrative Agent and Registrar and Transfer Agent, BPP is responsible for the calculation of the Net Asset Value per share, the maintenance of records and other general administrative functions.

As Administrative Agent and Registrar and Transfer Agent, BPP is responsible for processing the issue (registration), redemption and conversion of shares in the Company, for the settlement arrangements thereof, as well as for keeping official records of the shareholders' register (the "Register").

### **4. MANAGEMENT COMPANY**

Following the change of the management company, MC Square S.A. (the "Management Company"), is appointed as management company pursuant to a management company services agreement effective as of 1 January 2021 between the Company and the Management Company (the "Management Company Services Agreement").

Following the change of the management company, MC Square S.A. is appointed as the domiciliary agent (the "Domiciliary Agent") and grants the Company the right to establish its registered office at its address at 94, rue de Kiem, L-1857 Luxembourg, Grand-Duchy of Luxembourg, pursuant to the agreement effective as of 1 January 2021 between the Company and the Domiciliary Agent.

The Management Company is a company incorporated under Luxembourg law with registered office situated at 94, rue de Kiem, L-1857 Luxembourg, Grand Duchy of Luxembourg. The Management Company was incorporated in the form of a *société anonyme* on 7 October 1988 for an unlimited duration. The Management Company is an independent management company which provides management services to the collective investment schemes market. Its capital is actually in the amount of EUR 500,000. - (five hundred thousand Euro).

As of the date of this Prospectus, the Management Company's board of directors consists of the following members:

- Ms. Josée Lynda DENIS (Director of the Management Company);
- Mr. Karl Heinz DICK (Director of the Management Company);
- Mr. André LECOQ (Chairman and Director of the Management Company, and appointed representative for the daily management);
- Mr. Ntoudi MOUYELO-KATOULA (Director of the Management Company);

In addition to Mr. André LECOQ, Mr. Alexandre HECKLEN is also appointed representative for the daily management of the Management Company.

The Management Company is governed by Chapter 15 of the 2010 Law and, in this capacity, is responsible for the collective management of the Company's portfolio. As provided in Appendix II to the Law, these duties encompass the following tasks:

- (I) asset management, the Management Company may:
  - provide all advice and recommendations as to the investments to be made,
  - enter into contracts, buy, sell, exchange and deliver all Transferable Securities and any other assets,
  - exercise, on behalf of the Company, all voting rights attaching to the Transferable Securities constituting the Company's assets.
  
- (II) administration, which encompasses:
  - a) legal services and accounts management for the Company,
  - b) follow-up of requests for information from clients,
  - c) valuation of portfolios and calculation of the value of Company shares (including all tax issues),
  - d) verifying compliance with regulations,
  - e) keeping the Register,
  - f) allocating Company income,
  - g) issue and redemption of Company shares (Administrative Agent and Registrar and Transfer Agent's duties),
  - h) winding-up of contracts (including sending certificates),
  - i) recording and keeping records of transactions.
  
- (III) marketing the Company's shares.

The rights and obligations of the Management Company are governed by contracts entered into for an indefinite period. At the date of the present Prospectus the Management Company manages also other undertakings for collective investment. The names of all other undertakings for collective investment managed by the Management Company from time to time are available at the registered office of the Management Company. The Company may terminate the agreement with the Management Company upon 3 (three) months' written notice. The Management Company may resign from its duties provided it gives the Company 3 (three) months' written notice.

In accordance with the laws and regulations currently in force and with the prior approval of the Board of Directors, the Management Company is authorised to delegate, unless otherwise provided herein, all or part of its duties and powers to any person or company, which it may consider appropriate, it being understood that the Prospectus will be amended prior thereto and that the Management Company will remain entirely liable for the actions of such representative(s).

The management duties and the duties of Administrative Agent and Registrar and Transfer Agent are currently delegated, as described above.

As consideration for the above services the Management Company shall be paid a commission as stipulated under section V below.

Additional information which the Management Company must make available to investors in accordance with Luxembourg laws and regulations such as but not limited to shareholder complaints handling procedures, management of activities giving rise to detrimental conflict of interest, voting rights policy of the Management Company etc., shall be available at the registered office of the Management Company.

The remuneration policy of the Management Company is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the funds managed.

The remuneration policy reflects the Management Company's objectives for good corporate governance as well as sustained and long-term value creation for shareholders and is compliant with article 111ter, paragraph (1) point b) of the Investment Fund Law, according to which 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. The remuneration policy has been designed and implemented to:

- support actively the achievement of the Management Company's strategy and objectives;
- support the competitiveness of the Management Company in the markets it operates;
- be able to attract, develop and retain high-performing and motivated employees; and
- address any situations of conflicts of interest. For that purpose, the Management Company has implemented and maintains an adequate management of conflicts of interest policy.

Employees of the Management Company are offered a competitive and market-aligned remuneration package where 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. Moreover, 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.

The principles of the remuneration policy are reviewed on a regular basis and adapted to the evolving regulatory framework. The remuneration policy has been approved by the board of directors of the Management Company.

The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits, can be found on the following website: <http://www.mcsquare.lu/about/>

. A paper copy of the remuneration policy will be made available free of charge upon request.

## **5. INVESTMENT MANAGER**

For the definition of the investment policy and the day-to-day management of each of the Company's sub-funds, the board of directors of the Management Company may be assisted under its overall control and responsibility by one or several investment manager(s), it being understood that, in such case, the Prospectus will be amended accordingly and will contain detailed information.

Pursuant to an investment management agreement (the "Investment Management Agreement") effective as of 25 July 2012, Sturgeon Capital Ltd (the "Investment Manager") was appointed as Investment Manager and put in charge by the management company of the investment management of the Company with regard to its choice of investments and the trend of its investment policy. Due to the change of the management company, a new Investment Management Agreement has been entered into effective as of 1 January 2021.

The Investment Manager was incorporated on 27 October 2010 with registered number 07421440 under the laws of England and Wales. The Investment Manager is authorised and regulated in the conduct of its investment business in the United Kingdom by the FCA. Its principal business is to provide investment management and advisory services to clients in the United Kingdom and other parts of the world.

The Investment Manager may act as manager of and/or adviser to other funds or clients established in the Luxemburg or elsewhere, or as manager of and/or adviser to other funds or clients in the future any of which may be competing with the Company in the same markets.

Supervision of the activities of the Investment Manager(s) is the sole responsibility of the Management Company. However, the Board of Directors assumes ultimate responsibility for the investment management.

The fees of the Investment Manager(s) as paid by the Company are described in the sub-fund's relevant data sheet under Appendix IV.

In addition, the Investment Manager may be entitled to receive a performance fee from the Company in accordance with the provision for each sub-fund, as described in the sub-fund's relevant data sheet under Appendix IV.

The Investment Manager may be assisted, under its overall control and responsibility and with prior approval of the Management Company and of the CSSF, by one or more Sub-Investment Manager(s) for each sub-fund. In such a case the prospectus will be updated.

The Investment Manager may be assisted, under its overall control and responsibility and at its own fees, by one or more Investment Advisor(s) for each sub-fund.

## **6. NOMINEES**

The Company and the Global Distributor may decide to appoint distributors and local paying agents to act as nominees (hereinafter the "Nominees"). Nominees must be professionals of the financial sector, domiciled in countries in which financial intermediaries are subject to similar obligations of identification as those which are provided for under Luxembourg law and under Section III 2. C. "Fight against money laundering" below. Such Nominees may be appointed for the purpose of assisting it in the distribution of the shares of the Company in the countries in which they are marketed. Certain distributors and local paying agents may not offer all of the sub-funds/ classes of shares or all of the subscription/redemption currencies to their customers. Customers are invited to consult their distributor or local paying agent for further details.

Nominee contracts will be signed between the Company or the Management Company, and the various distributors and/or local paying agents.

Copies of the various Nominee contracts, if any, are available to shareholders during normal office hours at the Management Company's registered office and at the registered office of the Company.

The shares of the Company may be subscribed directly at the head office of the Administrative Agent and Registrar and Transfer Agent or through the intermediary of Distributors appointed by the Management Company in countries where the shares of the Company are distributed.

Distributors and Local Paying Agents are banks or financial intermediaries that pertain to a regulated group headquartered in a FATF (Financial Action Task Force on Money Laundering) country. Such groups apply FATF provisions regarding money laundering issues to all their subsidiaries and affiliates.

A list of the Distributors and Local Paying Agents, if any, shall be at disposal at the Management Company's and the Company's registered office.

## **7. SUPERVISION OF THE COMPANY'S TRANSACTIONS**

The Company's accounts and annual reports are revised by Deloitte Sàrl in its capacity as the Company's auditor.

### **III. THE SHARES**

#### **1. GENERAL PRINCIPLES**

The Company's capital is represented by the assets of its various sub-funds, each sub-fund having its own investment policy. Subscriptions are invested in the assets of the relevant sub-fund.

#### **A. CLASSES OF SHARES**

Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each sub-fund, one or several class(es) of shares, the assets of which will be commonly invested but subject to specific features which are defined hereunder for the different classes of shares such as, but not limited to, sales and/or redemption charge structures, currency structures, marketing target or hedging policies. Where different classes are issued within a sub-fund, the details of each class are described in the sub-fund's relevant data sheet under Appendix IV. References herein to shares of a sub-fund should be construed as being to shares of a class of a sub-fund also, if the context so requires.

For the time being, within each sub-fund, the Company has decided to issue classes of shares as further described in the synthetic table under Appendix IV C.

Should it become apparent that shares reserved to institutional investors within the meaning of article 174 of the Law, are held by individuals other than those authorised, the Board of Directors will have the said shares converted, at the cost of the relevant shareholder, into shares of another class, if available, or redeemed, at the cost of the relevant shareholder.

Before subscribing, investors are invited to check in each sub-fund's data sheet under Appendix IV which classes of shares are available in each sub-fund. Any minimum initial subscription amount, minimum further subscription amount and minimum holding amount, if any, are also mentioned in each sub-fund's relevant data sheet under Appendix IV.

The shares will be issued at the subscription prices calculated on each Valuation Day mentioned under each sub-fund's relevant data sheet under Appendix IV.

The assets of the various classes of a sub-fund are combined into one single portfolio.

The Company may, in the interests of the shareholders, split or consolidate the shares of any sub-fund or class, in accordance with the articles of incorporation of the Company.

The Company may open further sub-funds and thus create new shares of each class representing the assets of these sub-funds.

Any individual or corporate entity may acquire shares in the various sub-funds making up the net assets of the Company by following the procedures defined in this section.

The shares of each sub-fund are of no par value and carry no preferential subscription rights upon the issue of new shares. Each share carries one vote at the general meetings of shareholders, regardless of its Net Asset Value.

All shares in the Company must be fully paid up.

#### **B. DIVIDENDS**

The Board of Directors does not currently intend to cause the Company to make distributions of income and capital gains to shareholders, save as may be required to meet the requirements for distributing fund status in respect of the GBP, USD, CHF and EUR denominated classes. The income resulting from the investments realised by every sub-fund shall be fully capitalised.

If the Board of Directors decides to authorize the Company to make distributions of income and capital gains, details of the distribution policy will be disclosed in the sub-fund's relevant data sheet under Appendix IV. No distribution may be made which would result in the net assets of the Company falling below the minimum provided for by Luxembourg law.

Dividends not claimed within five years from their payment date will lapse and revert to the relevant sub-fund.

#### **C. REGISTERED SHARES**

The shares of each sub-fund are, as determined by the Board of Directors, issued in registered form only.

#### **D. FRACTIONS OF SHARES**

Shareholders will receive confirmations of inscription in the Register, at the shareholder's requests.

Fractions of shares with up to 4 decimal places will be rounded down and be issued for registered shares deposited directly with the Depository Bank. Share transfer forms for the transfer of registered shares are available at the registered office of the Administrative Agent and Registrar and Transfer Agent.

## **2. SHARE ISSUE AND SUBSCRIPTION PRICE**

#### **A. CONTINUOUS OFFERING**

After the close of the Initial Offering Period (as stipulated in each sub-fund's relevant data sheet under Appendix IV) each sub-fund's share may be subscribed at the registered office of the Administrative Agent and Registrar and Transfer Agent on any Valuation Day as stipulated in each sub-fund's relevant data sheet under Appendix IV at a price per share equal to the Net Asset Value per share calculated on such relevant Valuation Day for the relevant sub-fund plus a maximum subscription fee (for the benefit of the distributor) in accordance with the provision described in the sub-fund's relevant data sheet under Appendix IV.

This subscription fee may be retroceded to the various financial intermediaries involved in the marketing of the shares.

Any investor requiring to invest in the Company may, at any time and prior to the Company's Cut-off Time (as defined in the relevant Sub-fund's Appendix) preceding the applicable Valuation Day, request such subscription by sending a written instruction to the Administrative Agent and Registrar and Transfer Agent. Any instruction received within the Company's Cut-off Time will be considered as irrevocable. Instructions received after the relevant Cut-off Time will be taken into consideration on the next applicable Valuation Day.

Any instruction must contain the following information: the exact name and address of the person making the subscription request and the amount to be subscribed (all subscriptions should exclusively be done in amount and not in shares), the sub-fund to which such subscription applies as well as the share class concerned, and instruction of payments to be used in cases of future redemptions.

In case of any incomplete subscription form received by the Administrative Agent and Registrar and Transfer Agent within the applicable delay as defined in the relevant sub-fund's fact sheet, the trade will not be placed and will be postponed to the next following applicable Valuation Day, applying the same above conditions.

The Company reserves the right to reject any application in whole or in part. Details of the method of application for shares are set out in the application form. Application forms can be obtained from the registered office of the Administrative Agent and Registrar and Transfer Agent. Investors may apply for shares by facsimile or letter at the registered office of the Administrative Agent and Registrar and Transfer Agent. The Board of Directors may moreover reserve the right to discontinue without notice both the issue and the sale of the shares of the Company.

The Board of Directors may, under its own responsibility and in accordance with this Prospectus accept subscriptions by way of *in specie* transfer of assets. In exercising its discretion, the Board of Directors will take

into account the investment objective, philosophy and approach of the sub-fund and whether the proposed *in specie* assets comply with those criteria including the permitted investments of the sub-fund.

In order for shares in the Company to be issued further to an *in specie* subscription, the assets transferred must comply with the relevant Sub fund's investment policy and the transfer of the legal ownership of the assets to Company must have been completed and the assets in question must have already been valued by the Company's auditor. In the specific case of an *in specie* transfer of shares or units of a UCITS or other UCI, shares will only be issued once the name of the Company has been entered into in the register of shareholders or unitholders of the relevant UCITS or other UCI and the shares or units of the UCITS or other UCI have been valued on the basis of the next net asset value to be calculated after the aforementioned entry.

Taxes or brokerage fees that may be due on a subscription are paid by the subscriber. Under no circumstances may these costs exceed the maximum authorised by the laws, regulations and general banking practices of the countries in which the shares are acquired.

The Board of Directors has resolved to only accept shareholders' initial applications for ownership in any sub-fund class of shares for a minimum initial subscription amount stipulated in each sub-fund's relevant data sheet under Appendix IV.

The Board of Directors may set for each sub-fund or class of shares different minimum initial subscription amounts, minimum further subscription amounts and minimum holding amounts, in accordance with the provision described in each sub-fund's relevant data sheet under Appendix IV.

No shares will be issued by the Company in a sub-fund during any period when the calculation of the Net Asset Value per share of such sub-fund is suspended by the Board of Directors pursuant to the power reserved to it by the Articles of Incorporation and described under Section IV "Net Asset Value" hereafter. Notice of any such suspension shall be given to the persons having applied for subscription, and any application either presented or suspended along such suspension may be withdrawn by way of a written notice to be received by the Company prior to the termination of the relevant suspension which will inform the Administrative Agent and Registrar and Transfer Agent. Unless so withdrawn, any application shall be taken into consideration on the first Valuation Day following such suspension.

The issue price of shares in the sub-fund is available at the registered office of the Company, of the Management Company and of the Administrative Agent and Registrar and Transfer Agent.

## **B. REFUSAL OF SUBSCRIPTIONS**

The Company may restrict or prevent the ownership of shares by any person, firm or company. The Company does not allow market timing (defined as an arbitrage method through which an investor systematically subscribes and redeems or converts shares of the Company within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the Company).

Moreover, in any case of suspicion of such market timing practice, the Board of Directors reserves the right to:

- refuse any subscription;
- redeem at any time shares in the Company.

Such actions do not need to be justified.

## **C. FIGHT AGAINST MONEY LAUNDERING**

Pursuant to the Luxembourg laws of 19<sup>th</sup> February 1973 to combat drug addiction, as amended, of 5<sup>th</sup> April 1993, relating to the financial sector, as amended, and of 12<sup>th</sup> November 2004 on the fight against money laundering and terrorist financing, as amended, and to the relevant circulars of the supervisory authority, 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 purposes. Within this context measures to ensure the identification of investors have been imposed.

Within the context of the fight against money laundering, application forms must be notably accompanied by a true copy certified by a competent authority (such as an embassy, consulate, notary or police commissioner) of the subscriber's identity card, for individuals, or by a true copy certified by a competent authority (such as an embassy, consulate, notary or police commissioner) of the articles of incorporation and extract of the trade register for corporate entities, in the following cases:

1. if the application is made directly to the Administrative Agent and Registrar and Transfer Agent;
2. if the application is made via a professional of the financial sector residing in a country which is not required to follow an identification procedure equivalent to the standards applied in Luxembourg relating to the prevention of the use of the financial system for money-laundering purposes;
3. if the application is made via a subsidiary or branch whose parent company is required to follow an identification procedure equivalent to that required by Luxembourg law, if the law governing the parent company does not oblige it to ensure that the said procedure is followed by its subsidiaries and branches.

Moreover, the Company is legally responsible for identifying the origin of monies transferred and has delegated the service to the Administrative Agent and Registrar and Transfer Agent based on the Central Administration Services Agreement. Subscriptions and payment of redemption proceeds may be temporarily suspended until such monies or the identity of the relevant shareholder has been correctly identified.

It is generally accepted that investment professionals and financial sector institutions regulated in countries adhering to the conclusions of the FATF report (Financial Action Task Force on Money Laundering) are considered to be required to enforce an identification procedure equal to the one required by Luxembourg law.

According to Luxembourg law, additional documentation may be requested upon cases and risk based approach.

### **3. REDEMPTION OF SHARES**

Shareholders may place redemption orders every Bank Business Day for all or part of their shareholdings.

Redemption requests, considered irrevocable, should be sent at the registered office of the Administrative Agent and Registrar and Transfer Agent. Requests must contain the following information: the exact name and address of the person making the redemption request and the number of shares to be redeemed, the sub-fund to which such shares belong, as well as the class of shares and instruction of payments to be used in cases to credit the investor.

Provided the application together with any required documentation is received prior to the Company's Cut-off Time (as defined in the relevant Sub fund's Appendix) that is T-6 of the applicable Valuation Day, the shares will be redeemed based on the Net Asset Value per share applicable on the Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

The Board of Directors may, however, decide, at their sole discretion, to fix an earlier deadline for receipt of applications.

A redemption fee (for the benefit of the relevant class) at a maximum rate in accordance with the provision described in the sub-fund's relevant data sheet under Appendix IV may be deducted from this amount.

The redemption value may be higher than, equal to, or lower than the initial purchase price.

The redemption proceeds will be paid on the fifth Bank Business Day after the relevant Valuation Day by bank transfer.

Redemption orders will not actually be processed, and the redemption proceeds will not actually be paid until the redemption form for registered shares has been received.

Neither the Board of Directors, nor the Administrative Agent and Registrar and Transfer Agent will be held responsible for any lack of payment of whatever form resulting from the application of possible exchange controls

or other circumstances beyond its/their control which may limit or render impossible the transfer of the redemption proceeds to other countries.

In relation to an application for redemption, or transfer of shares, the Company and/or Administrative Agent and Registrar and Transfer Agent may require at any time such documentation as it/they deem appropriate. Failure to provide such information in a form which is satisfactory to the Company and/or Administrative Agent and Registrar and Transfer Agent may result in an application for redemption or transfer not being processed. Should documentation not be forthcoming with regard to the return of payments or the redemption of shares, then such payment may not proceed.

No third party payments will be made.

In addition to the suspension of the issue of shares, a suspension of the calculation of the Net Asset Value of a sub-fund entails also the suspension of redemptions of that sub-fund as set out in Section IV: 2. below. Any suspension of redemptions will be notified in accordance with Section IV "Net Asset Value" by all appropriate means to the shareholders having presented their requests, the execution of which has been differed or suspended. The Board of Directors may decide to delay the payment of redemption proceeds, in circumstances where the Company is unable to repatriate cash proceeds or during any period where the calculation of the Net Asset Value has been suspended.

The payment of redemption proceeds that has been delayed will occur on the fifth Bank Business day after the relevant Valuation Day.

In normal circumstances the Board of Directors will maintain adequate level of liquid assets in order to meet redemption requests.

#### **Redemption in specie**

The Board of Directors may at the request of a shareholder elect to satisfy a redemption in whole or in part by way of the transfer *in specie* of assets of the Company. The Board of Directors will ensure that the transfer of assets *in specie* in cases of such redemptions will neither be detrimental to the remaining shareholders of the Company nor result in a breach of the investment policy. Such *in specie* redemptions will be subject to a special audit report from the Auditor of the Company, confirming the number, the denomination and the value of the assets which the Board of Directors will have determined to be transferred in counterpart of the redeemed shares. This audit report will also confirm the way of determining the value of the assets which will have to be identical to the procedure for determining the Net Asset Value of the shares. The specific costs for such redemptions *in specie*, in particular the cost of the special audit report will be borne by the redeeming shareholder.

#### **4. CONVERSION OF SHARES**

A conversion can be analysed as a simultaneous transaction of redemption and subscription of shares.

Consequently, such a transaction may only be processed on the first Valuation Day on which both the Net Asset Values of the sub-funds involved in the said transaction are calculated.

Shareholders of one class in a sub-fund may request at any time the conversion of all or part of their holdings into shares of another class in the same or another sub-fund. Only institutional investors within the meaning of article 174 of the Law may convert their shares into a class that is reserved to institutional investors.

Conversion, considered irrevocable, must be sent at the registered office of the Administrative Agent and Registrar and Transfer Agent by letter or facsimile, and by indicating the name of the sub-fund into which the shares are to be converted and specifying the class of the shares to be converted, the class of the shares of the new sub-fund to be issued. If this information is not given, the conversion will be made into shares of the same class.

Provided the application together with the required documentation is received prior to the Company's Cut-off Time (as defined in the relevant Sub fund's Appendix) preceding the applicable Valuation Day, the shares will be converted based on the Net Asset Value per share applicable on the Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

The Board of Directors may, however, decide to fix an earlier deadline for receipt of applications if they consider that as a result of large market fluctuations this is necessary to protect the Company and its shareholders. Subject to a suspension of the calculation of the Net Asset Value, shares may be converted on any Valuation Day following receipt of the conversion request, by reference to the Net Asset Value of the shares of the sub-funds concerned as established on such Valuation Day.

The rate at which all or part of the holding of a given sub-fund or class (the "original sub-fund") is converted into shares of another sub-fund or class (the "new sub-fund") is determined as precisely as possible in accordance with the following formula:

$$A = ((B \times C) - F) \times E \div D$$

- A being the number of shares of the new sub-fund to be attributed;
- B being the number of shares of the original sub-fund to be converted;
- C being the prevailing Net Asset Value per share of the original sub-fund on the day in question;
- D being the prevailing Net Asset Value per share of the new sub-fund on the day in question; and
- E being the exchange rate applicable at the time of the transaction between the currency of the sub-fund to be converted and the currency of the sub-fund to be attributed;
- F being a conversion fee payable to the original sub-fund, at a maximum rate in accordance with the provision described in the sub-fund's relevant data sheet under Appendix IV.

A conversion fee (for the benefit of the original class) at a maximum rate in accordance with the provision described in the sub-fund's relevant data sheet under Appendix IV may be deducted from the prevailing Net Asset Value per share of the original sub-fund used for the conversion. This maximum rate should be the same applicable rate for all the conversion order executed on the same Valuation Day.

After conversion, the Administrative Agent and Registrar and Transfer Agent will inform the shareholders of the number of shares obtained of the new sub-fund and their cost.

In converting shares of a sub-fund into shares of another class or sub-fund, a shareholder must meet the applicable minimum initial subscription amount requirements of this class or sub-fund, if any.

If, as a result of any request for conversion, the number of shares held by any shareholder in a sub-fund or class would fall below the value of minimum initial subscription amount indicated in the old sub-fund, the Company may treat such request as a request to convert the entire shareholding of such shareholder. In addition, the shareholder must comply with the minimum holding requirements, if any, with respect to the new sub-fund, as stipulated in each sub-fund's relevant data sheet under Appendix IV.

No conversion of shares may be carried out whenever the calculation of the Net Asset Value of one of the sub-funds involved in the conversion operation is suspended.

Any suspension of conversions will be notified in accordance with Section IV "Net Asset Value" by all appropriate means to the shareholders having presented their requests, the execution of which has been differed or suspended.

## 5. PREVENTION OF MARKET TIMING AND LATE TRADING PRACTICES

The Company does not allow investments which are associated with late trading or market timing practices, as such practices may adversely affect the interests of the shareholders.

#### **A. MARKET TIMING**

In general, Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts Shares of the same UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the UCI.

Accordingly, the Board of Directors may, whenever it deems it appropriate, cause the Administrative Agent and Registrar and Transfer Agent to reject an application for subscription and/or switching of Shares from investors whom the Directors consider market timer and may, if necessary, take appropriate measures in order to protect the interests of the other investors. For these purposes, the Board of Directors may consider an investor's trading history and the Administrative Agent and Registrar and Transfer Agent may combine Shares which are under common ownership or control.

#### **B. LATE TRADING**

In general, 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.

Therefore, the subscriptions, conversions or redemptions are dealt with at an unknown Net Asset Value.

### **6. STOCK EXCHANGE LISTING**

The Board of Directors may decide to list the shares of each sub-fund or classes, as and when issued, on the Luxembourg Stock Exchange or any other Stock Exchange.

## **IV. NET ASSET VALUE**

### **1. GENERAL PRINCIPLES**

#### **A. DEFINITION AND CALCULATION OF THE NET ASSET VALUE**

The Net Asset Value per share of each sub-fund and class of shares of the Company is calculated in Luxembourg by the Administrative Agent and Registrar and Transfer Agent, under the responsibility of the Management Company, as of each Valuation Day on a frequency as defined in the sub-funds' relevant data sheets under Appendix IV, provided this day is a Bank Business Day.

The Net Asset Values are expressed in the sub-fund's and class' respective reference currency, as stated in the sub-funds' relevant data sheets under Appendix IV.

The value of the shares of each sub-fund and class is obtained by dividing the Net Asset Value of the assets of the sub-fund and class considered by the number of outstanding shares of these sub-funds and classes. The number of decimals for the calculation of the net asset value will be rounded up to 4 decimals.

If the Board of Directors considers that the Net Asset Value calculated on a given Valuation Day is not representative of the true value of the Company's shares, or if, since the calculation of the Net Asset Value, there have been significant fluctuations on the stock exchanges concerned, the Board of Directors may decide to actualise the Net Asset Value on that same day. In these circumstances, all subscription, redemption and conversion requests received for that day will be handled on the basis of the actualised Net Asset Value with due care and good faith.

#### **B. DEFINITION OF THE PORTFOLIOS OF ASSETS**

The Board of Directors will establish a distinct portfolio of net assets for each sub-fund. Where relations between shareholders and third parties are concerned, this portfolio will be attributed only to the shares issued by the sub-fund in question, taking into account, if necessary, the breakdown of this portfolio between the shares of this sub-fund, in accordance with the provisions of this clause.

In order to establish these different portfolios of net assets:

1. if two or more shares' classes belong to a given sub-fund, the assets allocated to such classes will be invested together according to the investment policy of the relevant sub-fund subject to the specific features of said shares' classes;
2. the proceeds resulting from the issue of the shares of a class of a given sub-fund will be attributed in the Company's accounts to the relevant class of this sub-fund and the assets, liabilities, income and expenses relating to this sub-fund/ class will also be attributed thereto;
3. the assets, liabilities, income and expenses relating to this sub-fund/ class will also be attributed thereto;
4. expenses related to the establishment of a particular share class of a sub-fund are first allocated to the sub-fund in general, as opposed to wholly allocated to the newly established share class in general
5. where any asset derives from another asset, such derivative asset will be applied in the books of the Company to the same sub-fund from which it was derived, and on each subsequent revaluation of an asset, the increase or decrease in value will be attributed to the sub-fund to which it belongs;
6. if the Company has to bear a liability which is connected with an asset of a particular sub-fund or class with a transaction carried out in relation to an asset of a particular sub-fund or class, this liability will be attributed to that particular sub-fund or class (for example: hedging transactions);
7. in the case where any asset or liability of the Company cannot be considered as being attributable to a particular class of shares, such asset or liability shall be allocated to all the classes of shares pro rata to their respective Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith. With reference to the relations between shareholders and third parties, each sub-fund will be treated as a separate entity.

### C. VALUATION OF ASSETS

The Administrator will calculate the Net Asset Value of each sub-fund under the overall supervision of the Directors and the Management Company.

The assets of each sub-fund of the Company will be valued in accordance with the following principles:

1. The value of Transferable Securities, Money Market Instruments and/or financial derivative instruments listed on an official Stock Exchange or dealt in on a regulated market which operates regularly and is recognised and open to the public (a "Regulated Market"), as defined by laws and regulations in force, and which are not GDRs or ADRs, is based on the latest available price and if such Transferable Securities are dealt in on several markets, on the basis of the latest known price on the stock exchange which is normally the principal market for such securities. GDRs or ADRs traded on a stock exchange or other market are to be valued at the last traded price on/or prior to the Valuation Day or where the underlying shares have traded on a later date, with reference to the last traded price of the underlying shares on/or prior to the Valuation Day.
2. In the event that any Transferable Securities or/and Money Market Instruments are not listed or dealt in on any stock exchange or any other Regulated Market operating regularly, recognised and open to the public, as defined by the laws and regulations in force, the value of such assets shall be assessed on the basis of their foreseeable sales price estimated prudently and in good faith by the Directors.
3. The liquidating value of derivative contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined by the Board of Directors in a fair and reasonable manner, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward and options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. The value of fully funded Total Return Swaps with underlying assets being traded in a Regulated Markets, is determined by the value of such underlying assets.
4. The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than 12 (twelve) months and of more than 90 (ninety) days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 (ninety) days or less will be valued by the amortised cost method, which approximates market value.
5. Units of UCITS and/or other UCI will be valued at their last determined and available Net Asset Value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued at their last available stock market value.
6. The value of any cash at hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, dividends and interests matured but not yet received shall be valued at the par-value of the assets, except if it appears that such value is unlikely to be received. In such a case, subject to the approval of the Board of Directors, the value shall be determined by deducting a certain amount to reflect the true value of the assets.
7. All other securities and other assets will be valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.

The value of all assets and liabilities not expressed in the reference currency of a sub-fund will be converted into the reference currency of such sub-fund at rates last quoted by major banks. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, at its sole discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Company.

Every other asset shall be assessed on the basis of the foreseeable realisation value which shall be estimated prudently and in good faith.

In the event that extraordinary circumstances render valuations as aforesaid impracticable or inadequate, the Company is authorised, prudently and in good faith, to follow other rules in order to achieve a fair valuation of its assets.

All and any assets not expressed in the currency of the sub-fund to which they belong shall be converted into the currency of that sub-fund at the exchange rate applying on the concerned Bank Business Day or at such exchange rate as may be agreed in the relevant forward contracts.

The value of the net assets per share of each class, as well as their issue, redemption and conversion prices shall be made available at the registered office of the Company every Bank Business Day.

Adequate deductions will be made for expenses to be borne by the Company and account will be taken of the Company's liabilities according to fair and prudent criteria. Adequate provisions will be made for the expenses to be borne by the Company and account may be taken of the Company's off balance sheet liabilities according to fair and prudent criteria.

## **2. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE, OF ISSUES, CONVERSIONS AND REDEMPTIONS OF SHARES**

- A. The Board of Directors is authorised to suspend temporarily the calculation of the Net Asset Value of the assets of one or more sub-fund(s) or class(es) of the Company and the Net Asset Value per share of such sub-fund(s) or class(es), as well as the issue, redemption and conversion of the shares of these sub-funds or classes, in the following cases:
- a) when any of the principal stock exchanges, on which a substantial portion of the assets of one or more sub-funds of the Company is quoted, is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
  - b) when the market of a currency, in which a substantial portion of the assets of one or more sub-fund(s) or class(es) of the Company is denominated, is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
  - c) when any breakdown arises in the means of communication normally employed in determining the value of the assets of one or more sub-fund(s) or class(es) of the Company or when for whatever reason the value of one of the Company's investments cannot be rapidly and accurately determined;
  - d) when exchange restrictions or restrictions on the transfer of capital render the execution of transactions on behalf of the Company impossible, or when purchases or sales made on behalf of the Company cannot be carried out at normal exchange rates;
  - e) when political, economic, military, monetary or fiscal circumstances which are beyond the control, responsibility and influence of the Company prevent the Company from disposing of the assets, or from determining the Net Asset Value, of one or more sub-fund(s) or class(es) of the Company in a normal and reasonable manner;
  - f) as a consequence of any decision to liquidate or dissolve the Company or one or several sub-fund(s);
  - g) in the event of the publication (i) of the convening notice to a general meeting of Shareholders at which a resolution to wind up the Company, any Sub-Fund or Class of Shares is to be proposed, or of the decision of the Board of Directors to wind up one or more Sub-Funds or Classes of Shares, or (ii) to the extent that such a suspension is justified for the protection of the Shareholders, of the notice of the general meeting of Shareholders at which the merger of the Company, a Sub-Fund or a Class of Shares is to be proposed, or of the decision of the Board of Directors to merge one or more Sub-Funds or Classes of Shares; or
  - h) where the Master UCITS of a Feeder Sub-Fund temporarily suspends the calculation of its net asset value, whether on its own initiative or at the request of its competent authorities; or
  - i) In exceptional circumstances which may be detrimental to the Shareholders' interests (for example: large numbers of redemption or conversion requests, strong volatility on one or more markets in which

the Company invests), the Directors reserve the right to suspend the determination of the Net Asset Value for the Sub-Funds concerned and to suspend the subscriptions, redemptions, conversions requests, until these exceptional circumstances disappear and, if the case arises, until any essential sales of securities on behalf of the relevant Sub-Funds have been completed.

- B. Any suspension of the calculation of the Net Asset Value of the shares of one or more sub-fund(s) or class(es) will be announced by all appropriate means, and in particular by publication, if appropriate, in the newspapers in which these values are usually published. The Company will inform the shareholders having requested the subscription, redemption or conversion of the shares of these sub-funds or classes of any suspension of calculation in the appropriate manner.

Such suspension with regard to any sub-fund or classes of shares shall have no effect on the calculation of the Net Asset Value of another sub-fund or class.

During the suspension period, shareholders may cancel any subscription, redemption or conversion orders they have placed. If orders are not cancelled, shares will be issued, redeemed or converted on the basis of the first Net Asset Value calculated after the suspension period.

- C. In exceptional circumstances which may be detrimental to the shareholders' interests (for example large numbers of redemption, or conversion requests, strong volatility on one or more market(s) in which the sub-fund(s) or class(es) is (are) invested, the Board of Directors reserves the right to suspend the determination of the value of this (these) sub-fund(s) or class(es) until the disappearance of these exceptional circumstances and, if the case arises, until any essential sales of securities on behalf of the Company have been completed.

In such cases, subscriptions, redemption requests and conversions of shares, which were suspended simultaneously, will be satisfied on the basis of the first Net Asset Value calculated thereafter.

## V. CHARGES AND EXPENSES

### 1. FEES TO BE BORNE BY THE COMPANY

The following costs may be charged to the Company:

- costs incurred in connection with the formation of the Company, including the cost of services rendered in the incorporation of the Company and in obtaining approval by the competent authorities;
- remuneration of the Investment Manager, the Depositary Bank, the Administrative Agent and Registrar and Transfer Agent and, the Management Company and, if any, the remuneration of correspondents;
- Administrative and Domiciliary Agency fees;
- expenses for legal and other professional services relating to the management of the Company and its sub-funds;
- Auditors' costs and audit fees;
- remuneration of the Directors and reimbursement of their reasonable expenses, if any;
- costs of printing and publishing information for the shareholders and in particular the costs of printing and distributing the periodic reports, as well as the Prospectuses, brochures and other marketing material;
- brokerage fees and any other fees arising from transactions involving securities in the Company's portfolio;
- all taxes and duties which may be payable on the Company's income;
- the annual registration fee (cf. Section VII 1), as well as taxes or other fees payable to the supervisory authorities and costs relating to the distribution of dividends;
- extraordinary expenses, in particular those relating to the consultation of experts or other such proceedings as may protect the shareholders' interests;
- annual fees payable for stock exchange listing, if any;
- subscriptions to professional associations and other organisations in Luxembourg, which the Company will decide to join in its own interest and in that of its shareholders;
- risk and compliance management and fund reports.

The Company will pay to the Depositary Bank and the Administrative Agent and Registrar and Transfer Agent annual fees of, as specified in the Appendix of the relevant Sub-fund.

The amount paid by the Company to the Depositary Bank and Administrative Agent and Registrar and Transfer Agent will be mentioned in the annual report of the Company.

As remuneration for its services, the Domiciliary Agent will receive from the Company an annual fee of EUR 2,000 (excl. VAT) p.a. per active sub-fund and any fees agreed between the Management Company and the Company (the "Parties") agreed from time to time.

As remuneration for its management company services, the Management Company is entitled to receive out of the assets of each Sub-Fund (i) an annual fixed fee of EUR 12,500 and (ii) a recurring risk management fee of up to 0.09% per annum. The EUR 12,500 are paid upfront at the beginning of each year and the variable fees are payable monthly in arrears during the relevant month. The exact amount paid annually can be deferred from the Company's relevant annual report.

In addition, any reasonable disbursements and out-of-pocket expenses, including telephone, telex, facsimile, electronic transmission and postage expenses etc. incurred by the Management Company, the Depositary Bank, the Administrative Agent and Registrar and Transfer Agent within the framework of their mandates, as well as correspondents' costs, will be borne by the relevant sub-fund of the Company. In its capacity as Paying Agent, the Depositary Bank may charge the usual fee charged in the Grand Duchy of Luxembourg.

Under the terms of the agreement entered into by the Company and the Management Company, the Company will pay fees appearing in each sub-fund's relevant data sheet under Appendix IV.

All recurring general costs will be charged first against investment income, then, should this not be sufficient, against realised capital gains.

Costs related to the establishment of any new sub-fund will be borne by such new sub-fund and amortised over a period of 1 (one) year from the date of establishment of such sub-fund or over any other period as the Board of Directors may determine, with a maximum of 5 (five) years starting on the date of the sub-fund's establishment.

When a sub-fund is liquidated, any setting-up costs that have not yet been amortised will be charged to the sub-fund being liquidated.

All expenses will be accrued in each sub-fund at each net asset value calculation.

## **2. FEES TO BE BORNE BY THE SHAREHOLDER**

The fees paid by shareholders are described in each relevant sub-fund's data sheet under Appendix IV.

## VI. TAX STATUS - APPLICABLE LAW - OFFICIAL LANGUAGE

### 1. TAX STATUS

#### A. TAXATION OF THE COMPANY

The Company is governed by Luxembourg tax laws.

Under current law and practice, the Company is liable, at the date of this prospectus, to an annual subscription tax of 0,05% (except those sub-funds or share classes, which may benefit from the lower rate of 0,01% as more fully described in article 174 of the 2010 Law). No such tax is due on the portion of the assets of the Company invested in other Luxembourg UCITS or UCIs (if any) provided that such assets have already been subject to the subscription tax. This tax is payable quarterly and calculated on the basis of the Company's net assets at the end of the relevant quarter.

No duty or other tax will be paid in Luxembourg on the issue of shares of the Company except for a fixed registration duty of 75 Euro paid by the Company payable at the time of incorporation.

Income received by the Company may be liable to withholding taxes in the country of origin and is thus collected by the Company after deduction of such tax. This is neither chargeable nor recoverable.

#### B. TAXATION OF THE SHAREHOLDERS OF THE COMPANY

Under the present system, neither the Company, nor its shareholders (with the exception of individuals or corporate entities residing in the Grand Duchy of Luxembourg or non-residents and former residents holding more than 10% of the issued share capital of a sub-fund) are subject in Luxembourg to any taxation of or withholding on their income, on realised or unrealised capital gains, on transfers of shares for cause of death or on amounts received subsequent to dissolution.

Potential shareholders are advised to make inquiries and, if necessary, to take advice on the subject of the laws and rulings (such as those concerning taxation and exchange control) which apply to the subscription, purchase, holding and disposal of shares in their country of origin, residence and/or domicile.

However, the attention of the shareholders is drawn on the fact that according to the Luxembourg law dated 21<sup>st</sup> June 2005, introducing the EU Directive 2003/48/EEC dated 3<sup>rd</sup> June 2003 on the taxation of savings paid under the form of interest (hereinafter referred to as the "Directive"), a withholding tax may be levied on any interest payment arising from savings (hereinafter referred to as the "Income"). A Luxembourg based paying agent shall levy this withholding tax on behalf of the economical beneficiaries, provided these economical beneficiaries are individuals who are tax resident in a State Member other than Luxembourg. Should the Luxembourg based paying agent not be allowed to disclose information in order to identify the relevant economical beneficiary of the Income, a withholding tax shall thus be levied at a rate of 35%.

#### Foreign Account Tax Compliance Act (FATCA)

Foreign Account Tax Compliance Act (the "**FATCA**") provisions generally impose a reporting to the US Internal Revenue Service of U.S. persons direct and indirect ownership of non-U.S. accounts and non-U.S. entities. The Company and the Management Company may require all shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation.

Despite anything else herein contained and as far as permitted by Luxembourg law, the Company and the Management Company shall have the right to (i) withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company; (ii) require any shareholder or beneficial owner of the shares to promptly furnish such personal data as may be required by the Company and the Management Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained; (iii) divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority,

Any information provided in this context is collected for anti-money laundering compliance and FATCA purposes only.

## European Union Directive on the Taxation of Savings Income

### EU Savings Directive

The law passed by the Luxembourg parliament on 21 June 2005 (the "**Savings Law**") implemented into Luxembourg Law the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (referred to as the "**Savings Directive**" or "**EUSD**"). On 10 November 2015, the Council of the European Union decided to repeal the Savings Directive with effect as at 1 January 2016. As from that date, Common Reporting Standard ("CRS") apply in most of EU countries, including Luxembourg. Therefore, as from 1 January 2016, Luxembourg does not apply anymore EUSD regime but CRS regime. Shareholders and potential investors are informed that only Austria obtained a derogation to apply EUSD for a transitional period (see Article 2.2 of the Council Directive 2014/107/EU of 9 December 2014) as CRS started to be applied in Austria gradually as from October 2016. During this transitional period, Austria continued to apply EUSD until 31 December 2016. In addition, as Switzerland was part of the second CRS wave, the "Savings Agreement" concluded between EU and Switzerland remained in force until 31 December 2016. As from the 1st January 2017, it has changed into an "Automatic exchange of information" Agreement. Additional information on the CRS regime is available in the related sub-section below.

### Common Reporting Standard (CRS)

The OECD received a mandate by the G8/G20 countries to develop a global reporting standard to achieve a comprehensive and multilateral automatic exchange of information (AEOI) in the future on a global basis. The CRS has been incorporated in the amended Directive on Administrative Cooperation (DAC 2), adopted on 9 December 2014, which the EU Member States needed to incorporate into their national laws by 31 December 2015. Luxembourg enacted the CRS provisions in a law enacted on 18 March 2015 (the "**CRS Law**") which amends the law of 29 March 2013 on administrative cooperation in the field of taxation.

The CRS requires Luxembourg Financial Institutions to identify their account holders (including in the case of an Investment Entity equity and debt holders) and establish if they are fiscally resident outside Luxembourg. In this respect, a Luxembourg Financial Institution is required to obtain a self-certification to establish the CRS status and/or tax residence of its account holders at account opening.

Luxembourg Financial Institutions needed to perform their first reporting of financial account information for the year 2016 about account holders and (in certain cases) their Controlling Persons that are tax resident in a Reportable Jurisdiction (identified in a Grand Ducal Decree) to the Luxembourg tax authorities (*Administration des contributions directes*) by 30 June 2017.

The Luxembourg tax authorities automatically exchanged this information with the competent foreign tax authorities by the end of September 2017.

### Data protection

According to the AEOI Law and Luxembourg data protection rules, each individual concerned shall be informed on the processing of his/her personal data before the Reporting Luxembourg Financial Institution processes the data. If the individual qualifies as Reportable Person in the aforementioned context, the Company will inform the individual in accordance with the Luxembourg data protection law.

- In this respect, the Company as Reporting Luxembourg Financial Institution will be responsible for the personal data processing and will act as data controller for the purpose of the AEOI Law.
- The personal data is intended to be processed for the purpose of the AEOI Law and the CRS/DAC 2.
- The data may be reported to the Luxembourg tax authorities (*Administration des contributions directes*), which may in turn continue these data to the competent authorities of one or more Reportable Jurisdictions.

- For each information request for the purpose of the AEOI Law sent to the individual concerned, the answer from the individual will be mandatory. Failure to respond within the prescribed timeframe may result in (incorrect or double) reporting of the account to the Luxembourg tax authorities.
- Each individual concerned has a right to access any data reported to the Luxembourg tax authorities for the purpose of the AEOI Law and, as the case may be, to have these data rectified in case of error.

## **2. APPLICABLE LAW**

Any disputes between shareholders and the Company will be settled in accordance with Luxembourg law.

## **3. OFFICIAL LANGUAGE**

The official language of this Prospectus and of the Articles of Incorporation is English. However, the Board of Directors and the Management Company may, personally and on behalf of the Company, consider that these documents must be translated into the languages of the countries in which the shares are offered and sold. In case of any discrepancies between the English text and any other language into which the Prospectus is translated, the English text will prevail.

## **VII. FINANCIAL YEAR - MEETINGS - REPORTS**

### **1. FINANCIAL YEAR**

The financial year of the Company starts each year on the first day of January and ends on the last day of December of each year. The first financial year began on the date of the launch of the Company and ended on 31 December 2012.

### **2. MEETINGS**

The annual general meeting of shareholders will be held in accordance with Luxembourg law, at the registered office of the Company or at any other place in Luxembourg which will be specified in the convening notice to the meeting, within six months of the end of the fiscal year as determined in the Articles of Incorporation. Shareholders will meet upon the call of the Board of Directors in accordance with the provisions of Luxembourg law.

### **3. PERIODIC REPORTS**

Annual reports as at the last day of December, certified by the Auditors, and for the first time on 31 December 2012 and unaudited semi-annual reports, as at last day of June, and for the first time on 30 June 2013, are available to shareholders free of charge.

The Company is authorised to publish an abridged version of the financial reports. However, a complete version of the financial reports may be obtained free of charge at the registered office of the Company, or the Management Company, as well as from the establishments designated by the Company. These reports will contain information concerning each sub-fund as well as the assets of the Company as a whole.

The financial statements of each sub-fund are expressed in its respective reference currency, whereas the consolidated accounts will be expressed in USD.

The annual reports, which are made available within 4 (four) months after the end of the financial year, as well as the semi-annual reports, which are made available within 2 (two) months after the end of the half-year, are held at the Shareholders' disposal at the registered office of the Company.

## **VIII. LIQUIDATION OF THE COMPANY - MERGER OF SUB-FUNDS OR CLASSES**

### **1. LIQUIDATION OF THE COMPANY**

The Company will be liquidated in accordance with the provisions of the 2010 Law.

#### **A. MINIMUM ASSETS**

If the capital of the Company falls below two thirds of the required minimum, the Board of Directors must submit the question of the Company's dissolution to a general meeting of shareholders for which no quorum will be prescribed and which will decide by a simple majority of the shares represented at the meeting.

If the capital of the Company falls below one quarter of the required minimum, the Board of Directors must submit the question of the Company's dissolution to the general meeting of shareholders for which no quorum will be prescribed; dissolution may be decided by the shareholders holding one quarter of the shares represented at the meeting.

The meeting will be convened so as to be held within 40 (forty) days from the date on which the net assets are recorded as having fallen below either two thirds or one quarter of the legal minimum.

Moreover, the Company may be dissolved by a decision of a general meeting of shareholders ruling in accordance with the relevant statutory provisions.

#### **B. VOLUNTARY LIQUIDATION**

In case the Company is dissolved, its liquidation will be carried out by one or more liquidators appointed in accordance with the Articles of Incorporation and with the 2010 Law, which specifies the manner in which the net proceeds of liquidation, after deduction of expenses, is to be distributed amongst the shareholders.

Amounts that have not been distributed by the close of the liquidation procedure will be consigned to the "*Caisse de Consignation*" in Luxembourg (at the latest 9 months after the decision of liquidation) for the duration of the limitation period in favour of the shareholders entitled thereto.

Shares will cease to be issued, redeemed and converted as soon as the decision to dissolve the Company is taken.

### **2. CLOSURE AND MERGER OF SUB-FUNDS OR CLASSES**

#### **A. CLOSURE OF SUB-FUNDS OR CLASSES**

If the assets of any one sub-fund or class fall below USD 2 million or in the event of changes taking place in the economic and/or political environment, the Board of Directors may decide to close this sub-fund or class. The Board of Directors may also decide to close sub-funds or classes within the framework of down-sizing the range of products offered to clients.

A notice relating to the closure of the sub-fund or class will be sent to the shareholders of the sub-fund or class concerned. The shareholders will have the possibility to redeem their shares free of charge.

Barring contrary decision on the part of the Board of Directors, the Company may, prior to the implementation of the liquidation, pursue its redemption of the shares of the relevant sub-fund or class to be liquidated. The Company shall, with regard to such redemption, carry out computation on the basis of the Net Asset Value to be determined so as to take into account of the costs of liquidation, but without any deduction of a redemption

commission or any other deduction. Establishment expenses shall be wholly written off as of the decision to liquidate is reached.

The net assets of the sub-fund or class concerned will be divided amongst the remaining shareholders of the sub-fund or class. Amounts which have not been distributed by the closure of the liquidation procedure of the sub-fund will be deposited in escrow at the "*Caisse de Consignation*" in Luxembourg for the limitation period in favour of the shareholders entitled thereto.

The annual report relating to the financial year along which the decision to liquidate has been taken shall expressly state such decision and supply details regarding the implementation of liquidation operations.

## **B. MERGER OF SUB-FUNDS OR CLASSES**

The Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company (the "new Sub-Fund") and to redesignate the shares of the class or classes of shares concerned as shares of the new Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders).

The Board of Directors may also decide to allocate the assets of any Sub-Fund to another undertaking for collective investment organised under the provisions of Part I of the 2010 Law or under the legislation of a Member State of the European Union, or of the European Economic Area, implementing Directive 2009/65/EC or to a sub-fund within such other undertaking for collective investment.

The mergers will be undertaken within the framework of the 2010 Law.

Any merger shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of shareholders of the Sub-Fund concerned. No quorum is required for such a meeting and decisions are taken by a simple majority of the votes cast. In case of a merger of a Sub-Fund where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of shareholders resolving in accordance with the quorum and majority requirements for changing the Articles of Incorporation of the Company.

In the event that the Board of Directors believes it is required for the interests of the shareholders of the relevant sub-fund or that a change in the economic or political situation relating to the sub-fund concerned has occurred which would justify it, the reorganisation of one sub-fund or class, by means of a division into two or more sub-funds or classes, may be decided by the Board of Directors.

A notice relating to the merger or division of the sub-fund or class will be sent to the shareholders of the sub-fund or class concerned. The shareholders will have the possibility to redeem their shares free of charge. Any applicable contingent deferred sales charges are not to be considered as redemption charges and shall therefore be due.

The Company's auditors will produce a report on the merger.

These mergers may be justified by various economic circumstances.

Any amounts remaining as a result of mergers of sub-funds or classes will be treated in the same manner as for subscriptions or conversions.

## **IX. CONFLICTS OF INTEREST**

The Investment Manager, the Management Company and other affiliated companies may from time to time act as investment manager or as management company to other investment funds/clients and may act in other capacities in respect of such other investment funds or clients. It is therefore possible that the Investment Manager, the Management Company and other affiliated companies may, in the course of their business, have potential conflicts of interest with the Company.

In the event that any conflict of interest actually arises, the Directors, the Management Company and/or the Investment Manager will ensure that such conflict is resolved fairly in an open and transparent manner and in the best interests of the Company and of the Shareholders.

The Company may also invest in other Investment Funds which are managed by the Management Company, the Investment Manager or any of their affiliated companies. The directors of the Management Company may also be directors of investment funds and the interest of such investment funds and of the Company could result in conflicts.

In the event that such a conflict arises, the directors of the Management Company and the Directors will ensure that it is resolved in a fair manner in an open and transparent manner and in the best interests of the Company and of the Shareholders.

The Investment Manager may execute transactions for the Company through brokers in which it, or its Directors, or other related parties, own a material interest.

Any such transactions are to be on an arms-length principal, or on more advantageous terms to the Company than if transacted through non-related third parties, while details of such related-parties transactions are disclosed in audited accounts.

In the event that a conflict of interest arises, the Investment Manager will ensure that it is resolved in a fair manner in an open and transparent manner and in the best interests of the Company and of the Shareholders.

## **X. DATA PROTECTION**

All personal data of shareholders contained in any document provided by such shareholders and any further personal data collected in the course of the relationship with the Company may be collected, recorded, stored, adapted, transferred or otherwise processed and used (hereinafter "processed") by the Company and/or the Management Company. Such data shall be processed for the purposes of account administration, anti-money laundering identification and the development of the business relationship. To this end, data may be transferred to companies appointed by the Company or the Management Company, to support the Company's activities.

Each shareholder, by signing the subscription agreement, gives its agreement to such processing of his personal data, as provided by the applicable regulatory framework on the protection of the persons with regard to the processing of personal data.

Further details on the terms and conditions on the processing of data are available upon request and free of charge at the registered office of the Company.

The Company, acting as data controller (or, where relevant, joint data controller with any of the Management Company, the Distributor, the Depository Bank, the Administrative Agent and Registrar and Transfer Agent or the Investment Manager), collects, stores and processes by electronic or other means the data supplied by the shareholders at the time of their subscription for the purpose of fulfilling the services required by the shareholders and complying with its legal obligations.

Any data collected by the Company are to be processed in accordance with the data protection law applicable to the Grand Duchy of Luxembourg and the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the “**Data Protection Law**”).

The data processed includes the name, address and invested amount of each shareholder as well as any data requested by the Company in order to ensure the Company’s compliance with applicable anti-money laundering/know your customer, counter terrorist financing, FATCA and CRS rules (the “**Personal Data**”).

The investor may, at his discretion, refuse to communicate the Personal Data to the Company. In this case, however, the Company may reject his request for subscription of Shares in the Company.

In particular, the data supplied by shareholders is processed for the purpose of (i) maintaining the register of shareholders, (ii) processing subscriptions, redemptions and conversions of shares and payments of dividends to shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering/know your customer, counter terrorist financing, FATCA and CRS rules.

The Company can delegate to another entity located in the European Union (the Management Company, the Distributor, the Administrative Agent and Registrar and Transfer Agent, the Investment Manager (if any), or the Administrative Agent and Registrar and Transfer Agent) the processing of the Personal Data. The Company may also transfer Personal Data to third parties such as governmental or regulatory agencies including tax authorities, in or outside the European Union, in accordance with applicable laws and regulations.

The shareholder has the right to:

- access his/her Personal Data;
- correct his/her Personal Data where it is inaccurate or incomplete;
- object to the processing of his/her Personal Data;
- ask for erasure of his/her Personal Data;
- ask for Personal Data portability under certain conditions.

The shareholder also has the right to object to the use of his/her Personal Data for marketing purposes.

The shareholder may exercise the above rights by writing to the Company at its registered office.

The shareholder also acknowledges the existence of his/her right to lodge a complaint with the National Commission for Data Protection.

Personal Data shall not be retained for longer than the time required for the purpose of its processing, subject to the legal limitation periods.

# XI. INFORMATION - DOCUMENTS AVAILABLE TO THE PUBLIC

## 1. INFORMATION FOR SHAREHOLDERS

### a) Net Asset Value

The Net Asset Values of the shares of each sub-fund will be available on each Bank Business Day at the registered office of the Company and of the Administrative Agent and Registrar and Transfer Agent. The Board of Directors may subsequently decide to publish these net values in newspapers of the countries in which the shares of the Company are offered or sold.

### b) Issue and redemption prices

The issue and redemption prices of the shares of each sub-fund of the Company are made public on each Valuation Day at the offices of the Administrative Agent and Registrar and Transfer Agent.

### c) Notices to shareholders

Notices to shareholders will be sent at their attention at their address as indicated in the shareholder register or by any other means of communication and shall be made available at the registered office of the Company, free of charge. Furthermore, they may be published in Luxembourg and in the countries where the Company is marketed as well as in the *Recueil Electronique des Sociétés et Associations* if such publications are required by the applicable law or by the Articles of Incorporation.

### d) Material contracts

The following contracts are executed by the Company:

- the Depositary Agreement;
- the Central Administration Services Agreement;
- the Management Company Services Agreement;
- the Investment Management Agreement;
- the distribution agreement effective as of 1 January 2021 between the Management Company and Sturgeon Capital Ltd.

### e) Rights of the investors

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

Additional information which the Management Company must make available to investors in accordance with Luxembourg laws and regulations such as but not limited to shareholder complaints handling procedures, management of activities giving rise to detrimental conflict of interest, voting rights policy of the Management Company etc., shall be available at the registered office of the Management Company.

## 2. DOCUMENTS AVAILABLE TO THE PUBLIC

Copies of the Articles of Incorporation, of the Prospectus, of the latest annual and semi-annual reports of the Company and of the material contracts referred to above are available for inspection at the registered office of the Company where a copy may be obtained free of charge.

Subscription forms may be obtained upon request at the registered office of the Administrative Agent and Registrar and Transfer Agent.

## **XII. SPECIAL CONSIDERATION ON RISKS**

With regard to each sub-fund, future investors are recommended to consult their professional advisors to evaluate the suitability of an investment in a specific sub-fund, in view of their personal financial situation.

The number and allocation of portfolio assets in each sub-fund should reduce the sub-fund's sensitivity to risks associated with a particular investment. Nevertheless, potential investors should be aware of the fact that there can be no assurance that their initial investment will be preserved.

Past performance is not indicative of future results. Each sub-fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise. There can be no assurance that each sub-fund will achieve its objectives. There is no guarantee that investors will recover the total amount initially invested.

In addition, future investors should give careful consideration to the following risks (such list not being exhaustive) linked to an investment in certain sub-funds, to the fact that an investment may also be affected by any changes in regulations and laws and to the specific risks for each sub-fund in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix IV:

### **Acceptable markets**

Some markets, on which securities are listed, may not qualify as acceptable markets under Article 41(1) of the Law. Investments in securities on these markets will be considered as investments in unlisted securities.

### **Risk of limited trading volume**

Trading volumes of emerging country stock exchanges can be considerably lower than in leading world exchanges. The resulting lack of liquidity may adversely affect the price at which the securities held by a sub-fund can be sold, while bid-offer spreads may be substantially larger than in developed markets.

### **Accounting and statutory standards**

It may occur in some countries, where a sub-fund may potentially invest, that standards of accountancy, auditing and reporting are less strict than the standards applicable in more developed countries and that investment decisions have to be taken based on information less complete and accurate than that available in more developed countries.

### **Currency risks**

Certain sub-funds, investing in securities denominated in currencies other than their reference currency, may be subject to fluctuations in exchange rates resulting in a reduction in the sub-fund's Net Asset Value. Changes in the exchange rate between the base currency of the sub-fund and the currency of its underlying assets may lead to a depreciation of the value of the sub-fund's assets as expressed in the sub-fund's base currency. The sub-fund may attempt to mitigate this loss by the use of hedging but only on the terms approved of in the Prospectus.

### **Investment in small and medium-capitalised companies (small and medium cap)**

Investment in small and medium-sized companies can involve more risks than those normally associated with investment in larger and better established companies. Smaller companies, in particular, often have limits as regards product range, markets or financial resources, and there may be only one or two key manager(s).

### **Investing in Equity Securities**

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

### **Investments in Debt Securities**

Among the principal risks of investing in debt securities are the following:

- interest rate risk (the risk that the value of the relevant sub-fund's investments will fall, if interest rates rise); interest rate risk generally is greater for sub-funds that invest in fixed income securities with relatively long maturities than for sub-funds that invest in fixed income securities with shorter maturities;
- credit risk (the risk that companies in which the relevant sub-fund invests, or with which it does business, will fail financially, and be unwilling or unable to meet their obligations to the sub-fund).

### **Emerging Market Risks**

The attention of the investor is drawn to the fact that investments in emerging markets may offer higher risk. There follows an overview of the general risks entailed by investments in the emerging markets:

- Emerging markets are at an early stage of development and suffer from increased risk of expropriation, nationalization and social, political and economic insecurity.
- Counterfeit securities – with the weakness in supervisory structures, it is possible for securities purchased by a Sub-Fund to be counterfeited. Hence it is possible to suffer losses.
- Liquidity difficulties – the buying and selling of securities can be costlier, lengthier and in general more difficult than is the case in the more developed markets. Difficulties with liquidity can also increase price volatility. Many emerging markets are small, have low trading volumes and suffer from low liquidity and high price volatility.
- Currency fluctuations – the currencies of countries in which a Sub-Fund invests, compared with the accounting currency of that Sub-Fund, can undergo substantial fluctuations once the sub-fund has invested in these currencies. Such fluctuations may have a significant effect on the sub-fund's income. It is not possible to apply currency risk hedging techniques to all currencies in emerging market countries.
- Currency export restrictions – it cannot be excluded that emerging markets limit or temporarily suspend the export of currencies. Consequently, it is not possible for a Sub-Fund to draw any sales proceeds without delays. To minimise the possible impact on redemption applications, a sub-fund will invest in a large number of markets.
- Settlement and custody risks – the settlement and custody systems in emerging markets countries are not as well developed as those in developed markets. Standards are not so high and the supervisory authorities do not have the same amount of experience. Consequently, it is possible for settlement to take place late, which may pose disadvantages for liquidity and securities.
- Restrictions on buying and selling – in some cases, emerging markets can place restrictions on the buying of securities by foreign investors. Some equities are thus not available to a Sub-Fund because the maximum number allowed to be held by foreign shareholders has been exceeded. As well as this, the participation of foreign investors in the net income, capital and distributions may be subject to restrictions or government approval. Emerging markets may also limit the sale of securities by foreign investors. Should a Sub-Fund be barred due to such a restriction from selling its securities in an emerging market, it will try to obtain an exceptional approval from the authorities responsible or to counter the negative impact of this restriction through its investments in other markets. A Sub-Fund will only invest in markets in which the restrictions are acceptable. However, it is not possible to prevent additional restrictions from being imposed.
- Accounting – the accounting, auditing and reporting standards, methods, practices and disclosures required by companies in emerging markets differ from those in developed markets in respect of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options. Consequently, there is generally less publicly available information about such companies than about companies in developed countries. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the statistics being reported.
- General market conditions – economic uncertainty, changes in law, trade barriers. Emerging market economies may differ favourably or unfavourably from the U.S. or other developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, emerging market economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Such markets may be subject to higher inflation.
- Volatility - Emerging markets are more likely than developed markets to experience periods of extreme volatility. Such volatility could result in substantial losses for the Sub-Fund.
- Governmental risks/taxation - There is the possibility of nationalization, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Sub-Fund, political changes, government

- regulation, social instability or diplomatic developments, any of which could affect adversely economies of emerging markets or the value of the Sub-Fund's investments, or both.
- Reduced diversification - Where Sub-Fund assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by potentially adverse developments within those markets or sectors.

**For the reasons mentioned, Sub-Funds that invest in Emerging Markets are especially suitable for investors who are aware of the risks.**

### **Specific risks related to investments in China**

Shenzhen and Shanghai-Hong Kong Stock Connect risks

#### *Quota limitations risk*

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

#### *Suspension risk*

Both Hong Kong Stock Exchange ("SEHK") and Shanghai Stock Exchange ("SSE") reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which would adversely affect the sub-fund's ability to access the People's Republic of China ("PRC") market.

#### *Differences in trading day*

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

#### *Restrictions on selling imposed by front-end monitoring*

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

#### *Clearing, settlement and custody risks*

The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx (the "HKSCC") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

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

#### *Operational risk*

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Sub-Fund, to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

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

Further, the “connectivity” in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system (“China Stock Connect System”) to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The Sub-Fund ability to access the H-share market (and hence to pursue their investment strategy) will be adversely affected.

#### *Nominee arrangements in holding investments*

HKSCC is the “nominee holder” of the SSE securities acquired by overseas investors (including the sub-fund) through the Stock Connect. The China Securities Regulatory Commission (“CSRC”) Stock Connect rules expressly provide that investors enjoy the rights and benefits of the SSE securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in the PRC may consider that any nominee or depositary as registered holder of SSE securities would have full ownership thereof, and that even if the concept of beneficial owner is recognized under PRC law those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Sub-Fund and the Depositary Bank cannot ensure that the sub-fund’s ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE securities in the PRC or elsewhere. Therefore, although the relevant sub-fund’s ownership may be ultimately recognised, the Sub-Fund may suffer difficulties or delays in enforcing their rights.

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

#### *Legal and beneficial ownership risks*

Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local central securities depositories, HKSCC and ChinaClear. As in other emerging markets, the only legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership and of beneficial ownership or interest in securities.

In the event ChinaClear defaults, HKSCC’s liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels of the liquidation of ChinaClear. In this event, the sub-funds may not fully recover their losses or their China Hong-Kong Stock Connect Programmes securities and the process of recovery could also be delayed.

#### *Investor compensation*

Investments of the Sub-Fund through Northbound trading under the Stock Connect will not be covered by Hong Kong’s Investor Compensation Fund. Hong Kong’s Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, therefore they are not protected by the China Securities Investor Protection Fund in the PRC.

### *Trading costs*

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

### *Regulatory risk*

The CSRC Stock Connect rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognize such rules, e.g. in liquidation proceedings of PRC companies. The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The Sub-Fund, which may invest in the PRC markets through the Stock Connect may be adversely affected as a result of such changes.

### *Government Control of Currency Conversion and Future Movements in Exchange Rates*

Since 1994, the conversion of onshore Renminbi CNY into other currencies has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of CNY to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that the CNY exchange rate will not fluctuate widely against any foreign currency in the future.

### *Onshore versus offshore Renminbi differences risk*

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

### *Restricted markets risk*

The Sub-Fund may invest in securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund's holdings as compared to the performance of the Sub-Fund's Reference Index. This may increase the risk of tracking error and, at the worst, the sub-funds may not be able to fully achieve its investment objective and/or the Sub-Fund may face increased liquidity risks.

### *Suspension risk*

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

### *Operational and Settlement Risk*

Settlement procedures in the PRC are less developed and may differ from those in countries that have more developed financial markets. The Sub-Fund may be subject to a risk of substantial loss if an appointed agent (such as a broker or a settlement agent) defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for securities the sub-funds has delivered, or for any reason fails to complete its contractual obligations owed to the Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result. As a consequence, the broker model involving Delivery Versus Payment settlement must be chosen in order to limit counterparty risk.

#### *Changes in PRC taxation risk*

The PRC Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies. Any changes in tax policies may reduce the after-taxation profits of the investments to which the performance of the sub-funds is linked.

#### *Government intervention and restriction risk*

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund.

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

#### **Foreign Investment Risks**

Government regulations and restrictions in certain countries, including countries in Asia and the Pacific region, Africa, Eastern Europe and Latin America, may limit the amount and types of securities that may be purchased by a sub-fund or the sale of such securities once purchased. Such restrictions may also affect the market price, liquidity and rights of securities that may be purchased by a sub-fund, and may increase sub-fund expenses. In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation may affect certain aspects of the operation of a sub-fund. In particular, a sub-fund's ability to invest in the securities markets of several of the Asian countries and other emerging countries is restricted or controlled to varying degrees by laws restricting foreign investment and these restrictions may, in certain circumstances, prohibit a sub-fund from making direct investments.

#### **Warrants**

Investment in warrants on Transferable Securities can lead to increased portfolio volatility. Thus, the nature of the warrants will involve shareholders in a greater degree of risk than is the case with conventional securities.

#### **Use of derivatives and other Investment Techniques**

Certain sub-funds of the Company may also invest in financial derivative instruments, as more fully described in the investment policy of the relevant sub-funds, which may entail additional risks for shareholders. Derivative financial instruments are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in derivatives are subject to the general market risk, management risk, credit and liquidity risk. Depending on the specific characteristics of derivative financial instruments, however, the aforementioned risks may be of a different kind and occasionally turn out to be higher than the risks with an investment in the underlying instruments. The risk of default in the case of derivatives traded on an exchange is generally lower than the risk associated with derivatives that are traded over-the-counter on the open market. This is because the clearing agents assume the function of issuer or counterparty in relation to each derivative traded on an exchange. In the case of derivatives traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Management Company must take account of the creditworthiness of each counterparty. There are also liquidity risks since it may be difficult to buy or sell certain instruments. Additional risks connected with the employment of derivatives lie in the incorrect determination of prices or valuation of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss of value for the Company. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by the SICAV is not always an effective means of attaining the Company's investment objective and can at times even have the opposite effect.

**The Company will use commitments methodologies in order to calculate the global risk exposure of each relevant sub-fund and to ensure that such global risk exposure relates to financial derivative instruments does not exceed the total Net Asset Value of such sub-funds.**

#### **Counterparty risk**

The Sub-Funds of the Company may incur losses through their commitments *vis-à-vis* a counterparty on the techniques described in Appendix III "Financial techniques and instruments" of this Prospectus, in particular its

fully funded total return swap transactions, in the event of the counterparty's default or its inability to fulfil its contractual obligations.

### **Operational and custody risk**

Some markets are less regulated than most of the international markets; hence, the services related to custody and liquidation for the funds on such markets could be more risky.

## **APPENDIX I INVESTMENT RESTRICTIONS**

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments for each sub-fund, the benchmark, the reference currency and the Company's management strategy.

Except to the extent that more restrictive rules are provided for in connection with a specific sub-fund under Appendix IV, the investment policy shall comply with the rules and restrictions laid down hereafter:

### **A. The Company may invest in:**

- (1) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments dealt in on another market in a Member State of the EU, which is regulated, operates regularly and is recognised and open to the public;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State of the EU or dealt in on another market in a non-Member State of the EU, which is regulated, operates regularly and is recognised and open to the public;
- (4) recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on another Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of the first issue;
- (5) units of UCITS and/or other UCIs within the meaning of the first and the second indent of Article 1(2) of Directive 2009/65/EC, whether situated in a Member State of the EU or in a non-Member State of the EU, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority (the "CSSF") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection guaranteed to 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 requirement of Directive 2009/65/EC;
  - the business of the other UCIs is reported in half-yearly and annual report to enable an assessment of the assets and liabilities, income and operation over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can be, according to their constitutional documents, invested in aggregate in units of other UCITS or other UCIs;
- (6) deposits with credit institutions and time deposits, which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 (twelve) months, provided that the credit institution has its registered office in a Member State of the EU or, if the registered office of the credit institution is situated in a non-Member State of the EU, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (7) derivatives financial instrument within the meaning of the Grand-ducal regulation of 8th February

2008, in particular options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or other market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivative”), provided that:

- (i) - the underlying assets consist of instruments covered by the present Section A, of financial indices (including stock indices) within the meaning of the Grand-ducal regulation of 8<sup>th</sup> February 2008, interest rates, foreign exchange rates or currencies, in which the Company may invest in accordance with its investment objectives;
    - the counterparties to OTC derivatives transactions are institutions subject to prudential supervision and belonging to the categories, and
    - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can, at the Company’s initiative, be sold, liquidated or closed at fair value at any time by means of an offsetting transaction;
  - (ii) under no circumstances shall these operations cause the Company to diverge from its investment objectives.
- (8) Money Market Instruments other than those dealt in on a Regulated Market, as described under points (1) to (4), to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and saving, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State of the EU, the European Central Bank, the EU or the European Investment Bank, a non-Member State of the EU or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking, any securities of which are dealt in, on Regulated Markets referred to in (1), (2) or (3) above, or issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment, which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law within the meaning of the Grand-ducal regulation of 8th February 2008; or
  - issued by other bodies belonging to the categories provided that investments in such instruments are subject to investor protection rules, within the meaning of the Grand-ducal regulation of 8th February 2008, equivalent 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 EUR 10.000.000.- (ten million Euro) and which presents and publishes its annual accounts in accordance with directive 78/660/EEC, is an entity which, within a Group of Companies which includes one or several listed company(ies), 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 within the meaning of the Grand-ducal regulation of 8th February 2008.

**B. Moreover, each sub-fund of the Company may:**

- (1) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under Section A point (1) to (5) and (8); Russian transferable securities or money-market instruments (that is, in securities physically deposited with Russian transfer agents) which are not listed or traded on the Russian Trading System or on MICEX will fall within this 10% limit;
- (2) hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the shareholders;
- (3) borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Commitments in connection with options and the purchase and sale of futures are not taken into consideration when calculating the investment limit;
- (4) acquire foreign currency by means of a back-to-back loan.

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

**(a) Risk Diversification Rules**

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

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

**□ Transferable Securities and Money Market Instruments**

- (1) No sub-fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of such issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers, in which it invests more than 5% of its net assets, would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) The limit of 10% stipulated in point (1)(i) is raised to 20% if the Transferable Securities and Money Market Instruments are issued by companies belonging to the same group, that are not required to consolidate their financial statements, pursuant to Council Directive 83/349/EEC of 13th June 1983, with regard to consolidated accounts or pursuant to accepted international accounting rules.
- (3) The limit of 10% stipulated in point (1)(i) is raised up to 35% if the Transferable Securities and Money Market Instruments are issued or guaranteed by an EU Member State, by its regional authorities, by any third State or by international public organisations of which several EU Member States are a member.
- (4) The limit of 10% set forth above under (1)(i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution, which has its registered office in an EU Member State, and which, under applicable law, is submitted to specific public control, in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities, the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant sub-fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such sub-fund.
- (5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).
- (6) **Notwithstanding the ceilings set forth above, each sub-fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, by its local authorities, by any other Member State of the Organisation for Economic Cooperation and Development ("OECD") such as the U.S. or by international public organisations of which several EU Member States are members, provided that (i) such securities are part of at least 6 (six) different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such sub-fund.**
- (7) Without prejudice to the limits set forth hereunder under Section (b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body, when the aim of the sub-fund's investment policy is to replicate the composition of a certain stock or bond index within the meaning of the Grand-ducal regulation of 8th February 2008, based, among others, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

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

**Bank deposits**

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

**Derivatives**

- (9) The counterparty risk connected with OTC derivatives transactions may not exceed 10% of the net assets of a sub-fund, when the counterparty is one of the credit institutions referred to under Section A (6) above or 5% of its net assets in all other cases.
- (10) Investments in derivatives may be made insofar as the overall risks, to which the underlying assets are exposed, do not exceed the investment limits stipulated under points (1) to (5), (8), (9), (13) and (14). When the Company invests in derivatives pegged to an index, such investments are not necessarily combined with the limits set forth under points (1) to (5), (8), (9), (13) and (14).
- (11) When a Transferable Security or a Money Market Instrument includes a derivative financial instrument within the meaning of the Grand-ducal regulation of 8th February 2008, this derivative must be taken into account for the purpose of applying the provisions set out in Section C, point (14) and in Section D, point (1), and for the purpose of evaluating the risks connected with derivatives transactions, in such a way that the aggregate risk connected with the derivatives does not exceed the total Net Asset Value.

**Units of Open-Ended Funds**

- (12) The Company may not invest more than 20% of the net assets of each sub-fund in units of any one UCITS or other UCIs as defined in Section A, point (5).

Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of the sub-fund.

When a sub-fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in points (13) and (14).

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

Any sub-fund, that invests a substantial proportion of its assets in other UCITS and/or other UCIs, shall disclose the maximum level of the management fees that may be charged both to the sub-fund itself and to the UCITS, and/or other UCIs in which it intends to invest. In the annual report, it shall be indicated the maximum proportion of management fees charged both to each such sub-fund and to the UCITS and/or other UCIs, in which they invest.

**Combined limits**

- (13) Notwithstanding the individual limits stipulated under Section C, points (1), (8) and (9) above, a subfund may not combine:
- investments in Transferable Securities or Money Market Instruments issued by the same entity and/or,
  - deposits made with the same entity, and/or,

- risks inherent in OTC derivatives transactions with the same entity, exceeding 20% of its net assets.
- (14) The limits set out under Section C, points (1), (3), (4), (8), (9) and (13) above may not be combined, and thus the aggregate investments of each sub-fund in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with points (1), (3), (4), (8), (9) and (13) under Section C above may not exceed a total of 35% of the assets of the of said sub-fund.

**(b) Limitations on Control**

- (15) No sub-fund may acquire such amount of shares carrying voting rights, which would enable the Company to exercise a significant influence over the management of the issuer.
- (16) The Company may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% to of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCITs or other UCI.

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

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

- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any other State, which is not an EU Member State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more EU Member State(s) is (are) member(s);
- shares in the capital of a company, which is incorporated under or organised pursuant to the laws of a State, which is not an EU Member State, provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State, a participation by the relevant sub-fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under Section C, points (1) to (5), (8), (9) and (12) to (16) and Section D, point (2);
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

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

Each sub-fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

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

**E. Finally, the Company shall comply in respect of the assets of each sub-fund with the following investment restrictions:**

No sub-fund may acquire commodities or precious metals or certificates representative thereof.

- (1) No sub-fund may invest in real estate, provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (2) No sub-fund may use its assets to underwrite any securities.
- (3) No sub-fund may issue warrants or other rights to subscribe for shares in such sub-fund.
- (4) A sub-fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each sub-fund from investing in non-fully paid-up Transferable Securities and Money Market Instruments or other financial instruments, as mentioned under Section A, points (5), (7) and (8).
- (5) The Company may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial Instruments as listed under Section A, points (5), (7) and (8).
- (6) No sub-fund may invest in private equity securities.
- (7) No sub-fund will invest more than 10% of its net assets in Russian transferable securities or money- market instruments (that is, in securities physically deposited with Russian transfer agents) except as far as transferable securities or money market instruments are concerned which are listed or traded on the Russian Trading System and on MICEX, which are deemed to be regulated markets, for which no investment limit is applicable.

The limits set previously need not be observed when exercising subscription rights attaching to transferable securities or money-market instruments which form part of the assets of the sub-fund concerned.

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

- (1) The ceilings set forth above may be disregarded by each sub-fund, when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such sub-fund's portfolio. While ensuring observance of the principle of risk spreading, recently created sub-funds may derogate from paragraph C. for a period of six months following the date of their creation.
- (2) If such ceilings are exceeded for reasons beyond the control of a sub-fund or as a result of the exercise of subscription rights, such sub-fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its shareholders.

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

#### **G. Investment in Sub-Fund of the Company**

The Company currently does not allow for investments in other sub-funds of the Company.

#### **H. Master-Feeder Structures**

Under the conditions and within the limits laid down by the 2010 Law, the Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Sub-Fund qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert any existing Sub-Fund into a Feeder UCITS, or (iii) change the master UCITS of any of its Feeder UCITS.

- (1) A Feeder UCITS shall invest at least 85% of its assets in the units/shares of another master UCITS.
- (2) A Feeder UCITS may hold up to 15% of its assets in one or more of the following:
  - ancillary liquid assets in accordance with article 41 (2) of the 2010 Law;
  - 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, if the Feeder UCITS is an investment company.

- (3) For the purposes of compliance with paragraph (D) above, the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent under b) with either:
- the master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS 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 UCITS investment into the master UCITS.

## APPENDIX II RISK MANAGEMENT PROCESS

The Management 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 the portfolio. In particular, the Management Company should not solely or systematically rely on credit ratings issued by credit rating agencies within the meaning of Article 3, paragraph 1, point b) of Regulation (EC) No 1060/2009 of 16 September 2009 on agencies credit rating to assess the quality of the fund's assets credit. In addition, it will employ a process for accurate and independent assessment of the value of OTC derivative instruments.

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

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

The global exposure relating to financial derivative instruments may be calculated through the VaR methodology or the commitment approach. The methodology will be specified in the relevant Supplement for each Sub-Fund.

Each Sub-Fund may invest, according to its investment policy and within the limit laid down in Appendix I "Investment Restrictions" in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Appendix I "Investment Restrictions".

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Appendix I "Investment Restrictions".

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 Appendix.

## APPENDIX III FINANCIAL TECHNIQUES AND INSTRUMENTS

Subject to the following conditions, the Company is authorised for each sub-fund to resort to techniques and instruments bearing on Transferable Securities, Money Market Instruments, currencies and other eligible assets, on the condition that any recourse to such techniques and instruments be carried out for the purpose of hedging and/or efficient management of the portfolio, altogether within the meaning of the Grand-ducal regulation of 8th February 2008 and any other applicable laws, regulations, circulars or CSSF positions, including ESMA Guidelines 2014/937

### **A. Techniques and Instruments relating to Transferable Securities, Money Market Instruments and other eligible assets**

#### **(1) General**

To optimise portfolio management and/or to protect its assets and liabilities, the Company may use techniques and instruments involving Transferable Securities, Money Market Instruments, currencies and other eligible assets within the meaning of the Grand-ducal regulation of 8th February 2008 for each sub-fund.

Furthermore, each sub-fund is notably authorised to carry out transactions intended to sell or buy foreign exchange rate futures, to sell or buy currency futures and to sell call options or to buy put options on currencies, in order to protect its assets against currency fluctuations or to optimise yield, i.e., for the purpose of sound portfolio management.

#### **(2) Limitation**

When transactions involve the use of derivatives, the Company must comply with the terms and limits stipulated above in Appendix I, Section A, point (7), Section C, points (9), (10), (11), (13) and (14) and Section D, point (1).

The use of transactions involving derivatives or other financial techniques and instruments may not cause the Company to stray from the investment objectives set out in the Prospectus.

#### **(3) Risks - Notice**

In order to optimise their portfolio yield, all sub-funds are authorised to use the derivatives techniques and instruments described in this Appendix and Appendix I (particularly swaps of rates, currencies and other financial instruments, futures, and securities, rate or futures options), on the terms and conditions set out in said Appendices.

The investor's attention is drawn to the fact that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume risks and incur costs they would not have assumed or incurred if they had not used such techniques. The investor's attention is further drawn to the increased risk of volatility generated by sub-funds using these techniques for other purposes than hedging. If the managers and sub-managers forecast incorrect trends for securities, currency and interest rate markets, the affected sub-fund may be worse off than if no such strategy had been used.

In using derivatives, each sub-fund may carry out over-the-counter futures or spot transactions on indices or other financial instruments and swaps on indices or other financial instruments with highly-rated banks or brokers specialised in this area, acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.

## **B. Securities Lending, Total Return Swap and Repurchase agreement**

The Company may not enter into securities lending transactions, repurchase and reverse repurchase agreement transactions but may enter into OTC derivatives, in particular in fully funded Total Return Swaps in accordance with the provisions of CSSF Circular 14/592 on ESMA guidelines on ETFs and other UCITS issues and of Regulation (EU) No 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse ("**Regulation 2015/2365**"), for the purpose of generating additional capital or income or for reducing costs or risks, as this may be further specified in the Sub-Fund's specifics in Appendix IV "The Sub-Funds" of the Prospectus

As per Regulation 2015/2365, the term Total Return Swap ("TRS") is defined as a derivative contract as defined in point (7) of Article 2 of Regulation 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

Shareholders are informed that, in accordance with Regulation 2015/2365, information regarding the type of assets that can be subject to Total Return Swaps, as well as the maximum and expected proportion that can be subject to them are disclosed in Appendix IV "The Sub-Funds" of this Prospectus, as the case may be.

The use of OTC derivative transaction (such as TRS) is subject to a risk of default of the counterparties, which may negatively impact the investors' returns.

The Company will only enter into transactions with counterparties which the Management Company believes to be creditworthy and in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix IV. Counterparties will comply with prudential rules considered by the CSSF as equivalent to EU prudential rules.

The fully funded Total Return Swaps used are in principal open-ended transactions, so they can be unwound at all times. This means that, as soon as the cumulated mark-to-market value of the exposure to the counterparty is likely to approach the limits set forth in Luxembourg regulations (i.e. 5% or 10% of the net assets of the Sub-Fund, as mentioned in point C.(a)(9) Appendix I "Investment Restrictions" of the Prospectus), such instruments can be terminated with no delay and un-realized profits/losses paid respectively to the Sub-Funds or counterparties. As a consequence, the Sub-Funds may not need to collateralise these transactions and the Sub-Funds will be able to comply at all times with the limits set forth in Luxembourg regulations.

The risk exposures to counterparties arising from OTC derivative transactions should be combined when calculating the counterparty risk limits of Article 52 of Directive 2009/65/EC as well as internal risk limits. These limits will be closely monitored on a daily basis as part of the risk management process in place.

For further details on the risks linked to such transactions, please refer to the below section "Risk factors" of the Prospectus.

## **C. Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques**

The Company does not intend to enter into collateral arrangements so as to reduce the Counterparty risk exposure. In the case where the Company would decide to use collateral in the future for any Sub-Funds, the Prospectus will be updated accordingly and the Company will ensure that, according to CSSF Circular 14/592 on ESMA guidelines on ETFs and other UCITS issues, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or a multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 56 of Directive 2009/65/EC.

b) Valuation – collateral received should be valued 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) Issuer credit quality – collateral received should be of high quality.

d) Correlation – collateral received by the Company 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.

e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value.

f) Cash collateral and re-invested cash collateral may be subject to currency risks, interest rate risks, counterparty and credit risks, operational risks and legal risks. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process of the Management Company.

g) Where there is a title transfer, the collateral received should be held by the Depository Bank. For other types of collateral arrangements, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

h) Collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

i) Non-cash collateral received should not be sold, re-invested or pledged.

j) Cash collateral received should only be:

- placed on deposit with entities prescribed in Article 50(f) of Directive 2009/65/EC;
- 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 an accrued basis;
- invested in short-term money market funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

Collateral may be offset against gross counterparty exposure provided it meets a range of standards, including those for liquidity, valuation, issuer credit quality, correlation and diversification. In offsetting collateral its value is reduced by a percentage (application of a “haircut” policy) which provides, inter alia, for short term fluctuations in the value of the exposure and of the collateral. In that case, the Company will put in place a clear haircut policy adapted for each class of assets received as collateral; and when devising the haircut policy, the Company will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests. The Company will ensure that this policy is documented and will justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets. Collateral levels are maintained to ensure that net counterparty exposure does not exceed the limits per counterparty as set out in this Prospectus.

## APPENDIX IV THE SUB-FUNDS

The Company's primary objective is to offer its shareholders the possibility of participating in the professional management of portfolios of Transferable Securities, Money Market Instruments or other eligible assets, as defined by Article 41 of the 2010 Law and within the limits set forth by the relevant articles of such law and as defined in the investment policy of each sub-fund of the Company.

### A. GENERAL PROVISIONS APPLICABLE TO EACH SUB-FUND'S INVESTMENT POLICY

Each sub-fund's investment policy, as it appears in this Appendix, has been defined by the Board of Directors.

In each sub-fund, the aim is to maximise the value of the invested assets. The Company takes such risks as it considers reasonable, in order to achieve the objective, it sets itself. However, given market fluctuations and other risks to which investments in Transferable Securities, Money Market Instruments or other eligible assets are subject, there can be no guarantee that this objective shall be achieved.

Each sub-fund may use all the financial techniques and instruments permitted within Appendix II, unless the sub-fund and/or class clearly stipulate the contrary on particular financial techniques and instruments.

### B. INVESTMENT POLICIES OF THE SUB-FUNDS

The different sub-funds' investments shall be made according to the restrictions imposed by the Law and by this Prospectus.

The Company needs not comply with the limits set out in Appendix I, when exercising subscription rights attached to Transferable Securities, Money Market Instruments or other eligible assets that form part of its assets.

If the limits referred to above are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, the Company must adopt as a priority objective for its future sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

### C. LIST OF THE SUB-FUNDS

#### 1. STURGEON CAPITAL FUNDS – Sturgeon Central Asia Equities Fund

The Initial Offering Period of the Sub-Fund started on 20 August 2012 and ended on 14 September 2012. The Initial Subscription Price was paid on 19 September 2012. The first NAV was on 17 September 2012.

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#### INVESTMENT STRATEGIES AND POLICY:

The Sub-Fund seeks to deliver capital and income appreciation through investments in predominantly equity securities or equivalent instruments (i.e. Global Depositary Receipts ("GDR") and American Depositary Receipts ("ADR")) traded on regulated markets of companies, which have a significant exposure to global emerging and frontier markets in Asia with the focus on the New Silk Road region, including but not limited to Armenia, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Russia, Tajikistan, Turkey, Turkmenistan and Uzbekistan.

On top of the above, the Sub-Fund may invest up to 40% of its net assets into Chinese equities (H-shares), denominated in HKD.

The Sub-Fund may also make investments in derivatives instruments (such as but not limited to futures and options) as part of the investment policy for the purpose of gaining specific equity exposure, seeking short exposure or increasing or decreasing specific or general risk factors of the Sub-Fund.

On an ancillary basis, the Sub-Fund may invest in other securities or instruments in compliance with UCITS regulations and may invest in countries other than global emerging and frontier markets in Asia.

The Sub-Fund may invest up to 10% of its net assets in UCITS and/or UCI funds.

The portfolio can invest up to 100% to cash and cash equivalents from time to time, depending on the conditions of financial markets.

The Sub-Fund intends to use TRS for the purpose of mainly gaining short equity exposure to reduce the performance volatility and for hedging purpose.

The counterparties to fully funded TRS will be high credit quality financial institutions of member States of the OECD with a minimal rating of BBB- as measured by Standard & Poor's or Baa3 as measured by Moody's, either credit institutions subject to prudential standards or not, and the legal status of which is not decisive. The Sub-Fund will appoint a limited number of counterparties, and may change them in the future. Such counterparties do not have any discretion over the composition or management of the Sub-Funds' portfolio or over the underlying of the fully funded TRS used by a Sub-Fund. Default of the counterparty could cause the Sub-Fund's net asset value to fall.

The maximum proportion of the assets of the Sub-Fund subject to TRS is 50% while the expected proportion of the assets of the sub-fund subject to TRS is between 0% and 50%. The assets subject to fully funded TRS are safe-kept either by the counterparty or its custodian bank or by the Depositary Bank or its correspondents as appointed from time to time. The proportion of the revenues generated by fully funded TRS to be returned to the Sub-Fund is 100%.

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#### **GLOBAL EXPOSURE CALCULATION METHODOLOGY:**

The Company will use the commitment approach in order to calculate the global risk exposure of the sub-fund.

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#### **RISK PROFILE:**

The risks pertaining to an investment in the Sub-Fund are all risks as mentioned in Section XIII "Special Consideration on Risks".

##### **Frontier Markets Risk**

Central Asia markets can be considered frontier markets. Whereas the risks for frontier markets may be considered the same as for emerging markets in general, such risks may be even more pronounced.

##### **Highly Volatile Markets**

The prices of financial instruments in which the Company may invest can be highly volatile, especially for securities with lesser liquidity and high bid-offer spreads. Price movements of securities are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

##### **Counterparty Risk**

In investing in frontier markets the Company may enter into agreements with local counterparties, which may not be as well established, or well capitalised or well regulated as counterparties in developed markets. The Company is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearing houses. Hence, there may be a greater level of counterparty risk on all levels.

##### **Liquidity Risk**

The liquidity profile of securities may dramatically change post-investment. Whereas the overall liquidity profile of the portfolio is managed commensurate with the Company's redemption policy and there is an absence of pre-described redemption limitation, there is a risk that the Directors may impose redemption restrictions where such redemption will lead that the liquidity profile of the potentially remaining portfolio would not be in the overall interest of non-redeeming investors.

The risk factors described above in Section XIII "Special Considerations on Risks" are not considered to be exhaustive.

Whereas the Investment Manager takes a holistic approach to risk management and incorporates non-technical factors in its approach, including counterparty and specific emerging market risk in its investment consideration, there can be no assurances that such risk assessment is comprehensive. The Sub-Fund can therefore suffer losses which reduces its Net Asset Value per share. The Company does not guarantee or protect the capital invested.

The risk profile of the Sub-Fund may be suitable for an investment horizon between one and three years.

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**DISCLAIMER:** Past performance is not indicative of future results. The Sub-Fund is subject to the risk of financial markets. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.

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#### **FREQUENCY OF THE NET ASSET VALUE CALCULATION AND VALUATION DAY**

The Net Asset Value per Share will be determined on a weekly basis as of every Friday, provided that this day is a Business Day. If it is not a Business Day, the immediately following Business Day shall be applicable, (each such day being considered as a Valuation Day in the context of the Sub-Fund).

The calculation of the Net Asset Value will take place on the Business Day immediately following the Valuation Day.

The Board of Directors may decide, at its discretion, to have additional Valuation Days, in which case the Board of Directors will inform the Shareholders accordingly.

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#### **SUBSCRIPTIONS**

##### Initial Offering

**Cut-Off Time:** Applications for subscriptions in the Sub-Fund's Shares at the Initial Subscription Price, as defined above, must be received by the Administrative Agent and Registrar and Transfer Agent no later than 3:00 P.M., Luxembourg time, at the latest, on the Business Day prior to the Valuation Day. Applications received after such Cut-Off Time will be processed as on the following Valuation Day.

**Payments:** Payments for subscriptions at the Initial Offering must be received into the account of the Depositary Bank three Business Days after the relevant Valuation Day, meaning 19 September 2012.

##### After the Initial Offering

Subscriptions may be made as of each Valuation Day, at the conditions set out below:

**Cut-Off Time:** Applications for subscriptions in the Sub-Fund's Shares must be received by the Administrative Agent and Registrar and Transfer Agent not later than 3:00 P.M., Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after such Cut-Off Time will be processed as of the following Valuation Day.

**Payments:** Payment into the account of the Depositary Bank must be effected one Business Days before the Valuation Day on which the issue price of the Shares is to be determined.

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#### **REDEMPTIONS**

Redemptions may be made as of each Valuation Day, at the conditions set out below:

**Cut-Off Time:** Applications for redemption of Shares of the Sub-Fund must be received by the Administrative Agent and Registrar and Transfer Agent no later than 3:00 P.M., Luxembourg time, on the sixth Business Day preceding the relevant Valuation Day. Applications received after such Cut-Off Time will be processed as of the next Valuation Day.

**Payments:** Payment of redemptions will be made within 5 Business Days from the relevant publication of the Net Asset Value per Share provided monies are available.

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## **CONVERSIONS**

Conversions between all Classes of Shares of the Sub-Fund are authorized and may be made as of each Valuation Day.

In case of existence of other Sub-Funds, conversions between a Class of Shares of the Sub-Fund and a Class of Shares with identical features within another Sub-Fund are authorized. Conversions between a Class of Shares of the Sub-Fund and a Class of Shares with different features within another Sub-Fund are not authorized.

**Cut-Off Time:** Applications for conversion of Shares of the Sub-Fund must be received by the Administrative Agent and Registrar and Transfer Agent not later than 3:00 P.M., Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after such Cut-Off Time will be processed as of the next Valuation Day.

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## **FEES**

The Administrative Agent and Registrar and Transfer Agent and Depository Bank are entitled to receive out of the assets of the Sub-Fund a fee calculated in accordance with customary banking practice in Luxembourg and payable quarterly in arrears.

The amount payable to the Administrative Agent and Registrar and Transfer Agent is 0.06% per annum for assets up to EUR 50 million and 0.04% per annum thereafter, subject to a minimum fee of EUR 20.000 per annum per Sub-Fund for a weekly Net Asset Value.

The amount payable to the Depository Bank depends on prevailing safekeeping and settlement fees per market, on an "All Out" basis and shall be subject to a minimum custody fee of EUR 20.000 per annum for each Sub-Fund, excluding any third party fees / expenses.

In addition to the above fee, the Administrative Agent and Registrar and Transfer Agent and Depository Bank is entitled to be reimbursed by the Sub-Fund for its reasonable out-of-pocket expenses and disbursements as well as for the charges of any correspondents.

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## **INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES**

The Investment Manager will receive an Investment Management Fee paid by the Company. On each Valuation Day, the Investment Management Fee is equal to the Net Asset Value (before deduction of the Investment Management Fee) on such Valuation Day, multiplied by the Investment Management Fee rate of 1.5% for I share classes and 2.0% for R share classes and multiplied by the number of calendar days between such Valuation Day and the immediately preceding Valuation Day, divided by 365 (or 366, if applicable).

The Investment Management Fee is normally payable by the Company on a monthly basis within fifteen (15) days following the Valuation Day.

In addition to the investment management fee, the Investment Manager is entitled to a performance fee which is calculated for each Valuation Day on the basis of the Net Asset Value of the relevant Share Class.

The Performance Fee may only be levied and set aside if the following criterion is fulfilled:

The Net Asset Value of a Share Class used in the calculation of a Performance Fee must be greater than previous Net Asset Values ("high water mark"). Each preceding decline in the Net Asset Value per Share of the relevant Share Class must be offset by a further increase above the last maximum value at which a Performance Fee was incurred. Calculation of the Performance Fee and the necessary provisioning takes place on each Valuation Day.

If, on the Calculation Date, the Net Asset Value of a Share Class (prior to deduction of the Performance Fee) is greater than the preceding Net Asset Values, a performance fee of 20% for Retail Share Classes shall be deducted on the difference between the Net Asset Value of the Share Class and the high water mark. Calculation of the Performance Fee takes place on the basis of the Shares of the relevant Class that are currently in circulation.

If, on the Calculation Date, the Net Asset Value of a Share Class (prior to deduction of the Performance Fee) is greater than the preceding Net Asset Values, a performance fee of 10% for Institutional Share Classes shall be deducted on the difference between the Net Asset Value of the Share Class and the 10% annual hurdle rate. Calculation of the Performance Fee takes place on the basis of the Shares of the relevant Class that are currently in circulation.

Payment of the Performance Fee amounts calculated for each calendar year and set aside under the above method takes place at the beginning of the following calendar year.

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## EQUALISATION

**No equalisation will be applied to any investment in R-share classes. R-share classes are all Retail share classes in any currency denoted with an R.**

The Company will adopt equalisation to ensure that each "I-Share" (any Share of Institutional share classes in any currency denoted with an I") bears the correct proportion of the Performance Fee. With Equalisation, the Performance Fee is effectively calculated on a I-Share-by-I-Share basis so that each I-Share is charged a Performance Fee that equates with that I-Share's performance. This method of calculation ensures that (i) any Performance Fee paid to the Investment Manager is charged only to those I-Shares that have appreciated in value, (ii) all Shareholders within a Class have the same amount per I-Share at risk, and (iii) all I-Shares of a Class have the same Net Asset Value per I-Share. The Equalisation method adopted is often referred to as the "Equalisation Share Adjustment Approach" according to which investors subscribe against the gross Net Asset Value per I-Share and redeem against the Net Asset Value per I-Share. If an investor subscribes for I-Shares of a Class at a time when the Net Asset Value per I-Share of that Class is other than the high watermark per I-Share of that Class, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber, the existing or exiting Shareholders or to the Investment Manager. This can be explained as follows:

- (A) If I-Shares are subscribed for at a time when the Net Asset Value per I-Share is less than the high watermark per I-Share of the relevant Class (such Net Asset Value per I-Share at which such IShares are subscribed for being the "Base Net Asset Value per I-Share" for such I-Shares), the investor shall be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those I-Shares.

At the end of each calculation period the Base Net Asset Value per I-Share will be updated to the greater of (i) the existing Base Net Asset Value per I-Share, and (ii) the minimum of (x) the then current Net Asset Value per I-Share, and (y) the high watermark per I-Share. The Base Net Asset Value per I-Share will be updated and taken into account until the Net Asset Value per I-Share as at the end of a calculation period has reached the high watermark per I-Share.

With respect to any appreciation in the value of those I-Shares from the Base Net Asset Value per I-Share up to the high watermark per I-Share, an "Equalisation Deficit" will be taken into account. The Equalisation Deficit is calculated as the relevant Performance Fee Rate of any such appreciation, and will be applied at the end of each calculation period by redeeming at the then current Net Asset Value per I-Share such number of the IShares of the relevant Class as have an aggregate value equal to the relevant Performance Fee Rate of the difference between (i) the minimum of (x) the then current Net Asset Value per I-Share, and (y) the high watermark per I-Share, and (ii) the Base Net Asset Value per I-Share of the relevant subscription, multiplied by the number of the Shareholder's I-Shares of that Class which are subject to the Equalisation Deficit (such

redemption, a "Performance Fee Redemption"). The Shareholder's I-Shares of that Class will continue to be so redeemed at the end of each calculation period until the Base Net Asset Value per I-Share of the relevant subscription reaches the high watermark per I-Share. The aggregate Net Asset Value of the I-Shares so redeemed will be paid to the Investment Manager as a Performance Fee. Performance Fee Redemptions are employed to ensure that the Company maintains a uniform Net Asset Value per I-Share for each Class. As regards the Shareholder's remaining I-Shares of that Class, any appreciation in the gross Net Asset Value per I-Share of those I-Shares above the high watermark per I-Share of that Class will be charged a Performance Fee in the normal manner.

If a Shareholder redeems his I-Shares at a time when the Base Net Asset Value per I-Share of such I-Shares is under the high watermark per I-Share, the Shareholder will be charged, with respect to his I-Shares subject to an Equalisation Deficit, an amount equal to the relevant Performance Fee Rate multiplied by the difference between (i) the minimum of (x) the then current Net Asset Value per I-Share, and (y) the high watermark per I-Share, and (ii) the Base Net Asset Value per I-Share of the relevant subscription, multiplied by the number of I-Shares so redeemed.

- (B) If I-Shares are subscribed for at a time when the Net Asset Value per I-Share is greater than the high watermark per I-Share of the relevant Class, the investor shall be required to pay an amount in excess of the then current Net Asset Value per I-Share of that Class equal to the relevant Performance Fee Rate multiplied by the difference between the then current gross Net Asset Value per I-Share of that Class and the high watermark per I-Share of that Class (such amount, an "Equalisation Credit"). At the date of subscription, the Equalisation Credit will equal the Performance Fee per I-Share accrued with respect to the outstanding I-Shares of the same Class (the "Maximum Equalisation Credit"). The Equalisation Credit is payable to account for the fact that the Net Asset Value per I-Share of that Class has been reduced to reflect an accrued Performance Fee to be borne by existing Shareholders and serves as a credit against the Performance Fee that might otherwise be payable by the Class, but that should not, in equity, be charged against the Shareholder making the subscription because, as to such I-Shares, no favourable performance has yet occurred. The Equalisation Credit ensures that all holders of I-Shares of the same Class have the same amount of capital at risk per I-Share.

The additional amount invested as the Equalisation Credit will be at risk in the Company and will therefore appreciate or depreciate based on the performance of the relevant Class subsequent to the issue of the relevant I-Shares, but will never exceed the Maximum Equalisation Credit and will never become negative. In the event of a decline as at any Valuation Day in the Net Asset Value per I-Share of the I-Shares, the Equalisation Credit will also be reduced by an amount equal to the relevant Performance Fee Rate multiplied by the difference between the gross Net Asset Value per I-Share at the date of issue and as at that Valuation Day. Any subsequent appreciation in the Net Asset Value per I-Share of the relevant Class will result in the recapture of any reduction in the Equalisation Credit, but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each calculation period, if the gross Net Asset Value per I-Share exceeds the high watermark per I-Share of the relevant Class, the Equalisation Credit applicable at that time, multiplied by the number of I-Share of that Class subscribed for by the Shareholder, shall be applied to subscribe for additional I-Shares of that Class for the Shareholder. Additional I-Shares of that Class shall continue to be so subscribed for at the end of each calculation period until the Maximum Equalisation Credit has been fully applied.

If the Shareholder redeems his I-Shares of that Class before the Equalisation Credit has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of I-Shares of that Class being redeemed and the denominator of which is the number of I-Shares of that Class held by the Shareholder immediately prior to the redemption in respect of which an Equalisation Credit was paid on subscription.

In case of a partial redemption from a shareholding consisting of multiple subscriptions, the application of the "first-in-first-out" method might result in the definitive loss of a potential Equalisation Credit related to the I-Shares redeemed, while the remaining I-Shares of the shareholding might not (to the same extent) carry such potential of an Equalisation Credit appreciation.

**AVAILABLE CLASSES OF SHARES:**

| Class of shares                     | Class R USD              | Class I USD                             | Class R EUR              | Class I EUR                             | Class R GBP              | Class I GBP                             | Class R CHF              | Class I CHF                             |
|-------------------------------------|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|---|
| Eligible Investors                  | Retail                   | Institutional                           | Retail                   | Institutional                           | Retail                   | Institutional                           | Retail                   | Institutional                           |
| Type of shares                      | Capitalisation Share     | Capitalisation Share                    |
| Reference currency*                 | USD                      | USD                                     | EUR                      | EUR                                     | GBP                      | GBP                                     | CHF                      | CHF                                     |
| Minimum initial subscription amount | USD 5,000                | USD 200,000                             | EUR 5,000                | EUR 200,000                             | GBP 5,000                | GBP 200,000                             | CHF 5,000                | CHF 200,000                             |
| Initial issue price                 | USD 1,000                | USD 1,000                               | EUR 1,000                | EUR 1,000                               | GBP 1,000                | GBP 1,000                               | CHF 1,000                | CHF 1,000                               |
| Investment Manager                  | Sturgeon Capital Ltd     | Sturgeon Capital Ltd                    |
| Subscription fee                    | Up to 5%                 | Up to 3%                                |
| Redemption fee                      | none                     | none                                    | none                     | none                                    | none                     | none                                    | none                     | none                                    |
| Conversion fee                      | none                     | none                                    | none                     | none                                    | none                     | none                                    | none                     | none                                    |
| Investment management fee           | 2% p.a.                  | 1.5% p.a.                               |
| Performance fee                     | 20% with high water mark | 10% above the annual 10% of hurdle rate | 20% with high water mark | 10% above the annual 10% of hurdle rate | 20% with high water mark | 10% above the annual 10% of hurdle rate | 20% with high water mark | 10% above the annual 10% of hurdle rate |
| ISIN Code                           | LU0815065312             | LU0815065403                            | LU0815065585             | LU0815065668                            | LU0815065742             | LU0815065825                            | LU0815066047             | LU0815066120                            |

\*: the reference currency of the sub-fund is USD.

## ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND

### 1. Representative in Switzerland

The representative in Switzerland is **CARNEGIE FUND SERVICES S.A.**, 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel.: + 41 (0)22 705 11 77, Fax: + 41 (0)22 705 11 79.

### 2. Paying Agent in Switzerland

The paying agent in Switzerland is **BANQUE CANTONALE DE GENÈVE**, 17, quai de l'Île, 1204 Geneva, Switzerland.

### 3. Location where the relevant documents may be obtained

The Prospectus, the Key Investor Information Documents, the Articles of Incorporation as well as the annual and semi-annual reports may be obtained free of charge from the Representative.

### 4. Publications

1. Publications concerning the foreign collective investment scheme are made in Switzerland [www.fundinfo.com](http://www.fundinfo.com).
2. Each time units are issued or redeemed, the issue and the redemption prices or the net asset value together with a reference stating "excluding commissions" must be published for all unit classes on [www.fundinfo.com](http://www.fundinfo.com). Prices must be published daily.

### 5. Payment of retrocessions and rebates

#### 1. Retrocessions

The Company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in and from Switzerland. This remuneration may be deemed payment for the following services in particular:

- sales promotions and introductions with potential clients
- providing investors with the Company's documents

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

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

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

#### 2. Rebates

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

- they are paid from fees received by the Company and therefore do not represent an additional charge on the fund assets;
- they are granted on the basis of objective criteria;

- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Company are as follows:

- a minimum investment of USD 5 million (or its equivalent in another currency or currencies) and
- a minimum investment period of 2 years

At the request of an investor, the Company must disclose the amounts of such rebates free of charge.

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

In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.