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# **PROSPECTUS**

## **RELATING TO AN OFFER OF UNITS OF**

## **NIKKO AM GLOBAL UMBRELLA TRUST<sup>1</sup>**

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This prospectus (this "Prospectus") is valid only if it is accompanied by the latest available annual report and, where applicable, by the non-audited semi-annual report, if published since the last annual report. These reports form an integrant part of this Prospectus. The key information document (the "KID") of the relevant Class of the relevant Sub-Fund is to be provided prior to any subscription and is available free of charge at the registered office of the Management Company and of the Depositary and on the website: [emea.nikkoam.com](https://emea.nikkoam.com).

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

1 July 2025

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<sup>1</sup> Effective from 1 September 2025, Nikko AM Global Umbrella Trust will be renamed as Amova Global Umbrella Trust.

NIKKO AM GLOBAL UMBRELLA TRUST (the "Fund") is organized as an umbrella fund ("*Fonds commun de placement à compartiments multiples*") and registered under Part I of the Luxembourg law of 17th December 2010 relating to undertakings for collective investment, as amended (the "2010 Law").

The directors of the Management Company (together hereafter referred to as the "Board of Directors" or the "Directors" and individually referred to as a "Director") as set out in this Prospectus accept responsibility for the information contained in this Prospectus as being accurate at the date of publication.

The distribution of this Prospectus and the offering of Units may be restricted in certain jurisdictions: persons into whose possession this Prospectus comes are required by the Management Company to be aware of and to observe such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Persons interested in purchasing Units should be aware of (a) the legal requirements within their own countries for the purchase of Units, (b) any foreign exchange restriction which may be applicable, and (c) the income and other tax consequences of purchase, exchange and redemption of Units.

The Units have not been registered under the Financial Instruments and Exchange Act of Japan and may not be publicly offered or sold in Japan or to or for the benefit of residents of Japan except pursuant to an exemption available under the Financial Instruments and Exchange Act of Japan or otherwise in compliance with any other applicable laws and regulations of Japan.

The Fund is not registered under the United States Investment Company Act of 1940 and accordingly is restricted in the number of beneficial holders of its Units that may be United States persons and in the percentage of its outstanding Units that may be owned by certain United States persons. The Management Regulations of the Fund (as defined hereafter) contain provisions designed to prevent the holding of its Units by United States persons, under circumstances that would cause the Management Company to violate United States law, and require the immediate redemption or purchase under certain conditions of Units purchased or beneficially owned by United States persons. The Units have not been registered under the United States Securities Act of 1933 (the "Securities Act") and may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States person, unless pursuant to an exemption from United States registration requirements available under United States laws, any applicable statute, rule or interpretation. For this purpose, a "United States person" as defined under Regulation S promulgated under the Securities Act includes a natural person resident in the United States of America, a partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or

trust, other than an estate or trust the income of which comes from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income tax.

The term "United States person" does not include a branch or agency of a United States bank or insurance company that is operating outside of the United States for valid business reasons as a locally regulated branch or agency engaged in banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act.

Further, Unitholders are required to notify the Management Company immediately in the event that they become United States persons as defined in the United States Internal Revenue Code. For this purpose, a United States person includes a citizen or resident alien of the United States of America, a partnership or corporation created or organised in or under the law of, the United States of America, a trust where such trust is subject to the United States' jurisdiction and one or more United States persons have the authority to control all or substantial decisions of the trust, and an estate that is subject to US tax on its worldwide income from all sources. The Management Company reserves the right to repurchase any Units which are or become owned, directly or indirectly, by a United States person or if the holding of the Units by any person is unlawful or detrimental to the interests of the Fund.

The basic terms of the U.S. Foreign Account Tax Compliance Act of 2010 ("FATCA") and the related intergovernmental agreement entered into between the United States of America and the Grand-Duchy of Luxembourg on March 28, 2014 as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") currently appear to include the Fund as a Foreign Financial Institution, such that in order to comply, the Management Company may require all Unitholders of the Fund 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 laws, the Management Company shall have the right to:

- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any unitholding in the Fund;
- require any Unitholder or beneficial owner of the Units to promptly furnish such personal data as may be required by 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;
- divulge any such personal information to an immediate payer of U.S. source withholdable payment with respect to such a payment and to any tax or regulatory authority, as may be required by law or such authority;
- report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Unitholders with FATCA status of a non-participating foreign financial institution;

- withhold the payment of any dividend or redemption proceeds to a Unitholder until the Management Company holds sufficient information to enable it to determine the correct amount to be withheld.

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Units and, if given or made, such information or representations must not be relied on as having been authorised by the Management Company. Neither the delivery of this Prospectus nor the allotment or issue of Units shall, under any circumstances, create any implication that there has been no change in the affairs of the Management Company or the Fund since the date hereof. In case of material changes in the information contained herein, this Prospectus will be updated.

Investors should note that the price of Units and the income from them may fall as well as rise and they may not get back the amount they originally invested. Future earnings and investment performance can be affected by many factors not necessarily within the control of the Management Company or its Directors or officers. For example, changes in exchange rates between currencies may cause the value of an investment to fluctuate. No guarantees as to future performance of, or future returns from, the Fund can be given by the Management Company, or by any Director or officer of the Management Company, by any investment manager or investment sub-manager or by any of their directors or officers. Investors should also be aware that a sales charge may be charged on the acquisition of Units rather than evenly over the life of the investment.

References in this Prospectus to "JPY", "USD", "EURO" and "AUD" are to the lawful currencies of Japan, the United States of America, the member states of the EU participating in the European Monetary Union and Australia, respectively.

If not otherwise specified, all references herein to times and hours refer to Luxembourg local time.

The Management Company draws the investors' attention to the fact that any investor will only be able to fully exercise his Unitholder rights directly against the Fund if the investor is registered himself and in his own name in the Unitholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, (i) it may not always be possible for the investor to exercise certain Unitholder rights directly against the Fund and (ii) investors' rights to indemnification in the event of errors/non-compliance within the meaning of CSSF Circular 24/856 may be impacted.

### **Processing of personal data**

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of the Management Company of the Fund, FundRock Management Company S.A (the "Controller"), will be processed by the Controller in

accordance with the Privacy Notice referred to in section 10) "GENERAL INFORMATION" sub-section 12 "Processing of Personal Data", a current version of which can be accessed or obtained online at <https://www.fundrock.com/policies-and-compliance/privacy-policy/>. All persons contacting or otherwise dealing directly or indirectly with the Controller are invited to read and carefully consider the Privacy Notice, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Controller.

**Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector**

The SFD Regulation, which is part of a broader legislative package under the European Commission's Sustainable Action Plan, came into effect on 10 March 2021, following which the SFD Regulation's Regulatory Technical Standards ("RTS") came into effect on 1 January 2023.

The Management Company analyses sustainability risk as part of its risk management process. The Management Company and the Investment Managers identify, analyse and integrate sustainability risks in their investment decision making process as they consider that this integration could help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives and policies of the Sub-Funds.

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

Unless otherwise provided for a specific Sub-Fund in the relevant Sub-Fund Annex, the Sub-Funds do not promote environmental or social characteristics, and do not have as their objective, sustainable investment (as provided by Articles 8 or 9 of SFD Regulation). The investments underlying these Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

## NIKKO AM GLOBAL UMBRELLA TRUST

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**Management  
Company**

FundRock Management Company S.A.  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

**Board of Directors  
of the Management  
Company**

*Chairman*

Mr. Michel Marcel VAREIKA, Independent Non-  
Executive Director  
Airport Center Building 5, Heienhaff  
L-1736, Senningerberg  
Grand Duchy of Luxembourg

*Directors*

Mr. Karl FUHRER, Executive Director  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Mr. Frank DE BOER, Executive Director  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Mrs. Carmel MCGOVERN, Independent Non-  
Executive Director  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Mr. David RHYDDERCH, Non-Executive Director  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Mr. Dirk FRANZ, Independent Non-Executive Director  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

**Conducting  
Officers of the  
Management  
Company**

Mr. Frank DE BOER, Conducting Officer in charge of  
Accounting, Portfolio Management, Administration of  
UCIs, Branches, HR and Client Management  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Mr. Karl FÜHRER, Cloud and Outsourcing Officer,  
Conducting Officer in charge of IT, Marketing and  
Valuation functions  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

Mr. Hugues SEBENNE, Risk Management Officer,  
Conducting Officer in charge of Risk Management  
Airport Center Building 5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

**Depository,  
Registrar and  
Transfer and  
Administrative  
Agent**

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

<b>Investment Manager for NIKKO AM GLOBAL UMBRELLA TRUST – HIGH INCOME SOVEREIGN INDEX FUND<sup>2</sup></b>	Nikko Asset Management Co., Ltd. <sup>3</sup> Midtown Tower, 9-7-1 Akasaka Minato-ku, Tokyo 107-6242 Japan
<b>Investment Manager for NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH DIVIDEND EQUITY FUND<sup>4</sup></b>	Nikko Asset Management Asia Limited <sup>5</sup> 12 Marina View, #18-02 Asia Square Tower 2 Singapore 018961
<b>Auditor of the Management Company</b>	KPMG Luxembourg 39, Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
<b>Auditor of the Fund</b>	PricewaterhouseCoopers, <i>Société coopérative</i> 2, rue Gerhard Mercator, L-2182 Luxembourg Grand Duchy of Luxembourg
<b>Legal Adviser of the Fund</b>	Elvinger Hoss Prussen, <i>société anonyme</i> 2, Place Winston Churchill L-1340 Luxembourg Grand Duchy of Luxembourg

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<sup>2</sup> Effective from 1 September 2025, references to Nikko AM Global Umbrella Trust – High Income Sovereign Index Fund will be renamed as Amova Global Umbrella Trust – High Income Sovereign Index Fund. The present footnote applies to any reference throughout the Prospectus to this Sub-Fund.

<sup>3</sup> Effective from 1 September 2025, Nikko Asset Management Co., Ltd. will be renamed as Amova Asset Management Co., Ltd. subject to the receipt of all approvals. The present footnote applies to any reference throughout the Prospectus to this entity.

<sup>4</sup> Effective from 1 September 2025, Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund will be renamed as Amova Global Umbrella Trust – Asia High Dividend Equity Fund. The present footnote applies to any reference throughout the Prospectus to this Sub-Fund.

<sup>5</sup> Effective from 1 September 2025, Nikko Asset Management Asia Limited will be renamed as Amova Asset Management Asia Limited. The present footnote applies to any reference throughout the Prospectus to this entity.



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## 1) PRINCIPAL FEATURES

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

Administrative

Agent means BNP Paribas, Luxembourg Branch acting as registrar and transfer and administrative agent.

Business Day: Any day as defined per Sub-Fund in the relevant Annex.

Classes: Pursuant to the management regulations of the Fund (the "Management Regulations"), the board of directors (the "Board of Directors") of the Management Company may decide to issue, within each Sub-Fund, two or more classes of Units (collectively "Classes", and each, individually a "Class"), the assets of which will be commonly invested but subject to specific sales and/or redemption charge structures, fee structures, distribution structure, marketing target, hedging policies, or other specific features. Where different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Annex to this Prospectus. References herein to Units of a Sub-Fund should be construed as being to Units of a Class of a Sub-Fund also, if the context so requires.

Depository: The assets of the Fund are held under the custody or control of BNP Paribas, Luxembourg Branch. BNP Paribas, Luxembourg Branch is also responsible for the administration of the Fund.

ESMA: European Securities and Markets Authority.

Exchange Traded  
Fund or ETF:

An investment fund listed on a stock exchange which represents a pool of securities, commodities or currencies which typically track the performance of an index. ETFs are traded like shares. Investment in open-ended or closed-ended ETFs will be allowed if they qualify as (i) UCITS or other UCIs, or (ii) transferable securities, respectively.

EU: European Union.

Fund: The Fund is an umbrella fund ("*Fonds commun de placement à compartiments multiples*") organised under the laws of the Grand Duchy of Luxembourg and registered under Part I of the 2010 Law.

Group of Twenty (G20):	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, the People's Republic of China ("PRC"), France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.
Investment Managers:	The Management Company has appointed, for each Sub-Fund, one or several investment managers or investment sub-managers (see Section 5) "MANAGEMENT" below).
Issue of Units:	The issue price per Unit of each Sub-Fund will be the net asset value per Unit of such Sub-Fund determined in respect of the applicable Valuation Day, plus any applicable sales or other charges (see Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below).
KID	means the key information document as defined in Regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products. For the avoidance of any doubt and where relevant, the references to KID in this Prospectus shall also be understood as references to the key investor information document (as defined in Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website).
Listing:	The Units have been accepted for clearance by Euroclear and Clearstream under the Common Codes and ISIN numbers as specified in each Sub-Fund Annex. The Management Company may apply for listing of any Sub-Fund or any Class of a Sub-Fund, as specified in each Sub-Fund's Annex.
Money Market Instruments:	Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
OECD:	Organisation for Economic Co-operation and Development.

Real Estate

Investment Fund or

REIT:

Investment in REITs will be eligible if they qualify as (i) UCITS or other UCIs or (ii) Transferable Securities. A closed-ended REIT, the units of which are listed on a Regulated Market may be classified as a Transferable Security listed on a Regulated Market thereby qualifying as an eligible investment for a UCITS under the Luxembourg Law.

Redemption of

Units:

Unitholders may at any time request redemption of their Units, at the net asset value per Unit of the Sub-Fund concerned, determined in respect of the applicable Valuation Day less applicable redemption charges, if any (see Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below).

Regulated Market:

A market within the meaning of Article 4. item 1.14) of Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public.

Repurchase

Transaction:

A transaction governed by an agreement by which a counterparty sells securities to a Sub-Fund, and simultaneously agrees to repurchase them or substituted securities of the same description, at a specified price on a future date specified by the counterparty.

Reverse Repurchase

Transaction:

A transaction governed by an agreement by which a Sub-Fund sells securities to a counterparty, and simultaneously agrees to repurchase them or substituted securities of the same description, at a specified price on a future date specified by the Sub-Fund.

RTS:

Regulatory Technical Standards complementing the SFD Regulation.

Securities Lending:

A transaction by which a Sub-Fund transfers securities subject to a commitment that a borrower will return equivalent securities on a future date or when requested to do so by the Sub-Fund.

SFD Regulation:

EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector.

SFT Regulation:

EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse.

**Sub-Funds:** The Management Company offers investors, within the same investment vehicle, a choice among Units in several separate sub-funds (collectively, "Sub-Funds" and each, individually, a "Sub-Fund"). The Sub-Funds are managed and administered separately. The Sub-Funds are distinguished mainly by their specific investment policies. The specifications of each Sub-Fund are described in the relevant Annex to this Prospectus. The Management Company may, at any time, decide to create further Sub-Funds and, in such case, this Prospectus will be updated or supplemented accordingly.

According to Article 181 (5) of the 2010 Law, the rights of Unitholders and of creditors concerning a Sub-Fund or which have arisen in connection with the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund.

The assets of a Sub-Fund are exclusively available to satisfy the rights of investors in relation to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Sub-Fund.

For the purpose of the relations between Unitholders, each Sub-Fund will be deemed to be a separate entity.

**Switching of Units:** Unitholders may at any time request the Management Company switching of their Units of any Sub-Fund or Class of a Sub-Fund into Units of another existing Sub-Fund or Class on the basis of the net asset values of the Units of the Sub-Funds or Classes concerned, subject to any applicable switching charge (see Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below) and any other restriction specified in the relevant Sub-Fund Annex.

**Total Return Swap:** A derivative contract 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.

**Transferable Securities:**

Shall mean:

- shares and other securities equivalent to shares,
- bonds and other debt instruments,
- any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, excluding techniques and instruments relating to Transferable Securities and Money Market Instruments.

UCITS:	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to UCITS Directive.
UCITS Directive:	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as may be amended or restated.
Other UCI:	An Undertaking for Collective Investment within the meaning of the first and second indents of Article 1(2) of UCITS Directive.
Unitholder(s):	Unitholder(s) of the Fund.
Units:	Units of the Fund are issued in registered form only. Fractions of a Unit may be issued rounded down to the nearest one-hundredth. Units may be issued either (at the option of the investor, but at the additional cost borne by that investor in case of issuing Unit certificates) with or without Unit certificates. In the absence of a request for Unit certificates to be issued, an investor will be deemed to have requested that its Units be held in registered form without certificates.
Valuation Day:	Any day as defined per Sub-Fund in the relevant Annex.
How to apply:	Application for Units of any Sub-Fund must be sent to the Administrative Agent in Luxembourg (directly or through any duly authorised distributor, if applicable, which may be appointed by the Management Company from time to time). Applications for Units may be made in writing or via facsimile, confirmed in writing to the Management Company signed by the investor(s). Applications for initial investment must be made on application forms as designated by the Management Company or the Administrative Agent. More details are described in Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below.

## 2) INVESTMENT OBJECTIVES AND POLICIES

The Board of Directors of the Management Company has fixed the investment objective and policies of each of the Sub-Funds as more fully described in the relevant Annexes.

### RISK WARNINGS

#### General Risks

The performance of the Units in the Sub-Funds depends on the performance of the underlying investments. If the value of the investments of the Sub-Funds fluctuates, this will lead to fluctuations in the value of the Units as well. Due to the uncertainty of the future performance of the investments of the Sub-Funds, as well as of the Units themselves, no guarantee can be given for the success of the investment and it cannot be guaranteed that an investor will receive back the amount of the capital invested by him when redeeming Units. The latter will only be the case if the Units achieve an increase in value which is at least equal to the costs and fees incurred by the investor - particularly the sales charge - and offsets the transaction costs incurred in connection with the purchase and sale of the investments of the Sub-Funds. Specific attention is drawn to the following risks:

#### *Price risk*

The Units, as well as the securities acquired by the Sub-Funds, are subject - as are any securities - to price risk. The risk of a decrease in the value of Units, as well as the potential for an increase in their value, is usually greater in the case of an equity fund than in the case of a bond fund.

#### *Equity risk*

Companies issue common shares and other kinds of equity-related securities to help pay for their operations and financial necessity. Equity securities can go down in price for many reasons. They are affected by general economic and market conditions, interest rates, political developments, confidence of investors and changes within the companies that issue the securities.

#### *Fixed income securities risk*

Bonds and other fixed income securities are subject to the following risks:

- Interest rate risk – which is the chance that bond prices overall will decline because of rising interest rates;
- Income risk – which is the chance that a Sub-Fund's income will decline because of falling interest rates;
- Credit risk – which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and



- Call risk – which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The Sub-Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Sub-Fund's income. In addition, investments in fixed interest securities which are below investment grade may result in a Sub-Fund or a collective investment scheme in which a Sub-Fund invests having a greater risk of loss of principal and/or interest than an investment in debt securities which are deemed to be investment grade or higher.

#### *Interest rate risk*

When interest rates rise, fixed-income securities or bonds tend to go down in price. On the other hands, they tend to go up in price when interest rates are falling. Long-term fixed-income securities are generally more sensitive to changes in interest rates than short-term bonds.

#### *Country risk*

The value of a Sub-Fund's assets may be affected by uncertainties such as changes in a country's government policies, taxation, restrictions on foreign investment, currency decisions, applicable laws and regulations, together with any natural disasters or political upheaval, which could weaken a country's securities markets.

#### *Liquidity risk*

Most of the securities and instruments owned by the Fund can usually be sold promptly at a fair price. But, the Management Company, on behalf of the Fund, may invest in securities and instruments that can be relatively illiquid, meaning they may not be sold quickly, easily or at an advantageous price. Some securities or instruments are illiquid because of legal restrictions, the nature of such securities or instruments, or lack of buyers. Therefore, the Fund may lose money or incur extra costs when selling those securities or instruments, however, the Fund will only enter into OTC derivative transactions if it is allowed to liquidate such transactions at any time at a fair value.

#### *Small company risk*

Securities issued by small companies may be riskier, more volatile or less liquid than those of large companies. They are often new companies with shorter track records, less extensive financial resources, and less established markets. They may not have as many tradable shares compared with large companies, therefore, they tend to be less liquid.

### *Risks resulting from the use of options or other financial derivatives*

The price risk may be further increased by the fact that the Sub-Funds are allowed to make use of options or other financial derivatives, since these are future-related transactions, the economic benefit of which, as well as their risks, depend on future price and market trends. The risks are relatively low where such transactions are used to protect existing investments against a loss in value. There are, however, considerable risks where such transactions are used for speculative purposes with the aim to profit from future appreciation of the underlying securities. In this respect, special attention must be drawn to the risk, and the opportunity, inherent in so-called leverage; leverage is to be understood as being the possibility provided by financial derivatives to achieve greater profits in percentage terms with the same amount of capital invested - but also suffer higher losses - than by investing in the securities underlying the financial derivatives. The Sub-Funds are authorised to invest in financial derivatives for the purpose of efficient management of their investments and may, as a consequence thereof, invest to a limited extent for speculative purposes.

### *General risk associated with OTC Transactions*

Instruments traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments principally traded on exchanges. Such instruments may be less liquid than more widely traded instruments. In addition, the prices of such instruments may include an undisclosed dealer mark-up which a Sub-Fund may pay as part of the purchase price.

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

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

A Sub-Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks

completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Sub-Fund. There is a risk of loss by a Sub-Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Sub-Fund has an open position or if margin is not identified and correctly reported to the particular Sub-Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Sub-Fund may not be able to transfer or "port" its positions to another clearing broker.

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

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

#### *Securities Lending risk*

Securities Lending involves counterparty risk, including the risk that the loaned securities may not be returned or returned in a timely manner in the event of a default, bankruptcy or insolvency of the borrower, and that rights to the collateral may be lost if the lending agent defaults. Should the borrower of securities fail to return securities lent by a Sub-Fund, there is a risk that the collateral received may be realised at a value lower than the value of the securities lent out, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. As a Sub-Fund may reinvest the cash collateral received from borrowers, there is a risk that the value on return of the reinvested cash collateral may decline below the amount owed to those borrowers. Delays in the return of securities on loan may restrict the ability of the Sub-Fund to meet delivery obligations under security sales or payment obligations arising from redemption requests.

### *Repurchase and Reverse Repurchase Transactions risk*

The entering by the Sub-Fund into Repurchase and Reverse Repurchase Transactions involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that (1) in the event of the failure of the counterparty with which cash of a Sub-Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (2) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulties in realising collateral, may restrict the ability of the Sub-Fund to meet payment obligations arising from sale requests, security purchases or, more generally, reinvestment; and that (3) Repurchase and Reverse Repurchase Transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described above.

### *Collateral risk*

Although collateral may be taken to mitigate the risk of a counterparty default, there is a risk that the collateral taken, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability. This may be due to factors including inaccurate pricing of collateral, failures in valuing the collateral on a regular basis, adverse market movements in the value of collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded.

Where a Sub-Fund is in turn required to post collateral with a counterparty, there is a risk that the value of the collateral the Sub-Fund places with the counterparty is higher than the cash or investments received by the Sub-Fund.

In either case, where there are delays or difficulties in recovering assets or cash, collateral posted with counterparties, or realising collateral received from counterparties, the Sub-Funds may encounter difficulties in meeting redemption or purchase requests or in meeting delivery or purchase obligations under other contracts.

As a Sub-Fund may reinvest cash collateral it receives, there is a risk that the value on return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty. In this circumstance, the Sub-Fund would be required to cover the shortfall. In case of cash collateral reinvestment, all risks associated with a normal investment will apply.

As collateral will take the form of cash or certain financial instruments, the market risk is relevant. Collateral received by a Sub-Fund may be held either by the Depositary or by a third party custodian. In either case, there may be a risk of loss where such assets are held in custody, resulting from events such as the insolvency or negligence of a custodian or sub-custodian.

#### *Counterparty risk*

In entering into transactions which involve counterparties (such as OTC derivatives, Securities Lending or Repurchase and Reverse Repurchase Transactions), there is a risk that a counterparty will wholly or partially fail to honour its contractual obligations. In the event of a default, bankruptcy or insolvency of a counterparty, a Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of the investment during the period in which the Depositary seeks to enforce its rights, an inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. A Sub-Fund may only be able to achieve limited or possibly no recovery in such circumstances.

In order to mitigate the risk of counterparty default, the counterparties to transactions may be required to provide collateral to cover their obligations to the Depositary. In the event of default by the counterparty, it would forfeit its collateral on the transaction. However, the taking of collateral does not always cover the exposure to the counterparty. If a transaction with a counterparty is not fully collateralised, then the Sub-Fund's credit exposure to the counterparty in such circumstance will be higher than if that transaction had been fully collateralised. Furthermore, there are risks associated with collateral and investors should consider the information provided at paragraph "Collateral Risk" above.

#### *Legal risk – OTC Derivatives, Repurchase and Reverse Repurchase Transactions, Securities Lending and Re-used Collateral*

There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in tax or accounting laws. In such circumstances, a Sub-Fund may be required to cover any losses incurred.

Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may for example be governed by English or Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.

#### *Investment risks*

Another risk to which the Unitholders are subject is the insolvency risk of the issuers of the securities and other assets in which the Sub-Funds invest. If this materialises, the securities affected may become entirely worthless. The risk of loss associated with the bankruptcy of a

company is considerably lower for investors in investment funds than for direct investors in shares or bonds since a fund invests not in the securities of one issuer only but in the securities of a large number of different issuers for the purpose of risk reduction.

#### *Exchange rate risks*

Furthermore, attention must be drawn to exchange rate risk. The Unitholders are subject to this risk due to the different currencies which may be involved, that is the currency with which Unitholders have purchased Units, the reference currency of the Sub-Fund or Class concerned and the currency of the securities in which the Sub-Fund invests. Investors' attention is drawn to the fact that there are currently no fixed exchange rates and that the value of currencies therefore constantly changes, depending on the market situation. If the rate of exchange of the currency of subscription for the relevant reference currency of investments increases, an exchange loss may be incurred by such Unitholders in the case of a redemption of Units. On the other hand, a fall in the value of the currency of subscription may increase the redemption proceeds.

#### *Developing countries risks*

Investment in the securities markets of some developing countries carries a higher degree of risk than that normally associated with investment in other more developed markets. In particular, potential investors should consider the following risk factors before investing in the Sub-Funds which, under their investment policy, invest in emerging markets:

- The value of the assets of the Sub-Funds invested in such securities markets may be affected by changes in government policies including changes in economic policy and taxation, restrictions on foreign investment and on foreign currency repatriation.
- The securities markets may be volatile and relatively illiquid and/or subject to government interventions which may affect market prices.
- The assets of the Sub-Funds invested in local securities markets may be denominated in a variety of local currencies. The risks described under "Exchange rate risks" described above may be increased due to the increased volatility of the currencies of such developing countries.
- Companies in some of the countries in which the Sub-Funds may invest may not be subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable in industrialised countries.

#### *Sustainability Risk*

The risk arising from any environmental, social or governance events or conditions that, were they to occur, could cause material negative impact on the value of the investment.

Specific sustainability risk can vary for each product and asset class, and include but are not limited to:

### Transition Risk

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

### Physical Risk

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

### Social Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by social factors such as poor labour standards, human rights violations, damage to public health, data privacy breaches, or increased inequalities. Social risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

### Governance Risk

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

## *PRC risks – general*

### Political, Economic and Social Risks

Investments in the People Republic of China ("PRC") will be sensitive to any political, social and diplomatic developments which may take place in or in relation to the PRC. Investors should note that any change in the policies of the PRC may adversely impact on the securities markets in the PRC as well as the performance of the Sub-Fund(s) concerned.

### Economic Risks

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

The economy in the PRC has experienced rapid growth in recent years. However, such growth may or may not continue, and may not apply evenly across different sectors of Chinese economy. All these may have an adverse impact on the performance of the Sub-Fund(s) concerned.

### Legal and Regulatory Risk

The legal system of the PRC is based on written laws and regulations. However, many of these laws and regulations are still untested and the enforceability of such laws and regulations remains unclear. In particular, Chinese regulations which govern currency exchange in the PRC are relatively new and their application is uncertain. Such regulations also empower the China Securities Regulatory Commission and the State Administration of Foreign Exchange to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.

### *Renminbi related risks*

Renminbi ("RMB") is currently not a freely convertible currency as it is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. There are currently no repatriation limits that affect the Sub-Fund. If such policies change in future, the Sub-Fund's or the shareholders' position may be adversely affected. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends paid by the Sub-Fund or sale proceeds into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.



### *Taxation risks*

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Fund. Although the Fund's realised capital gains, whether short or long-term, are not expected to become taxable in another country, the Unitholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered.

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

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010. It includes provisions generally known as FATCA. The intention of these is that details of US investors holding assets outside the US will be reported by financial institutions to the US Internal Revenue Service, as a safeguard against US tax evasion. As a result of the Hire Act and to discourage non-US financial institutions from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income unless various reporting requirements are met. In particular, if the Fund and each Sub-Fund are not otherwise deemed-compliant, these reporting requirements may be met if, among other things, the Fund and the applicable Sub-Fund enters into a withholding agreement with the IRS, the Fund and such Sub-Fund obtains certain information from each of its Unitholders and the Fund and such Sub-Fund discloses certain of this information to the IRS. Unitholders that fail to provide the required information would likely be subject to this withholding tax in respect of all or a portion of any redemption or distribution payments made by the Fund or the applicable Sub-Fund after 31 December 2016. No assurance can be provided that the Fund and each Sub-Fund will not be subject to this withholding tax, as among other reasons, it is possible that the disclosure obligation described above could be changed (e.g., by subsequent guidance). Unitholders should consult their own tax advisors regarding the potential implications of this withholding tax.

### *Foreign taxes risk*

The Fund may be liable to taxes (including withholding taxes) in countries other than Luxembourg on income earned and capital gains arising on its investments in those countries. The Fund may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Luxembourg and other countries. The Fund may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Fund obtains a repayment of foreign tax, the net asset value of the relevant Sub-Fund will not be restated and the benefit will be allocated to the then-existing Unitholders rateably at the time of repayment.

### *No investment guarantee equivalent to deposit protection*

An investment in the Fund is not of the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme that may be available to protect the holder of a bank deposit account.

### *Past performance*

Past performance does not necessarily indicate future performance. It can in no way provide a guarantee of future returns. For those Sub-Funds, or Unit Classes which are newly established or have yet to launch, no historical performance is currently available.

### *Political and/or regulatory risk*

The value of the assets of a Sub-Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

### *Portfolio transaction charges*

The difference at any one time between the subscription and redemption price of Units (taking into account any portfolio transaction charges payable) in any Sub-Fund means that an investor should view his or her investment as for the medium to long term.

### *Impact on the performance of the Sub-Fund*

A Sub-Fund may use derivatives and this may involve risks which are different from and possibly greater than the risks associated with investing directly in securities and traditional instruments. Derivatives are subject to liquidity risk, interest rate risk, market risk and default risk. They also involve the risk of improper valuation and the risk that the changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. As a consequence, the Sub-Fund when investing in derivative transactions, may lose more than the principal amount invested, resulting in a further loss to the Sub-Fund.

### *Potential conflicts of interest*

The Investment Manager may effect transactions in which it has, directly or indirectly, an interest which may involve a potential conflict with its duty to the Fund and the Management Company. The Investment Manager shall not be liable to account to the Fund and the Management Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Manager's fees, unless otherwise provided, be abated.

The Investment Managers will ensure that such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed.

#### *Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect*

All Sub-Funds which can invest in the PRC may invest in China A-shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs subject to any applicable regulatory limits. The Shanghai-Hong Kong Stock Connect program is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. This program will allow foreign investors to trade certain SSE listed China A-shares and exchange-traded funds through their Hong Kong based brokers. The Shenzhen-Hong Kong Stock Connect is a similar cross-boundary investment channel, however it connects the Shenzhen Stock Exchange with HKEx. Again, it provides mutual stock market access between mainland China and Hong Kong and broadens the range of China A-shares and exchange-traded funds that international investors can trade.

The Sub-Funds seeking to invest in the domestic securities markets of the PRC may use both the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programmes and, thus, are subject to the following additional risks:

General Risk: The relevant regulations are subject to change. There is no certainty as to how they will be applied which could adversely affect the Sub-Funds. The programs require use of new information technology systems which may be subject to operational risk due to their cross-border nature. If the relevant systems fail to function properly, trading in both Hong Kong, Shanghai and Shenzhen markets through the programs could be disrupted.

Clearing and Settlement Risk: The HKSCC and ChinaClear have established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Legal/Beneficial Ownership: 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 and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities held through it

and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities would have full ownership thereof, and that those Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect 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-Funds and the Depositary cannot ensure that the Sub-Funds' ownership of these securities or title thereto is assured.

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

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 or the liquidation of ChinaClear. In this event, the Sub-Funds may not fully recover its losses or its Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities and the process of recovery could also be delayed.

Operational Risk: The HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations which include certain restrictions on selling and buying will apply to all market participants.

Quota Limitations: The program is subject to quota limitations which may restrict the Sub-Funds' ability to invest in China A-shares through the program on a timely basis.

Investor Compensation: Investment through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers in their obligations. Since the Sub-Funds are carrying out northbound trading through securities brokers in Hong Kong but not brokers in the PRC, they will not be protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Differences in Trading Day Risk: Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading. There may be occasions when it is a normal trading day for the PRC market but the Sub-Funds cannot carry out any China A-shares trading. The Sub-Funds may be subject to risks of price fluctuations in China A-shares during the time when Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect are not trading as a result.

**IN VIEW OF THE RISKS DESCRIBED ABOVE WITH WHICH THE PURCHASE OF UNITS IS ASSOCIATED, INVESTORS ARE RECOMMENDED TO OBTAIN PROFESSIONAL ADVICE ON WHETHER THE FUND, OR ANY OF ITS SUB-FUNDS, IS A SUITABLE INVESTMENT FOR THEM.**

### **3) DIVIDEND POLICIES**

Annual dividends may be declared separately in respect of each Class of each Sub-Fund by the Management Company. Interim dividends may be paid at any time of the year as deemed appropriate upon a decision of the Management Company in relation to any of the Classes of each Sub-Fund. Distributions may be made only if the net assets of the Fund do not fall below EURO 1,250,000.

The distribution so declared (if any) shall be paid as soon as practicable after the declaration, and considering that all Units of each Sub-Fund are entitled to participate equally in the profits made and dividends paid in respect of the relevant Sub-Fund of the Fund.

Entitlement to dividends and allocations not claimed within 5 years of the due date shall be forfeited and the corresponding assets shall revert to the relevant Sub-Fund of the Fund.

The distribution policy with respect to each Sub-Fund will be described in the relevant Annex to this Prospectus relating to such Sub-Fund.

#### **4) ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS**

##### **ISSUE OF UNITS**

Units are issued in registered form only (and not exchangeable into bearer form). Ownership of Units is evidenced by entry in the Fund's register and is represented by confirmation(s) of ownership. No Unit certificates shall be delivered to the Unitholders.

Fractions of Units may be issued to such decimal place as set forth in the relevant Appendix to this Prospectus relating to each Sub-Fund.

Subscriptions for Units in each Sub-Fund can be made as at any day that is a Valuation Day for that Sub-Fund.

The offer price of Units in each Sub-Fund shall be the net asset value per Unit of the relevant Class of such Sub-Fund determined in respect of the applicable Valuation Day. A sales charge and a dilution levy (as described in Section "10) GENERAL INFORMATION, 6. Determination of the net asset value of Units") may be added as specified in the relevant Annex or other relevant sales document. The Management Company is also entitled to add to the net asset value per Unit a charge sufficient to cover stamp duties and taxation in respect of the issue of Units or certificates and delivery and insurance costs in respect of certificates.

The procedures for subscribing Units of a Sub-Fund and details of payment of subscription monies for such Sub-Fund are set forth in the relevant Annex relating to such Sub-Fund.

The currency of payment will be the reference currency of the relevant Sub-Fund or Class as specified in the relevant Annex. Where the Management Company receives applications for Units in other currencies freely convertible into the relevant reference currency, the Management Company, on behalf of and at the cost of the investor, may (but is not obliged to) arrange with the Depositary for the monies received to be converted into the relevant reference currency at the applicable exchange rate. The applicable exchange rate for this purpose will be determined by the Depositary at the time when cleared funds are received by it or as soon as practicable thereafter. Units to the value of the converted funds (less the cost of conversion) will be issued to the applicant on the basis of the issue price of the Units ruling in respect of the Valuation Day on which the conversion is effected.

The Management Company reserves the right to accept or refuse, at its sole discretion, any application for Units in whole or in part and for any reason. The Management Company may decide to accept, at its sole discretion, subscription requests for an amount less than the minimum investment amount specified in the relevant Annex for the concerned Sub-Fund or Class. The Management Company may also limit the distribution of Units of a given Sub-Fund to specific countries. All the application forms must be accompanied by all necessary documents, in particular, those required under anti-money laundering procedures as described below.

The Management Company may accept securities as payment for Units at its discretion provided that the contribution of such securities are consistent with policies pursued by the Management Company and will not result in a breach of the relevant Sub-Fund's investment objective and policies or the Fund's investment restrictions. In such case, an auditor's report will be necessary to value the contribution in kind. Expenses in connection with the establishment of such report and any other expenses in connection with the subscription in kind will be borne by the subscriber that has chosen this method of payment or by the Management Company at its discretion.

In accordance with international regulations and Luxembourg laws and regulations (including but not limited to the amended Law of 12<sup>th</sup> November 2004 on the fight against money laundering and financing of terrorism, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements) obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from being used for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Administrative Agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the Administrative Agent, as delegate of the Management Company, may require any other information that the Management Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined hereafter).

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the undertakings for collective investment nor the Administrative Agent will be held responsible for the said delay or failure to process deals resulting from the failure of the applicant to provide documentation or incomplete documentation.

Unitholders may be requested to supply additional or updated identification documents from time to time pursuant to ongoing client due diligence obligations according to the relevant laws and regulations.

Issue of Units is conditional upon receipt of subscription monies, including any applicable sales charge, which must be paid within the time period specified in the relevant Annex. Until full payment of settlement monies, the applicant for Units does not have legal ownership of such Units. Where an applicant for Units fails to pay subscription monies within the indicated timeframe such subscription may lapse and be cancelled at the cost of the applicant or his/her distributor.



If the applicant fails to provide a completed application form (for an initial application) by the due date, the Management Company may decide to redeem the relevant Units, at the cost of the applicant or his/her distributor.

The applicant for Units may be required to indemnify the Management Company against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay the subscription monies or to submit the required documents by the due date.

Confirmation of each completed subscription together with a Unit certificate, if applicable, will be provided within ten (10) bank business days in Luxembourg following the issue of the Units at the risk of the investor, to the address indicated in the application form submitted by that investor.

The Fund shall comply with the laws and regulations of the countries in which the Units are offered. The Management Company may, at any time and at its discretion, suspend or limit the issue of Units to persons temporarily or permanently resident or established in particular countries or areas. The Management Company may also exclude certain individuals or corporate bodies from the purchase of Units when this appears to be necessary to protect the Unitholders and the Fund as a whole.

The Management Company may restrict the ownership of Units of certain Classes to institutional investors within the meanings of Article 174 of the 2010 Law ("Institutional Investors"). The Management Company may, at its discretion, delay the acceptance of any subscription application for Units of a Class reserved for Institutional Investors until such time as the Management Company has received sufficient evidence that the applicant qualifies as an Institutional Investor. If it appears at any time that a holder of Units of a Class reserved for Institutional Investors is not an Institutional Investor, the Management Company will convert the relevant Units into Units of a Class which is not restricted to Institutional Investors in which case the investors concerned will be informed by registered letter (provided that there exists such a Class with similar characteristics) or compulsorily redeem the relevant Units in accordance with the provisions set forth in the Management Regulations. The Management Company will refuse to give effect to any transfer of Units and consequently refuse for any transfer of Units to be entered into the register of Unitholders in circumstances where such transfer would result in a situation where Units of a Class restricted to Institutional Investors would, upon such transfer, be held by a person not qualify as an Institutional Investor.

In addition to any liability under applicable law, each Unitholder who does not qualify as an Institutional Investor, and who holds Units in a Class restricted to Institutional Investors, shall hold harmless and indemnify the Fund, the Management Company, the other Unitholders of the relevant Class and the Management Company's agent for any damages, losses and expenses resulting from or connected to such holding in circumstances where the relevant Unitholder had furnished misleading or untrue documentation or has made misleading or untrue representations to wrongfully establish its status as an Institutional Investor or has failed to notify the Management Company of its loss of such status.

Issue of Units of a given Sub-Fund shall be suspended whenever the determination of the net asset value per Unit of such Sub-Fund is suspended by the Management Company (see Section "10) GENERAL INFORMATION, 7. Temporary suspension of issues, redemptions and switching" of this Prospectus).

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

The Management Company reserves the right, in its sole discretion, to restrict or refuse subscriptions from investors whom the Management Company considers market timers. The Management Company does not knowingly allow investments which are associated with market timing practices, as such practices may adversely affect the interests of all non-market timing Unitholders by harming Sub-Funds' performance and diluting profitability.

In general, market timing refers to the investment behaviour of an individual or a group of individuals buying, selling or exchanging shares or other securities on the basis of predetermined market indicators. Market timers also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges.

The Management Company may therefore combine Units which are under common ownership or control for the purposes of ascertaining whether an individual or group of individuals can be deemed to be involved in market timing practices. Common ownership or control includes without limitation legal or beneficial ownership and agent or nominee relationships giving control to the agent or nominee of Units legally or beneficially owned by others.

Accordingly, the Management Company reserves the right, in its sole discretion, to (i) reject any application for switching of Units by investors whom the Management Company considers market timers or (ii) restrict or refuse purchases by investors whom the Management Company considers market timers.

The Management Company does not permit practices related to late trading and the Management Company reserves the right to reject orders from an investor who is engaging in such practices and to take, if appropriate, the necessary measures to protect the other investors of the Fund.

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order after the cut-off time on the relevant Valuation Day and the execution of such order at the price based on the net asset value per Unit applicable to such Valuation Day.

Notwithstanding the foregoing, at the discretion of the Management Company, orders transmitted by a paying agent, a correspondent bank or other entity aggregating orders on behalf of its underlying clients before the applicable cut-off time but only received by the Administrative Agent after the cut-off time may be treated as if they had been received before the cut-off time. Further, different cut-off times may, by agreement, be agreed with the local distributors or for distribution in jurisdictions where the different time zone so justifies.

## **SWITCHING OF UNITS**

Subject to any prohibition of conversions contained in an Annex, Unitholders have the right to switch all or part of their Units in any Sub-Fund or Class of a Sub-Fund (the "original Sub-Fund or Class") into Units of another existing Sub-Fund or Class (the "new Sub-Fund or Class"), provided that if the relevant Valuation Day of the original Sub-Fund or Class is not a Valuation Day of the new Sub-Fund or Class, the net asset value per Unit in respect of the next following Valuation Day of the new Sub-Fund or Class will be applicable and the switch will be completed on such date. However, the right to switch Units is subject to compliance with any conditions (including any minimum subscriptions and holding amounts) applicable to the Class into which switch is to be effected.

Applications for switching of Units have to be made in the same manner as for issue and redemption of Units, directly to the registered office of the Administrative Agent in Luxembourg (or through any duly authorised distributor, if applicable, which may be appointed by the Management Company from time to time and specified in the relevant Annex or other relevant sales document), provided that the switch may not, however, be effected if the result of the switch would be that the Unitholder would be registered as holding less than the minimum holding (as defined in the relevant Annex) in value of Units of the original Sub-Fund or Class of a Sub-Fund or of the new Sub-Fund or Class.

In order to switch all or part of a holding, a Unitholder should give notice to the Administrative Agent in the same manner fixed for the original Sub-Fund or Class and not later than 3.00 p.m. (Luxembourg time) on the Valuation Day of the original Sub-Fund or Class. Any switching request received after such time will be carried forward to, and dealt with on the next following Valuation Day. The Management Company may, at its discretion, authorise a switching charge which shall not exceed 2% of the issue price of the Units of the new Sub-Fund or Class payable to the Fund, intermediaries or distributors. The rate at which all or any part of a holding of Units of the original Sub-Fund or Class is switched on any Valuation Day into Units of the new Sub-Fund or Class will be determined in accordance with the following formula (or as nearly as may be in accordance therewith so that the number of Units of the new Sub-Fund or Class to be allotted and issued is a multiple of one-hundredth of a Unit):

$$A = \frac{B \times C}{D}$$

where:

- A is the number of Units of the new Sub-Fund or Class to be allotted;
- B is the number of Units of the original Sub-Fund or Class to be switched;
- C is the net asset value per Unit of the original Sub-Fund or Class ruling in respect of the relevant Valuation Day; and
- D is the net asset value per Unit of the new Sub-Fund or Class ruling in respect of the relevant Valuation Day (excluding any sales charge) provided that if the relevant Valuation Day of the original Sub-Fund or Class is not a Valuation Day of the new Sub-Fund or Class, the net asset value per Unit in respect of the next following Valuation Day of the new Sub-Fund or Class will be applicable and the switch will be completed on such date.

If certificates were issued for the Units of the original Sub-Fund or Class, the new certificate(s) shall be issued only upon receipt by the Management Company of such former certificates.

Switching into or out of Units of a given Sub-Fund shall be suspended whenever the determination of the net asset value per Unit of such Sub-Fund is suspended by the Management Company.

## **REDEMPTION OF UNITS**

Any Unitholder may present its Units for redemption in part or whole as at any Valuation Day for the relevant Sub-Fund.

The redemption price of Units in each Sub-Fund shall be the net asset value per Unit of the relevant Class of such Sub-Fund determined in respect of the applicable Valuation Day, less applicable redemption charges and dilution levy (as described in Section "10) GENERAL INFORMATION, 6. Determination of the net asset value of Units"), if any.

The procedure for redeeming Units of a Sub-Fund and the details of payment of redemption proceeds for such Sub-Fund are set forth in the relevant Annex relating to such Sub-Fund.

If requested by a Unitholder, redemptions may be made in kind at the discretion of the Management Company. Expenses in connection with the redemption in kind (mainly costs relating to the drawing up of an auditor's report) will be borne by the Unitholder that has chosen

this method of redemption or by the Management Company at its discretion. To the extent reasonably possible, such redemption in kind will normally be made on a pro rata basis of all investments held by the Fund (having always due regard to and/or protecting the interests of the Fund).

The Management Company shall ensure that the Sub-Fund maintains an appropriate level of liquidity, so that under normal circumstances repurchase of the Units of the Sub-Fund may be made promptly upon request by Unitholders. Payment of the repurchase price shall be made not later than five business days counting from and excluding the Valuation Day of a Sub-Fund applicable to the repurchase request accepted and subject to receipt of the Unit certificates (if issued).

The Depositary must make payment only if no statutory provisions, such as exchange control regulations or other circumstances outside the control of the Depositary, prohibit the transfer of the payment of the repurchase price to the country where reimbursement was applied for.

If, as a result of a redemption, the value of a Unitholder's holding in any Sub-Fund or Class of any Sub-Fund would become less than the minimum holding for that Sub-Fund or Class as specified in the relevant Annex, the relevant Unitholder may be deemed (but only if the Management Company so decides at its sole discretion) to have requested the redemption of all of its Units of such Sub-Fund or Class. Also, the Management Company may, at any time, decide to compulsorily redeem all Units from Unitholders whose holding in a Sub-Fund or Class is less than the minimum holding for that Sub-Fund or Class (as defined in the relevant Annex). In case of such compulsory redemption, the Unitholder concerned will receive a one (1) month prior notice so as to be able to increase his holding.

Payment will normally be made in the reference currency of the relevant Sub-Fund or Class. Upon request, however, the Management Company may, but is not obliged to, arrange with the Administrative Agent for the redemption proceeds to be exchanged for another freely convertible currency at the applicable exchange rate. The applicable exchange rate for this purpose will be determined by the Depositary at the time on the Valuation Day when the redemption takes effect or as soon as practicable thereafter. Any foreign exchange costs incurred in effecting the currency conversion will be deducted from the amount payable to the redeeming Unitholder. In case of the payment in non-reference currency, payment day might be delayed due to the process of currency conversion.

If Unit certificates have been issued, the Unit certificates must be returned to the Administrative Agent before the payment.

If redemption requests (including applications for switching of Units, if applicable) are received in respect of any single Valuation Day for redemptions aggregating 10% or more of the net asset value of a Sub-Fund or Class of a Sub-Fund, the Management Company may decide to delay the calculation of the redemption price of the Units of that Sub-Fund or Class until the Management Company has sold the corresponding assets (which it will endeavour to do without unnecessary delay); in such event, the Management Company shall calculate the

net asset value on the basis of prices at which it sold investments to meet the redemption requests; in such cases, payment may also be made, with the approval of the Unitholders concerned, in specie in the form of the Fund's assets which will be valued in an auditor's report and in such manner as the Management Company may determine.

Redemption of Units of a given Sub-Fund shall be suspended whenever the determination of the net asset value per Unit of such Sub-Fund is suspended by the Management Company.

A Unitholder may not withdraw his request for redemption of Units except in the event of a suspension of the determination of the net asset value of the relevant Sub-Fund or Class of a Sub-Fund and, in such event, a withdrawal will be effective only if written notification is received by the Management Company before the termination of the period of suspension. If the request is not withdrawn, the Management Company shall redeem the Units on the first applicable Valuation Day following the end of the suspension of determination of the net asset value of the relevant Sub-Fund or Class.

## **TRANSFER OF UNITS**

The transfer of Units must be effected by delivery to the Management Company of an instrument of transfer in the form agreed by the Management Company together with the relevant certificate(s), if issued.

On receipt of a transfer request, the Management Company may, after reviewing the endorsement(s), require that the signature(s) be guaranteed by an approved bank, stock broker or public notary.

Unitholders are recommended to contact the Management Company prior to requesting a transfer to ensure that they have all the correct documentation for the transaction.

## 5) MANAGEMENT

### MANAGEMENT COMPANY

The Board of Directors of the Management Company is responsible on a day-to-day basis for providing administration, marketing, investment management and advice services in respect of the Fund and of its Sub-Funds. The Management Company has delegated the administration functions and registrar and transfer functions to the Administrative Agent. The Management Company delegates the marketing functions to the distributors (if and when applicable), and the investment management and advice services to the Investment Managers(s) (and/or the Investment Sub-Managers) as listed below or specified in the relevant Annex.

The Management Company was incorporated on 10<sup>th</sup> November 2004 as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg *Registre de Commerce et des Sociétés*. The Management Company is approved as a management company regulated by Chapter 15 of the 2010 Law.

The share capital of the Management Company is EURO 10,000,000.

In addition, the Management Company shall ensure compliance by the Fund with the investment restrictions and oversee the implementation of the Fund's strategies and investment policy. The Management Company will receive periodic reports from the Investment Managers (and/or from the Investment Sub-Managers, if applicable) detailing the Sub-Funds' performance and analysing their investment. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

The Management Company may appoint any companies in or outside the Nikko Asset Management<sup>6</sup> group to act as an investment manager and an adviser or as an additional manager/adviser or sub-manager/adviser for the different Sub-Funds.

Additional information which the Management Company must make available to investors in accordance with Luxembourg laws and regulations such as but not limited to Unitholder complaints handling procedures, conflicts of interest rules, voting rights policy of the Management Company etc., shall be available at the registered office of the Management Company.

### REMUNERATION POLICY

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the UCITS Directive and any related legal and regulatory provisions applicable in Luxembourg.

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<sup>6</sup> Effective from 1 September 2025, the group Nikko Asset Management will be renamed as Amova Asset Management. The present footnote applies to any reference throughout the Prospectus to this group.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company, the Fund and its Unitholders, and includes, inter alia, measures to avoid conflicts of interest. The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of the Fund.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under the UCITS Directive are not remunerated based on the performance of the UCITS under management.

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: <https://www.fundrock.com/policies-and-compliance/remuneration-policy/>. A paper version of this remuneration policy is made available free of charge at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion which relies on the following principles:

1. identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
2. identification of the functions performed within the Management Company which may impact the performance of the entities under management;
3. calculation of remuneration and benefits based on the combination of individual and company's performance assessment;
4. determination of a balanced remuneration (fixed and variable);
5. implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;
6. deferral of variable remuneration over 3-year periods; and
7. implementation of control procedures/adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.



## INVESTMENT MANAGERS AND INVESTMENT SUB-MANAGERS

The Management Company has appointed, as specified in each Sub-Fund Annex, the entities listed below as investment manager for each Sub-Fund (the "Investment Manager") to manage the assets of the Sub-Funds. The Investment Manager may, separately, appoint sub-managers (the entities specified in the Annex as sub-managers) (the "Investment Sub-Managers" and each an "Investment Sub-Manager") to provide discretionary management services in respect of the relevant Sub-Funds.

### Investment Managers:

- Nikko Asset Management Co., Ltd., Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo 107-6242, Japan.

Established in 1959, Nikko Asset Management Co., Ltd. (Nikko AM) is licensed to provide, among others, non-discretionary investment advisory services and discretionary investment management services in Japan and registered as investment advisor with the US Securities and Exchange Commission. Nikko AM's head office is in Tokyo with group offices in New York, London, Singapore, Hong Kong, Sydney and Auckland. Nikko AM is majority owned by Sumitomo Mitsui Trust Group, Inc.

- Nikko Asset Management Asia Limited, 12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961 (Business Registration No: 198202562H).

Nikko Asset Management Asia Limited, whose principal activities consist of the business of fund management, dealing in securities and trading in futures contracts, was incorporated in Singapore on 16 June 1982 as a public company limited by shares under the laws of Singapore. It holds a Capital Markets Services Licence for the regulated activity of Fund Management, Dealing in Securities and Trading in Futures Contracts issued by the Monetary Authority of Singapore.

## 6) DEPOSITARY AND ADMINISTRATION

BNP Paribas Securities Services - Luxembourg Branch was appointed Depositary of the assets of the Fund under the terms of a written agreement dated 6 October 2021 between the Management Company and BNP Paribas Securities Services - Luxembourg Branch.

Up until 30 September 2022, the Depositary was a Luxembourg branch of BNP Paribas Securities Services S.C.A, a wholly-owned subsidiary of BNP Paribas S.A. BNP Paribas Securities Services S.C.A. is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the CSSF.

On 1 October 2022, BNP Paribas Securities Services S.C.A. merged into BNP Paribas S.A. and as a result, all of the assets, liabilities and activities of BNP Paribas Securities Services S.C.A. were transferred to BNP Paribas S.A. BNP Paribas S.A. assumed all the functions and services of BNP Paribas Securities Services S.C.A.

BNP Paribas, Luxembourg Branch is a branch of BNP Paribas S.A. BNP Paribas S.A. is a licensed bank incorporated in France as a *Société Anonyme* (public limited company) registered with the *Registre du commerce et des sociétés Paris* (Trade and Companies' Register) under number No. 662 042 449, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 16 Boulevard des Italiens, 75009 Paris, France, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B23968 and supervised by the CSSF.

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

Under its oversight duties, the Depositary is required to:

- (1) ensure that the sale, issue, repurchase, redemption and cancellation of Units effected on behalf of the Fund are carried out in accordance with the 2010 Law and with the Management Regulations;
- (2) ensure that the value of Units is calculated in accordance with the 2010 Law and the Management Regulations;
- (3) carry out the instructions of the Management Company acting on behalf of the Fund, unless they conflict with the 2010 Law or the Management Regulations;

- (4) ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits;
- (5) ensure that the Fund's revenues are allocated in accordance with the 2010 Law and the Management Regulations.

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

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

Such other business relationships may cover services in relation to:

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

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

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

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

- Setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

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

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

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

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

A list of these delegates and sub-delegates for its safekeeping duties is available on the website: <https://securities.cib.bnpparibas/regulatory-publications/>.

Such list may be updated from time to time.

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

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

BNP Paribas, Luxembourg Branch, being part of a group providing clients with a worldwide network covering different time zones, may entrust parts of its operational processes to other

BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg. The entities involved in the support of internal organisation, banking services, central administration and transfer agency service are listed in the website: <https://securities.cib.bnpparibas/luxembourg/> under our Publication Corner. Further information on the BNP Paribas, Luxembourg Branch international operating model linked to the Company may be provided upon request by the Company and/or the Management Company.

The Depositary also acts as administrative agent and/or registrar and transfer agent pursuant to the terms of the Administrative Agent Agreement between the Management Company and the Depositary. As such, BNP Paribas, Luxembourg Branch is in charge of the three functions which pertain to the UCI administration under CSSF Circular 22/811 (i.e., the registrar function, the calculation of the net asset value and accounting function and the client communication function).

The Depositary has implemented appropriate segregation of activities between the Depositary and the administration/ registrar and transfer agency services, including escalation processes and governance. In addition, the depositary function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

For its services as depositary of the Fund, the Depositary may receive (in addition to transaction based fees) (i) a fiduciary fee, and (ii) a safekeeping fee, applied on the assets of the Sub-Fund which may vary according to the various markets depending on each Sub-Fund's asset allocation. The amount of safekeeping fees paid by each Sub-Fund will be disclosed in the annual report of the Fund.

## **7) CONFLICTS OF INTEREST**

The Management Company, the Investment Manager and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

The Management Company has adopted and implemented a conflicts of interest policy in accordance with its Code of Conduct.

The Management Company, the Fund and the Investment Manager have adopted and implemented a conflicts of interest policy and have made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund's investors are treated fairly.

In the conduct of its business the Management Company has adopted a conflict of interest policy (the "Conflict of Interest Policy") to identify, manage and where necessary prohibit any action or transaction that may give rise to conflicts entailing a material risk of damage to the interest of the Fund or its Unitholders. The Management Company strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, it has implemented procedures that shall ensure that any business activities involving a conflict which may harm the interests of the Fund or its Unitholders, are carried out with an appropriate level of independence and that any conflicts are resolved fairly.

Notwithstanding its due care and best effort, there is a risk that the organizational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Fund or its Unitholders will be prevented. In such case where a conflict of interest cannot be avoided and/or requires particular action, the Management Company will report to Unitholders in an appropriate durable medium and give reasons for this decision.

A paper version of the Conflicts of Interest Policy is available free of charge at the registered office of the Management Company.

Detailed information regarding the Conflict of Interest Policy can also be found on the following webpage of the Management Company: <https://www.fundrock.com/policies-and-compliance/conflict-of-interest/>

## **8) FEES AND CHARGES**

Depending on the arrangement with the distributor or distributors who may be appointed by the Management Company from time to time regarding the distribution in a certain country or countries, a sales charge of up to 5.0% of the net asset value per Unit may be applied for the benefit of distributors or other intermediaries as initial charge.

The Management Company, the Investment Managers and any duly authorised distributors or intermediaries (if applicable, appointed for each Sub-Fund) will be entitled to receive the management fees from the assets of the relevant Sub-Fund as fully disclosed in the relevant Annex for their management, advisory, or other services conducted for the Fund. In addition, any performance-linked fee if applicable may be deducted as fully specified in the relevant Annex.

The current annual percentage rates in respect of each Sub-Fund are disclosed in the relevant Annex.

The Management Company pays fees, as disclosed in the relevant Annex, to the Depositary and Administrative Agent. The fees are based on the net asset value of the Fund. They are also determined partly on a transaction basis and partly as a fixed sum, the total having been determined with reference to market rates prevailing in Luxembourg.

The Fund may bear the following expenses:

- ◆ all taxes which may be payable on the assets, income and expenses chargeable to the Fund;
- ◆ standard brokerage and bank charges incurred by the Fund in the context of business transactions (these charges are included in the cost of investments and deducted from sales proceeds);
- ◆ fees and expenses, as the case may be, of the Management Company in the context of the management of the Fund;
- ◆ fees and expenses, as the case may be, of the Investment Manager incurred in the context of its services provided to the Fund;
- ◆ fees and expenses, as the case may be, of the Administrative Agent incurred in the context of its services provided to the Fund;
- ◆ fees and expenses and transaction charges of the Depositary and its correspondents;
- ◆ the cost, including that of legal advice, which may be payable by the Management Company or the Depositary for actions taken in the interest of the Unitholders;

- ◆ the fees and expenses incurred in connection with the registration of the Fund with, or the approval or recognition of the Fund by, the competent authorities in any country or territory and all fees and expenses incurred in connection with maintaining any such regulations, approval or recognition;
- ◆ the cost of preparing, printing the Unit certificates (if any), depositing, translating and publishing the Management Regulations and other documents in respect of the Fund, including notifications for registration, prospectuses and memoranda for all governmental authorities and stock exchanges (including local securities dealer's associations) which are required in connection with the Fund or with offering the Units of the Fund, the cost of preparing, printing and distributing annual and semi-annual report for the Unitholders in all required languages, together with the cost of printing and distributing all other reports and documents which are required by the relevant legislation or regulations, the cost of bookkeeping and computation of the net asset value per Unit, the cost of notifications to Unitholders, the fees of the Fund's auditors and legal advisers, and all other similar administrative expenses, including the cost of advertising and other expenses incurred in connection with such activity, specifically for the offer and sale of the Units of the Fund, such as the cost of printing copies of the above-mentioned documents and reports as are used in marketing the Units;
- ◆ its membership of professional associations, marketing expenses, any costs associated with the sales or registration of Units in any jurisdiction or of a listing on any exchange, fees of any other service providers or system associated with the set-up or maintenance of the distribution of the Fund or its Sub-Funds in any jurisdiction, the routing or handling of transactions for Sub-Fund investors, as well as fees related to investor tax reports, regulatory risk reports and any other regulatory related data and reports.

All recurring fees are first deducted from the investment income, then from realized capital gains and then from the assets. Other expenses may be written off over a period of 5 years.

Where a new Sub-Fund is created and launched, it will incur its own initial expenses that may be written off over a period of up to 5 years. It shall not participate in initial expenses incurred for the creation and launch of existing Sub-Funds, but may bear a share of the expenses for creating the Fund.



## 9) TAXATION

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Units and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### THE FUND

Under current law and practice, the Fund is not liable to any Luxembourg income or corporation tax. The Fund is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% *per annum* of its net asset value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% *per annum* is applicable to individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved for one or more Institutional Investors.

Subscription tax exemption applies to:

- the portion of any Sub-Fund's assets (*pro rata*) invested in a Luxembourg investment fund or any of its sub-funds to the extent it is subject itself to the subscription tax;
- any Sub-Fund (i) whose securities are only held by Institutional Investor(s), and (ii) whose sole object is the collective investment in Money Market Instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days, and (iv) that have obtained the highest possible rating from a recognised rating agency. If several Classes are in issue in the relevant Sub-Fund meeting (ii) to (iv) above, only those Classes meeting (i) above will benefit from this exemption;
- any Sub-Fund whose main objective is the investment in microfinance institutions;
- any Sub-Fund, (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly, recognized and open to the public and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Classes are in issue in the relevant Sub-Fund meeting (ii) above, only those Classes meeting (i) above will benefit from this exemption;

- any Sub-Fund if the securities issued by the relevant Sub-Fund are reserved for (i) institutions for occupational retirement pension and similar investment vehicles, set-up on the initiative of one or more employer for the benefit of their employees and (ii) companies of one or more employers investing funds they hold to provide retirement benefits to their employees; and
- any Sub-Fund which is actively managed whose securities are traded throughout the day on at least one regulated market or multilateral trading facility and where at least one market maker is involved in ensuring that the price of its securities does not deviate significantly from their net asset value and, where applicable, their indicative net asset value are exempt from such tax. If there are Classes within a Sub-Fund, the exemption applies only to the Classes referred to.

As from 1 January 2021, subject to certification and in case the proportion of net assets of an individual compartment invested in sustainable economic activities ("Sustainable Economic Activities") as defined in Article 3 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation"), which is disclosed in accordance with the Taxonomy Regulation, represents the relevant percentage of the aggregate net assets of the Fund or of an individual Sub-Fund of the Fund, a reduced subscription tax rate applies as indicated in the table below:

Percentage of net assets invested into Sustainable Economic Activities	Subscription tax
At least 5%	0.04%
At least 20%	0.03%
At least 35%	0.02%
At least 50%	0.01%

## WITHHOLDING TAX

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

Distributions made by the Fund are not subject to withholding tax in Luxembourg.

## THE UNITHOLDERS

### Luxembourg resident individuals

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

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

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*).

### Luxembourg resident corporate

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

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

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

## **Non-Luxembourg residents**

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

The tax consequences for Unitholders wishing to purchase, subscribe, acquire, hold, convert, sell, redeem or dispose Units will depend on the relevant laws of any jurisdiction to which the Unitholder is subject.

A Unitholder will not become resident, or deemed to be resident, in Luxembourg by reason only of holding the Units.

## **Automatic Exchange of Information**

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

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial asset holders (including certain entities and their controlling persons) and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement ("CRS Reportable Account"). Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Under the CRS Law, the first official list of CRS reportable jurisdictions was published on 24 March 2017 and is updated from time to time.

Accordingly, the Administrative Agent upon instruction of the Management Company may require its Unitholders to provide information or documentation in relation to the identity and fiscal residence of financial account holders in order to ascertain their CRS status; and report information regarding a Unitholder and his/her/its account holding in the Fund to the Luxembourg tax authorities if such an account is deemed a CRS Reportable Account under the CRS Law.

By investing in the Fund, the Unitholders acknowledge that (i) the Management Company is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will inter alia be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities and to the tax authorities of CRS reportable jurisdictions; (iv) responding to CRS-related questions is mandatory; and (v) the Unitholders have a right of access to and rectification of the data communicated to the Luxembourg tax authorities.

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

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

## **DAC6**

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("DAC6"). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the "DAC6 Law").

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test (the "Reportable Arrangements").

In the case of a Reportable Arrangement, the information that must be reported includes inter alia the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any Member States likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market or organise the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called "intermediaries"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

The information reported will be automatically exchanged between the tax authorities of all Member States.

In light of the broad scope of the DAC6 Law, transactions carried out by the Fund may fall within the scope of the DAC6 Law and thus be reportable.

Some further information on taxation for investors resident in certain countries is described in  
APPENDIX – IMPORTANT INFORMATION FOR INVESTORS IN SPECIFIC  
COUNTRIES.

## 10) GENERAL INFORMATION

### 1. ORGANISATION

The Fund is organized in and under the laws of, the Grand-Duchy of Luxembourg as a mutual investment umbrella fund ("*fonds commun de placement à compartiments multiples*"), and is an unincorporated co-proprietorship of its securities and other assets (hereinafter referred to as "securities"), managed in the interest of its co-owners (hereinafter referred to as the "Unitholders") by FundRock Management Company S.A., a *société anonyme* incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office in Luxembourg. The assets of the Fund are separate from those of the Management Company and from those of other investment funds managed by the Management Company.

The Fund may issue different classes of Units, the issue proceeds of which will be separately invested pursuant to investment policies fixed by the Management Company for each Class of Units.

For the purpose of relations between the Unitholders each Sub-Fund will be deemed to be a separate entity.

The Fund is registered on the official list of collective investment undertakings qualifying under Part I of the 2010 Law.

The Management Regulations are on file with the *Registre de Commerce et des Sociétés* in Luxembourg, where they may be inspected and copies obtained.

The Fund has been established for an unlimited period. The Fund may be dissolved at any time by mutual agreement between the Management Company and the Depositary. The Fund may further be dissolved in cases provided for by Luxembourg law. Any notice of dissolution will be published in the *Mémorial* and in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper. In the event of dissolution, the Management Company will realize the assets of the Fund in the best interests of the Unitholders, and the Depositary, upon instructions given by the Management Company, will distribute the net proceeds of liquidation (after deducting all liquidation expenses) among the Unitholders in proportion to their rights. As provided by Luxembourg law the proceeds of liquidation corresponding to Units not surrendered for repayment at the close of liquidation will be kept in safe custody with the Luxembourg "*Caisse de Consignation*" until the prescription period has elapsed.

The liquidation of the Fund or a Sub-Fund may not be requested by a Unitholder, nor by its heirs or beneficiaries.

## **2. THE UNITS**

The Units of each Sub-Fund and of each Class of each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to the Sub-Fund or Class of the Sub-Fund concerned. The rules governing such allocation are set forth in Section "10) GENERAL INFORMATION, 5. Allocation of assets and liabilities among the Sub-Funds". The Units, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights. Units redeemed by the Management Company are cancelled. The provisions of the Management Regulations and this Prospectus in relation to Units of a Sub-Fund are applicable also to Units of a Class of a Sub-Fund.

If specifically provided in the relevant Annex of such Sub-Fund, a Sub-Fund may issue a currency hedged Unit Class (the "Currency Hedged Class of Units") where certain Classes of Units are not denominated in the reference currency of such Sub-Fund. The Sub-Fund will systematically (as described below) hedge the Currency Hedged Class of Units' currency exposure to the reference currency of the Sub-Fund in the forward currency market, whether the Class currency exposure of the Currency Hedged Class of Units is declining or increasing in value relative to the reference currency of the Sub-Fund.

Whilst holding Units in the Currency Hedged Classes of Units may substantially protect the investor against losses due to unfavourable movements in the exchange rates of the reference currency of the Sub-Fund against the reference currency of the Currency Hedged Class of Units, holding such Units may also substantially limit the benefits of the investor in case of favourable movements. Investors should note that the Investment Manager of the Currency Hedged Class of Units intends to fully hedge the total net asset value of the Currency Hedged Class of Units against currency fluctuations of the reference currency of the Sub-Fund. Despite this intention, over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the Investment Manager, however, over-hedged positions will not exceed 105% of the net asset value of the Currency Hedged Class of Units and under-hedged positions will not fall below 95% of the net asset value of the Currency Hedged Class of Units. Changes in the value of the portfolio or the volume of subscriptions and redemptions may however lead to the level of currency hedging temporarily surpassing the limits set out above. In such cases, the currency hedge will be adjusted without undue delay. The net asset value per Units of the Currency Hedged Class of Units does therefore not necessarily develop in the same way as that of the Classes of Units in the reference currency of the Sub-Fund. It is not the intention of the Management Company to use the hedging arrangements to generate a further profit for the Currency Hedged Class of Units.

Investors should note that there is no segregation of liabilities between the individual Classes of Units within a Sub-Fund. Hence, there is a risk that under certain circumstances, hedging transactions in relation to a Currency Hedged Class of Units could result in liabilities affecting the net asset value of the other Classes of the same Sub-Fund. In such case assets of other Classes of such Sub-Fund may be used to cover the liabilities incurred by the Currency Hedged



Class of Units. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.

### **3. CONSOLIDATION OR LIQUIDATION OF SUB-FUNDS**

The Sub-Fund may be established for a limited or unlimited period, as specified in the relevant Annex.

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

The Management Company has the discretionary power to (but is not obliged to) liquidate any Sub-Fund or Class of a Sub-Fund if the net assets of such Sub-Fund or Class fall below or do not reach an amount determined by the Management Company to be the minimum level for such Sub-Fund or such Class to be operated in an economically efficient manner or if a change in the economic or political situation relating to the Sub-Fund or Class concerned justifies such liquidation. The decision to liquidate will be published by the Management Company prior to the effective date of the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Management Company decides otherwise in the interests of, or in order to keep equal treatment between, the Unitholders, the Unitholders of the Sub-Fund or Class concerned may continue to request redemption or switching of their Units free of redemption or switching charge. Assets which could not be distributed to their beneficiaries upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the Luxembourg *Caisse de Consignation* on behalf of such beneficiaries.

#### **B. MERGERS OF SUB-FUNDS**

The Management Company may decide to merge one or more Sub-Funds with another Sub-Fund, or with another undertaking for collective investment or a sub-fund thereof registered pursuant to Part I of the 2010 Law or another UCITS legislation.

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

Notice of such a merger shall be provided at least thirty days before the last date for the Unitholders to request redemption of their Units, without any charge other than those retained by the Fund to meet disinvestment costs. This right shall become effective from the moment that the Unitholders have been informed of the proposed merger and shall cease to exist five working days before the date for calculating the exchange ratio.

#### **C. AMALGAMATION OF CLASSES**

The Management Company may also decide to amalgamate different Classes of the same Sub-Fund after a simple notification to the unitholders concerned.

#### **D. SPLIT OF CLASSES IN A SUB-FUND**

The Management Company may consolidate or split the Units of such Sub-Fund.

#### **4. REPORTS AND ACCOUNTS**

The Fund's accounting year ends on 31 December in each year.

Audited annual reports shall be published within four (4) months following the end of the accounting year and unaudited semi-annual reports shall be published within two (2) months following the end of period to which they refer. The annual and semi-annual reports are available at the registered office of the Management Company during ordinary office hours.

The reference currency of the Fund is EUR. The aforesaid reports will comprise consolidated accounts of the Fund expressed in EUR as well as information relating to each Sub-Fund expressed in the reference currency of that Sub-Fund as disclosed in the relevant Annex.

#### **5. ALLOCATION OF ASSETS AND LIABILITIES AMONG THE SUB-FUNDS**

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Management Company has in accordance with Article 181 of the 2010 Law established a pool of assets for each Sub-Fund in the following manner:

In the accounts of the Fund, the Management Company shall establish the Sub-Funds as follows:

- a) the proceeds to be received from the issue of Units of a specific Class shall be applied in the books of the Fund to the Sub-Fund established for that Class of Units, and, as the case may be, the relevant amount shall increase the proportion of the net assets of such Sub-Fund attributable to the Class of Units to be issued, and the assets and liabilities and income and expenditure attributable to such Class or Classes shall be applied to the corresponding Sub-Fund subject to the provisions of this section;
- b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Fund to the same Sub-Fund as the assets from which it was derived and on each re-valuation of an asset, the increase or diminution in value shall be applied to the relevant pool;
- c) where the Fund incurs a liability which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability shall be allocated to the relevant Sub-Fund;

- d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such asset or liability shall be allocated to all the Sub-Funds pro rata to the net asset values of the relevant Classes of Units;
- e) when Class-specific expenses are paid and/or higher dividends are distributed to Units of a given Class, the net asset value of the relevant Class of Units shall be reduced by such expenses and/or by any excess of dividends paid to holders of Units of one Class over that paid to holders of the other Class or Classes (thus decreasing the percentage of the total net asset value of the Fund or of the Sub-Fund, as the case may be, attributable to such Class of Units) and the net asset value attributable to the other Class or Classes of Units shall remain the same (thus increasing the percentage of the total net asset value of the Fund or of the Sub-Fund, as the case may be, attributable to such other Class or Classes of Units);
- f) when Class-specific assets, if any, cease to be attributable to one Class only, and/or when income or assets derived therefrom are to be attributed to several Classes of Units issued in connection with the same Sub-Fund, the Unit of the relevant Class of Units in the Sub-Fund shall increase in the proportion of such contribution; and
- g) whenever Units are issued or redeemed, the Unit in the common Sub-Fund attributable to the corresponding Class of Units shall be increased or decreased by the amount received or paid, as the case may be, by the Fund for such issue or redemption.

The Fund may at any time issue Units of additional Classes, in connection with an existing Sub-Fund in which event the Unit of each additional Class(es) of Units in the Sub-Fund shall be determined initially in the proportion of the aggregate issue price received by the Fund and to be invested in the Sub-Fund upon the initial offering bears to the existing value of the Sub-Fund.

The Management Company may invest and manage all or any part of the Sub-Funds of the Fund (hereafter referred to as "Participating Sub-Funds") on a pooled basis where it is appropriate with regard to their respective investment sectors to do so. Any such enlarged asset pool ("Asset Pool") shall first be formed by transferring to the Asset Pool cash or (subject to the limitations mentions below) other assets from each of the Participating Sub-Funds. Thereafter, the Management Company may from time to time make further assets transfers between the Asset Pool and the Participating Sub-Fund(s) concerned. Assets other than cash may be allocated to an Asset Pool only where they are appropriate to the investment sector of the Asset Pool concerned.

The assets of the Asset Pool to which each Participating Sub-Fund shall be entitled shall be determined by reference to the allocations and withdrawals of assets by such Participating Sub-Fund.

Dividends, interest and other distributions of an income nature received in respect of the assets in an Asset Pool will be immediately credited to the Participating Sub-Funds, in proportion to their respective entitlements to the assets in the Asset Pool at the time or receipt. Asset Pools do not change the legal rights or obligations of Unitholders.

## **6. DETERMINATION OF THE NET ASSET VALUE OF UNITS**

The net asset value of the Units of each Sub-Fund is expressed in the reference currency of the Sub-Fund or Class concerned as specified in the relevant Annex. It shall be determined in respect of any Valuation Day by dividing the net assets attributable to each Sub-Fund by the number of Units of such Sub-Fund then outstanding. The net assets of each Sub-Fund or Class are made up of the value of the assets attributable to such Sub-Fund or Class less the total liabilities attributable to such Sub-Fund or Class calculated at such time as the Management Company shall have set for such purpose (see in Section "10) GENERAL INFORMATION, 5. Allocation of assets and liabilities among the Sub-Funds").

The value of the assets of the Fund shall be determined as follows:

- a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof;
- b) the value of securities and/or financial derivative instruments which are quoted or dealt on any stock exchange shall be based on the latest available closing price and each security traded on any other organised market shall be valued in a manner as similar as possible to that provided for quoted securities;

For securities, for which trading on the relevant stock exchanges is thin and secondary market trading is done between dealers who, as main market makers, offer prices in response to market conditions, the Management Company may decide to value such securities in line with the prices so established;

- c) for non-quoted securities or securities not traded or dealt on any stock exchange or other organised market, as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith on the basis of foreseeable sales prices;
- d) liquid assets and Money Market Instruments may be valued at face value plus any accrued interests;

- e) the value of assets denominated in a currency other than the reference currency of a Sub-Fund or Class shall be determined by taking into account the last available middle market rate. In that context, account shall be taken of hedging instruments used to cover foreign exchange risks;
- f) the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in accordance with market practice;
- g) shares or units in underlying open-ended investment funds shall be valued at their last available net asset value reduced by any applicable charges.

The Management Company is authorised to apply other adequate valuation principles for the assets of the Fund and/or the assets of a given Sub-Fund if the aforesaid valuation methods appear impossible or inappropriate provided that one set of rules shall be applied to the valuation of all assets allocated to a Sub-Fund.

In circumstances where the interests of the Management Company or the Unitholders so justify (avoidance of market timing practices, for example), the Management Company may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Fund's assets.

In circumstances where the value of the assets of a Sub-Fund may be reduced as a result of costs incurred in dealing in a Sub-Fund's investments, including taxes, stamp duties and transaction charges or as a result of dealings in such investments at prices other than the prices used to calculate the net asset value of the Sub-Fund, the Management Company may, in its discretion but subject to applicable law, impose on a Unitholder or applicant for Units a dilution levy in respect of any subscription or redemption of Units where they reasonably consider such levy will avoid or mitigate any potential adverse effects on Unitholders and will be fair to all Unitholders and potential Unitholders.

The maximum dilution levy which may be applied to a dealing request is 2% of the net asset value of the relevant Class.

The net asset value per Unit of each Sub-Fund and the issue and redemption price thereof are available at the registered office of the Management Company and of each paying agent.

## **7. TEMPORARY SUSPENSION OF ISSUES, REDEMPTIONS AND SWITCHING**

The Management Company has the power to suspend the determination of the net asset value of the Units of one or several Sub-Funds during:

- a) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of the Sub-Fund concerned is quoted or dealt in, is closed

otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or

- b) the existence of any state of affairs which constitutes an emergency, as a result of which disposal or valuation of assets of the Sub-Fund concerned would be impracticable or detrimental to the interests of holders of Units of that Sub-Fund; or
- c) any disruption in the means of communication or computation normally employed in determining the price or value of the assets of the Sub-Fund concerned or the current prices or values on any market or stock exchange; or
- d) any period when the Management Company is unable to repatriate funds for the purpose of making substantial payments on the redemption of Units or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Units cannot in the opinion of the Management Company be effected at normal rates of exchange; or
- e) if the Fund or a Sub-Fund is being or may be wound-up; or
- f) any period when in the opinion of the Management Company there exist circumstances outside of the control of the Management Company where it would be impracticable or unfair towards the Unitholders to continue dealing in Units of any Sub-Fund of the Fund; or
- g) any period when the determination of the net asset value per share/unit of investment funds representing a material part of the assets of the relevant Sub-Fund is suspended; or
- h) where the Master UCITS of a Feeder UCITS temporarily suspends the repurchase, redemption or subscription of its units, whether at its own initiative or at the request of its competent authorities.

The issue, redemption and switching of Units in the Sub-Fund(s) concerned will also be suspended during any such period where the net asset value is not determined.

Any redemption or switching request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Management Company before the end of such suspension period. Should such withdrawal not be effected, the Units in question shall be redeemed or switched on the first Valuation Day following the termination of the suspension period. In the event of such period being extended, notice shall be published in newspapers in the countries where the Units are sold. Investors who have requested the issue, redemption or switching of Units shall be informed of such suspension when such request is made.

In accordance with the 2010 Law, the issue and redemptions of Units shall be prohibited:

- a) during the period where the Fund has no depositary; and;
- b) where the Depositary is put into liquidation, declared bankrupt, seeks an arrangement with its creditors, is subject to a suspension of payment or controlled management or is the subject of similar proceedings.

## **8. INVESTMENT RESTRICTIONS**

I. (1) The Fund may invest in:

- a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- b) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within one year of the issue;
- c) units/shares of UCITS and/or other UCIs, whether situated in an EU member state or not, provided that:
  - such other UCIs are authorised under laws which state that they are subject to supervision considered by the *Commission de Surveillance du Secteur Financier* ("CSSF") as equivalent to that laid down in Community law and that co-operation between authorities is sufficiently ensured;
  - the level of protection for unitholders/shareholders in such other UCIs is equivalent to that provided for unitholders/shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of UCITS Directive;
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units/shares of other UCITS or other UCIs;

- d) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
  - the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Management Company's initiative;

and/or

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



- issued or guaranteed by a an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down in the Community law; or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EURO 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

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

II. The Fund may hold ancillary liquid assets.

- III. a) (i) The Management Company will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities or Money Market Instruments issued by the same issuing body.
- (ii) The Management Company may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body.
- (iii) The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) d) above or 5% of its net assets in other cases.
- b) Moreover, where the Management Company holds on behalf of a Sub-Fund investment in Transferable Securities and Money Market Instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

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

Notwithstanding the individual limits laid down in paragraph a), the Management Company may not combine for each Sub-Fund:

- investments in Transferable Securities or Money Market Instruments issued by a single body;
- deposits made with the same body; and/or
- exposure arising from OTC derivative transactions undertaken with the same body;

in excess of 20% of its net assets.

- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU member state, by its public local authorities, or by a third country or by public international bodies of which one or more EU member states belong.
- d) The limit of 10% laid down in sub-paragraph a) (i) may be increased to 25% for covered bonds as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter “Directive (EU 2019/2162)”, and for certain bonds when they are issued before 8 July 2022 by a credit institution which has its registered office in a member state of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds issued before 8 July 2022 must be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.

- e) The Transferable Securities and Money Market Instruments referred to in paragraphs c) and d) shall not be taken into account for the purpose of applying the limit of 40% in paragraph b).

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

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

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

- f) **Notwithstanding the above provisions, the Management Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a member state of the EU, by its local authorities or agencies, or by a state accepted by the CSSF (being at the date of this Prospectus OECD member states, Singapore or any member state of the Group of Twenty) or by public international bodies of which one or more member states of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is recognised by the CSSF and is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. a) The Management Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

- b) The Management Company, on behalf of the Sub-Fund, may acquire no more than:
  - 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 10% of the Money Market Instruments of the same issuer.
- c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a member state of the EU or its local authorities or by a non-member state of the EU, or issued by public international bodies of which one or more member states of the EU are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Management Company, on behalf of the Fund, can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III., V. and VI. a), b), and c).

- VI. a) The Management Company, on behalf of the Fund, may acquire units/shares of the UCITS and/or other UCIs referred to in paragraph I) (1) c), provided that no more than 10% of a Sub-Fund's net assets be invested in the units/shares of UCITS or other UCIs or in one single such UCITS or other UCI unless otherwise specified in the relevant Annex for a particular Sub-Fund.
- b) If a Sub-Fund may invest more than 10% of its net assets in units/shares of UCITS or other UCIs, such Sub-Fund may not invest more than 20% of its net assets in units/shares of a single UCITS or other UCI. For the purpose of the application of this investment limit, each compartment of a UCITS or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments *vis-à-vis* third parties is ensured.

- c) The underlying investments held by the UCITS or other UCIs in which the Management Company, on behalf of the Fund, invests do not have to be considered for the purpose of the investment restrictions set forth under paragraph III. above.
- d) Investments made in units of other UCIs may not, in aggregate, exceed 30% of the net assets of such Sub-Fund.
- e) When the Management Company, on behalf of the Fund, invests in the units/shares of UCITS and/or other UCIs that are managed, directly or by delegation, by the 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, the Management Company or other company cannot charge subscription or redemption fees on account of the Fund's investment in the units of such other UCITS and/or UCIs.

If any Sub-Fund's investments in UCITS and other UCIs constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged both to such Sub-Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 5% of the relevant assets. The Management Company will indicate in the annual report of the Fund the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

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

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

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 subparagraphs.

If the Management Company, on behalf of the Fund, invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Management Company,

on behalf of the Fund, invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III.

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

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

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

- c) The Management Company, on behalf of the Fund, may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
- d) The Management Company, on behalf of the Fund, may not acquire movable or immovable property.
- e) The Management Company, on behalf of the Fund, may not acquire either precious metals or certificates representing them.
- IX. a) The Management Company, on behalf of the Fund, needs not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.
- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for the sales transactions

of the Fund the remedying of that situation, taking due account of the interest of the Unitholders.

- c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III., IV. and VI.

The Management Company may adopt further investment restrictions in order to conform to the requirements of such countries where the Units shall be distributed.

- X. A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds (each, a "Target Sub-Fund") under the condition however that:

- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s); and
- no more than 10% of the assets that the Target Sub-Fund(s) whose acquisition is contemplated may be invested in units of other Target Sub-Funds; and
- voting rights, if any, attaching to the Units of the Target Sub-Fund(s) are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Sub-Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

- XI. Under the conditions and within the limits laid down by the 2010 Law, the Management 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.

A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS.

A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets;
- financial derivative instruments, which may be used only for hedging purposes.

## **9. USE OF TECHNIQUES & INSTRUMENTS, AND FINANCIAL DERIVATIVE INSTRUMENTS**

### **TECHNIQUES & INSTRUMENTS**

The Management Company may, on behalf of each Sub-Fund and subject to the conditions and within the limits laid down in the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, employ techniques and instruments relating to Transferable Securities and Money Market Instruments provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against risk. Such techniques and instruments may include, but are not limited to, engaging in transactions in financial derivative instruments such as futures, forwards, options, swaps and swaptions. The Management Company, on behalf of the Fund (subject as aforesaid), may employ such techniques and instruments in accordance with the applicable laws and regulations.

#### *Authorised transactions*

To the maximum extent allowed by, and within the limits set forth in applicable Luxembourg regulations, including the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, CSSF's circulars, in particular the provisions of (i) Article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investment, (as may be amended or replaced), of (ii) CSSF Circular 08/356 (as amended) relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to Transferable Securities and Money Market Instruments, and of (iii) CSSF Circular 14/592 (as amended) relating to the ESMA Guidelines on ETFs and other UCITS issues dated 1 August 2014, ESMA/2014/937 (the "ESMA Guidelines") (as these pieces of regulations may be amended or replaced from time to time), the Management Company, on behalf of each Sub-Fund, may for the purpose of generating additional capital or income or for reducing costs or risks (A) engage in Securities Lending transactions, and (B) enter, either as purchaser or seller, into optional as well as non-optional Repurchase and Reverse Repurchase Transactions with highly rated financial institutions specialised in this type of transaction.



(A) *Securities Lending*

If a Sub-Fund uses Securities Lending, the maximum and the expected proportion of assets under management of the Sub-Fund that could be subject to securities lending will be set out in the relevant Annex for such Sub-Fund. Securities Lending aims to generate additional income with an acceptably low level of risk. Certain risks, however, such as counterparty risk (e.g. borrower default) and market risk (e.g. decline in value of the collateral received or of the reinvested cash collateral) remain and need to be monitored. Securities held by a Sub-Fund that are lent will be held in custody by the Depositary (or a sub-custodian on the behalf of the Depositary) in a registered account opened in the Depositary's books for safekeeping. As of the date of this Prospectus, shares and debt securities are the only type of assets that may be subject to Securities Lending. Further, as of the date of this Prospectus, none of the Sub-Funds may engage in Securities Lending.

(B) *Repurchase and Reverse Repurchase Transactions*

If a Sub-Fund is actually engaged, either as purchaser or seller, in Repurchase or Reverse Repurchase Transactions in accordance with its investment policy, the maximum and expected proportion of assets under management of the Sub-Fund that could be subject to Repurchase or Reverse Repurchase Transactions will be set out in the relevant Annex for such Sub-Fund. The following types of assets can be subject to Repurchase and Reverse Repurchase Transactions:

- short-term bank certificates or Money Market Instruments such as defined within the Grand-Ducal Regulation;
- bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- bonds issued by non-governmental issuers offering an adequate liquidity;
- shares quoted or negotiated on a regulated market of a Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included within a main index.

As of the date of this Prospectus, none of the Sub-Funds may enter into Repurchase and Reverse Repurchase Transactions.

## FINANCIAL DERIVATIVE INSTRUMENTS

The Management Company, on behalf of each Sub-Fund, may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, circulars and CSSF positions (the "Regulations"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. If for a Sub-Fund such financial derivative instruments are also used for investment purposes, this will be set out in its investment objective and policy. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), forward foreign currency contracts and credit linked notes. The Management Company, on behalf of each Sub-Fund, may enter into transactions which include but are not limited to interest rate, equity, index and government bond futures and the purchase and writing of call and put options on securities, securities indices, government bond futures, interest rate futures and swaps. The Management Company, on behalf of this Sub-Fund, may employ such financial derivative instruments in accordance with the Regulations.

If a Sub-Fund invests in index-based derivatives, the information required under the ESMA Guidelines shall be disclosed in the relevant Annex for such Sub-Fund.

Within the limits set forth hereafter, the Management Company on behalf of the Fund may employ techniques and instruments for the purpose of hedging and efficient portfolio management under the conditions and within the limits laid down by law, regulation and administrative practice and as described below:

- a) With respect to options on securities:
  - i) the Management Company on behalf of the Fund may not invest in put or call options on securities unless:
    - such options are quoted on a stock exchange or traded on a Regulated Market; and
    - the acquisition price of such options does not exceed, in terms of premium, 15% of the total net assets of the relevant Sub-Fund;
  - ii) the Management Company on behalf of the Fund may not write call options on securities that it does not own unless the aggregate of the exercise prices of such call options does not exceed 25% of the net asset value of the relevant Sub-Fund;

- iii) the Management Company on behalf of the Fund may not write put options on securities unless the relevant Sub-Fund holds sufficient liquid assets to cover the aggregate of the exercise prices of such options written.
- b) The Management Company on behalf of the Fund may, for the purpose of hedging currency risks, enter into forward currency contracts or write call options or purchase put options on currencies provided however that the transactions made in one currency in respect of one Sub-Fund may in principle not exceed the valuation of the aggregate assets of such Sub-Fund denominated in that currency (or currencies which are likely to fluctuate in the same manner) nor exceed the period during which such assets are held.

The Management Company on behalf of the Fund may only enter into forward currency contracts if they constitute private agreements with highly rated financial institutions specialised in this type of transaction and may only write call options and purchase put options on currencies if they are traded on a Regulated Market operating regularly, being recognised and open to the public.

- c) The Management Company on behalf of the Fund may not deal in financial futures, except that:
  - i) for the purpose of hedging the risk of the fluctuation of the value of the portfolio securities of its Sub-Funds, the Management Company on behalf of the Fund may sell stock index futures provided that there exists sufficient correlation between the composition of the index used and the corresponding portfolio of the relevant Sub-Fund;
  - ii) for the purpose of efficient portfolio management, the Management Company on behalf of the Fund may, in respect of each Sub-Fund, purchase and sell futures contracts on any kind of financial instruments provided that the aggregate commitments in connection with such purchase and sale transactions together with the amount of the commitments relating to the writing of call and put options on Transferable Securities (referred to under a) ii) and iii) above and d) below) does not exceed at any time the value of the net assets of the Sub-Fund;
- d) The Management Company on behalf of the Fund may not deal in index options except that:
  - i) for the purpose of hedging the risk of the fluctuation of the value of the portfolio securities of its Sub-Funds, the Management Company on behalf of the Fund may sell call options on indices or purchase put options on indices provided there exists a sufficient correlation between the composition of the index used and the corresponding portfolio of the relevant Sub-Fund. The value of the underlying securities included in the relevant index option shall not exceed, together with outstanding commitments in financial futures contracts entered

into for the same purpose, the aggregate value of the portion of the securities portfolio to be hedged; and

ii) for the purpose of efficient portfolio management the Management Company on behalf of the Fund may, in respect of each Sub-Fund, purchase and sell options on any kind of financial instruments provided that the aggregate commitments in connection with such purchase and sale transactions together with the amount of the commitments relating to the writing of call and put options on Transferable Securities (referred to under a) ii) and iii) above) and the purchase and sale of futures contracts or financial instruments (referred to under c) ii) above) does not exceed at any time the value of the net assets of the Sub-Fund;

- provided however that the aggregate acquisition cost (in terms of premiums paid) of options on securities, index options, interest rate options and options on any kind of financial instruments purchased by the Management Company on behalf of the Fund in respect of a particular Sub-Fund shall not exceed 15% of the total net assets of the relevant Sub-Fund;
- provided that the Management Company on behalf of the Fund may only enter into the transactions referred to in paragraphs c) and d) above, if these transactions concern contracts which are traded on a Regulated Market operating regularly, being recognised and open to the public.

If a Sub-Fund invests in index-based derivatives, the information required under the ESMA Guidelines on ETFs and other UCITS issues dated 1 August 2014, ESMA/2014/937 (the "ESMA Guidelines") shall be disclosed in the relevant Annex for such Sub-Fund.

- e) The Management Company on behalf of the Fund may sell interest rate futures contracts for the purpose of hedging against interest rate fluctuations. It may also for the same purpose write call options or purchase put options on interest rates or enter into interest rate swaps by private agreement with highly rated financial institutions specialised in this type of operation. In principle, the aggregate of the commitments of each Sub-Fund relating to futures contracts, options and swap transactions on interest rates may not exceed the aggregate estimated market value of the assets to be hedged and held by the Sub-Fund in the currency corresponding to those contracts.
- f) With respect to options referred to under a), b), d) and e) above, the Management Company on behalf of the Fund may enter into Over-The-Counter ("OTC") option transactions with the counterparties which satisfy the conditions set out under h) below.

- h) If a Sub-Fund enters into Total Return Swap or invests in other financial instruments with similar characteristics, the type of assets, the maximum and the expected proportion of assets under management of the Sub-Fund that could be subject to Total Return Swaps and the information required under the ESMA Guidelines shall be disclosed in the relevant Annex for such Sub-Fund and assets held by the Sub-Fund will comply with the investment limits set out in Articles 52, 53, 54, 55 and 56 of the UCITS Directive. Should a Sub-Fund enter into such transactions, the purpose will be to generate additional capital or income and/or for reducing costs or risks. Each Sub-Fund may incur costs and fees (as further described below) in connection with Total Return Swaps or other derivatives with similar characteristics, upon entering into these instruments and/or any increase or decrease of their notional amount. The amount of these fees may be fixed or variable. Information on costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the annual report.
- i) With respect to OTC option transactions, Securities Lending, Repurchase and Reverse Repurchase Transactions and Total Return Swaps, the counterparties will be first class institutions which are either credit institutions or investment firms, which are subject to prudential supervision considered by the CSSF as equivalent to those prescribed by Community law. While there is no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. The counterparties to such transactions will typically be organisations based in an OECD member state and will comply with Article 3 of the SFT Regulation. The counterparties will be selected from a list of authorized counterparties established by the Management Company, and whose short term and long term ratings so rated by Standard & Poor's or Moody's or Fitch Ratings must not be lower than BBB. The list of authorised counterparties may be amended with the consent of the Management Company. In case of Total Return Swaps, the counterparty will not assume any discretion over the composition of the Sub-Fund's portfolio or over the underlying of the Total Return Swap.

A majority of the gross revenues arising from Securities Lending, Repurchase and Reverse Repurchase Transactions and Total Return Swaps will be returned to the Sub-Fund. Details of such amounts and on the counterparties arranging the transactions will be disclosed in the annual report of the Fund.

As of the date of this Prospectus, neither of the Sub-Funds may enter into (i) Total Return Swaps; (ii) Securities Lending; (iii) Repurchase and Reverse Repurchase Transactions; or (iv) the other transactions covered by the SFT Regulation. If a Sub-Fund enters into any such transactions in the future, the Prospectus will be amended in accordance with the SFT Regulation.

## COLLATERAL POLICY

With respect to transactions referred to under a), b), d), e), f), h), i) and those under the section entitled 'Authorised Transactions' above, all collateral used to reduce counterparty risk exposure may be reinvested in a manner consistent with the following criteria at all times:

- i) Any collateral received other than cash shall be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions of article 48 of the 2010 Law.
- ii) Collateral received shall be valued on at least a daily basis using available market prices and taking into account appropriate haircut which will be determined for each asset class based on the haircut policy adopted by the Management Company. The collateral will be marked to market daily and may be subject to daily variation margin requirements. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.
- iii) Collateral received shall be of high quality.
- iv) Collateral received shall 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.
- v) Collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities, an OECD member state, Singapore, Brazil, Indonesia, Russia or South Africa, or a public international body to which one or more Member States belong. In that case the Sub-Fund shall receive securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the net asset value of the Sub-Fund.
- vi) Where there is a title transfer, the collateral received shall be held by the Depositary in a registered account opened in the Depositary books for safekeeping or one of its correspondents to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement, 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.

- vii) Collateral received shall be capable of being fully enforced by the Management Company at any time without reference to or approval from the counterparty.
  - viii) Non-cash collateral received shall not be sold, re-invested or pledged.
  - ix) Cash collateral shall only be:
    - placed on deposit with entities as prescribed in article 41 (1) (f) of the 2010 Law;
    - invested in high-quality government bonds;
    - used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis;
    - invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds".
  - x) Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral.
- a. *Eligible Collateral*

Collateral received shall predominantly be:

- (i) cash; and
- (ii) bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and undertakings with EU, regional or world-wide scope.

b. *Haircut and Valuation*

Collateral received from the counterparty to an OTC derivative transaction 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 (a "haircut") which provides, inter alia, a buffer against short term fluctuations in the value of the exposure and of the collateral. Collateral levels are maintained to ensure that net counterparty exposure does not exceed the limits per counterparty as set out. Following haircuts are applied by the Management Company (the Management Company reserves the right to vary this policy at any time in which case this Prospectus will be updated accordingly):

<b>Eligible Collateral</b>	<b>Remaining Maturity</b>	<b>Maximum Valuation Percentage</b>
Cash	N/A	100%
Bonds issued or guaranteed by a Member State of the OECD or by	less than 1 year	100%

their local authorities or supranational institutions and undertakings with EU, regional or world-wide scope, and rated at least AA- by Standard & Poor's or Aa3 by Moody's.	greater than 1 year but less than 5 years	98%
	greater than 5 years but less than 10 years	97%
	greater than 10 years but less than 30 years	95%

Collateral received from the counterparty to a stock lending transaction is typically a minimum of 100% of the market value of the lent securities.

The Board of Directors of the Management Company may decide to amend the limits set forth above regarding the use of investment techniques and instruments for any newly created Sub-Fund if this is justified by the specific investment policy of such Sub-Fund. Any derogation from the aforesaid investment restrictions will be disclosed in a paragraph relating to the Sub-Fund concerned.

## **10. RISK MANAGEMENT PROCESS**

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

Unless otherwise provided in the relevant Annex for a particular Sub-Fund, the global exposure of each Sub-Fund is calculated using the commitment approach as detailed, in applicable laws and regulations, including but not limited to CSSF Circular 11/512.

## **11. MATERIAL CONTRACTS**

The following material contracts have been or shall be entered into:

- a) The Management Regulations.
- b) The Depositary Agreement dated as of 6 October, 2021 between the Management Company and BNP Paribas Securities Services – Luxembourg Branch.
- c) The Administrative Agent Agreement dated as of 6 October, 2021 between the Management Company and BNP Paribas Securities Services – Luxembourg Branch.



- d) The Investment Management Agreement dated as of 1 May 2012 between the Management Company and Nikko Asset Management Co., Ltd.
- e) The Investment Management Agreement dated as of 11 June 2012 between the Management Company and Nikko Asset Management Asia Limited.

## **12. PROCESSING OF PERSONAL DATA**

FundRock Management Company S.A. (the "Controller") processes information relating to several categories of identified or identifiable natural persons (including, in particular but not only, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the "Data Subjects". This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the "Data".

Detailed and updated information regarding this processing of Data by the Controller is contained in a privacy notice (the "Privacy Notice"), which is available and can be accessed or obtained online (<https://www.fundrock.com/policies-and-compliance/privacy-policy/>). All persons contacting, or otherwise dealing directly or indirectly with, the Controller or its service providers in relation to the Fund are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to [frmc\\_gdpr@fundrock.com](mailto:frmc_gdpr@fundrock.com) or to 5 Heienhaff, L-1736 Senningerberg, , Grand Duchy of Luxembourg for the attention of FundRock Management Company S.A.

### **Obtaining and accessing the Privacy Notice**

The Privacy Notice is available and can be accessed or obtained online at [frmc\\_gdpr@fundrock.com](mailto:frmc_gdpr@fundrock.com), or upon request addressed to 5 Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg for the attention of FundRock Management Company S.A.

The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing; and where applicable the categories of Data processed, from which source the Data originates, and the existence of automated decision making, including profiling;
- that Data will be disclosed to several categories of recipients; that certain of these recipients (the "Processors") are processing the Data on behalf of the Controller; that

the Processors include the majority of the service providers of the Controller; and that Processors shall act as processors on behalf of the Controller;

- that Data will be processed by the Controller and the Processors for several purposes (the "Purposes") and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Fund, (ii) enabling the Processors to perform their services for the Fund, and (iii) complying with legal, regulatory and/or tax (including FATCA/CRS) obligations;
- that any communication (including telephone conversations) (i) may be recorded by the Controller and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;
- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Fund;
- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;
- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability or the right to lodge a complaint with the relevant data protection supervisory authority or the right to withdraw any consent after it was given.

All persons contacting, or otherwise dealing directly or indirectly with the Controller or its service providers in relation to the Fund, will likely be requested to formally acknowledge, agree, accept, represent, warrant and/or undertake (where applicable) that they have obtained and/or have been able to access the Privacy Notice; that the Privacy Notice may be amended at the sole discretion of the Controller; that they may be notified of any change to or update of the Privacy Notice by any means that the Controller deems appropriate, including by public announcement; that they have authority to provide, or to cause or allow the provision, to the Controller, any Data relating to third-party natural persons that they provide, or cause or allow the provision, to the Controller; that, if necessary and appropriate, they are required to obtain the (explicit) consent of the relevant third-party natural persons to such processing; that these third-party natural persons have been informed of the processing by the Controller of the Data as described herein and their related rights; that these third-party natural persons have been informed of, and provided with, easy access to the Privacy Notice; that when notified of a change or update to the Privacy Notice they will continue this change or update to these third-party natural persons; that they and each of these third-party natural persons shall abide by any

limitation of liability provision contained in the Privacy Notice; and that they shall indemnify and hold the Controller harmless for and against adverse consequences arising from any breach of the foregoing.

## **11) DOCUMENTS AND INFORMATION AVAILABLE TO INVESTORS**

Copies of the contracts mentioned in Section 10) "GENERAL INFORMATION, 11. Material Contracts" above are available for inspection, and copies of the Management Regulations, the current Prospectus, the most recent KID of the Sub-Funds and the latest financial reports referred to in Section 10) "GENERAL INFORMATION, 4. Reports and Accounts" above may be obtained free of charge during normal office hours at the registered office of the Management Company, the Depositary or at the addresses of the paying agents (or a distributor if applicable).

The issue and redemption prices are available at any time at the registered office of the Management Company, the Depositary and at the offices of the paying agents (or a distributor if applicable). The Management Company shall seek to have Unit prices published adequately in the countries where the Units are registered for public distribution.

Any information other than that contained in this Prospectus and in the documents mentioned therein or information commonly available to the public shall be considered as unauthorised.

In case the Management Company approves enhanced disclosure of investment information, details about the frequency of disclosure and access to the information will be made available upon request to the Management Company.

## **12) HISTORIC PERFORMANCE**

The KIDs include a link to the information on the relevant Sub-Fund's historical performance, if available. Past performance is not necessarily indicative of future results.

### **13) BENCHMARK REGULATION**

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

The Benchmark MSCI AC (All countries) Asia ex Japan Index (Net, Un-Hedged) which is used by the Sub-Fund Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund is provided by MSCI and is inscribed on the Register which can be found under <https://www.esma.europa.eu/databases-library/registers-and-data>.

The Benchmark Bloomberg International High Income Sovereign Index (provided by Bloomberg) used by the Sub-Fund Nikko AM Global Umbrella Trust – High Income Sovereign Index Fund benefits from the transitional arrangements afforded under the Benchmark Regulation and accordingly does not appear yet on the public register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

EU benchmark administrators not yet appearing on the Register should apply for authorization or registration as an administrator under Benchmark Regulation before 1 January 2020. Updated information on the public register maintained by the ESMA should be available by 1 January 2020 at the latest. Benchmark administrators located in a third country must comply with the third country regime provided for in the Benchmark Regulation. The Management Company will make available a written plan setting out the actions that will be taken in the event of the benchmarks materially changing or ceasing to be provided, on request and free of charges at its registered office in Luxembourg.

## **ANNEX I. NIKKO AM GLOBAL UMBRELLA TRUST – HIGH INCOME SOVEREIGN INDEX FUND**

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

NIKKO AM GLOBAL UMBRELLA TRUST – HIGH INCOME SOVEREIGN INDEX FUND

### **2. Investment Objectives and Policy**

The Sub-Fund seeks to provide Unitholders with a return linked as closely as possible to the performance of Bloomberg International High Income Sovereign Index (un-hedged, Yen base) (the "Benchmark").

The Sub-Fund will replicate the performance of the Benchmark by investing directly in the component securities of the Benchmark. In investing in the component securities of the Benchmark, the Sub-Fund may use the sampling strategy. The "sampling strategy" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Benchmark. The Sub-Fund may or may not hold all of the component securities in the Benchmark.

Under normal market conditions, the Sub-Fund generally invests substantially all of its total assets in the component securities of the Benchmark. However, under certain market circumstances, the Sub-Fund may also invest in other sovereign debt securities that the Investment Manager determines have economic characteristics that are substantially identical to the economic characteristics of the securities that comprise the Benchmark. Such sovereign debt securities include those issued or guaranteed by sovereign governments, their local authorities as well as those issued or guaranteed by supranational organizations.

The Sub-Fund may hold ancillary liquid assets (bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. The 20% limit for cash holdings may only be temporarily breached for a period of time strictly necessary (i) when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors or (ii) for settlement cycle management purposes or in the context of large inflows or outflows.

Subject to its investment policy, the Sub-Fund may invest directly or indirectly in Money Market Instruments, bank deposits and other eligible liquid assets for investment and treasury purposes without being part of the core investment policy.

The Sub-Fund does not intend to enter into Total Return Swaps or invest in other financial instruments with similar characteristics.

The Benchmark is designed to measure the performance of high-yield government debts of countries worldwide. More specifically, the Benchmark will be consisted of, in principle, seven (7) higher-yield countries selected from those represented in the Group of Twenty but excluding Japan. The Benchmark tracks local currency government debts of countries that are rated investment grade (Baa3/BBB-/BBB- or higher using the middle rating of Moody's Investors Service, Inc., Standard & Poor's, Inc. and Fitch Inc., respectively). In addition, the component securities in the Benchmark must be fixed-rate and have certain minimum amounts outstanding, depending upon the currency in which the bonds are denominated. Currently, Argentina, India, the PRC and Saudi Arabia are excluded from the Benchmark to provide a more investable universe of securities. At least two (2) countries out of such seven (7) countries must be developed countries, and only Germany from Euro zone is investible. If the eligible countries are less than seven (7), all eligible countries are selected for the Benchmark. The country weights within the Benchmark are determined based on the trailing three (3) year weighted average of nominal GDP (Gross Domestic Product), as published by the International Monetary Fund in US Dollars, of each constituent country, rather than such country's market capitalization; provided that the country exposure is limited to a maximum 20% and the excess weight will be redistributed index-wide on a pro-rata basis.

The Benchmark is sponsored by Bloomberg Index Services Limited (the "Benchmark Provider") which is not affiliated with the Management Company or the Investment Manager. The Benchmark Provider determines the composition of the Benchmark, relative weightings of the component securities in the Benchmark and publishes information regarding the market value of the Benchmark. The eligible countries represented in the Benchmark are rebalanced annually on January 1 and the Benchmark will be rebalanced monthly back to the target GDP weight for each eligible country. The rebalancing frequency will have no impact in terms of costs in the context of the performance of the investment objective of the Sub-Fund.

The Benchmark value may be obtained on Bloomberg at "I28091JP Index".

The Investment Manager will not, in principle, engage in currency hedging between the Reference Currency of the Classes of Units and the currency of the investments in the portfolio. However, there is a possibility that a currency strategy may be utilised via currency derivatives for risk management purposes.

"Bloomberg®" and Bloomberg International High Income Sovereign Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by the Management Company.

Bloomberg is not affiliated with the Management Company, and Bloomberg does not approve, endorse, review, or recommend High Income Sovereign Index Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to High Income Sovereign Index Fund.

The Investment Manager does not deem sustainability risks relevant for the Sub-Fund given that the Sub-Fund's investment policy requires it to invest directly in the component securities of the Bloomberg International High Income Sovereign Index.

### **3. Additional Investment Restrictions**

In addition to the investment restrictions under Section "10) GENERAL INFORMATION, 8. Investment Restrictions" of the Prospectus, the Sub-Fund shall comply with the following additional investment restrictions (the "Additional Investment Restrictions"):

- a) The Sub-Fund may not short sell securities.
- b) The Sub-Fund may not acquire the shares of any one company if as a result of such acquisition the total number of shares of such company held by all mutual funds managed by the Management Company would exceed 50% of the total number of all issued and outstanding shares of such company.
- c) In accordance with paragraph I. (2) of Section "10) GENERAL INFORMATION, 8. Investment Restrictions", the Sub-Fund will not invest more than 10% of its net asset value in any illiquid assets such as unlisted stocks and shares which cannot be readily realized, unless appropriate measures have been taken to secure price transparency as required by Article 21 of the Standards for Selection for Foreign Investment Trust Securities issued by the Japan Securities Dealers Association as the same may be amended or substituted from time to time. The above percentage may be computed either at the time of the purchase or the current market price.
- d) No investment shall be purchased, made or added to if as a result thereof more than 50% of the net asset value of the Sub-Fund would consist of assets which do not fall within the definition of "Securities" as defined in Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).
- e) Any transactions made by the Management Company, on behalf of the Sub-Fund, whichever such transactions are for the profit of the Management Company or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Sub-Fund shall be prohibited.



f) The Sub-Fund may not invest more than 5% of its net asset value in shares or units of another fund-type instrument, excluding those traded on the stock exchanges, at any time.

The Additional Investment Restrictions set forth above shall not be deemed to have been breached if such a breach arises as a result of changes in the value of investments in the Sub-Fund brought about through movements in the market or other events beyond the control of, or without an action by, the Investment Manager. In such event the Investment Manager promptly shall take in a prudent manner such steps as are necessary to comply with those Additional Investment Restrictions.

The Management Company may in its absolute discretion from time to time impose further Additional Investment Restrictions as shall be compatible with or in the interests of the Unitholders, in order to comply with the laws and regulations of the countries where Unitholders are located.

#### **4. Derivatives**

Subject to the contents of the heading "9. USE OF TECHNIQUES & INSTRUMENTS, AND FINANCIAL DERIVATIVE INSTRUMENTS" in Section "10) GENERAL INFORMATION" of the Prospectus, the Sub-Fund may use financial derivative instruments for the purpose of hedging or taking synthetic exposure to fixed income securities.

#### **5. Risk Factors**

##### *Benchmark risk*

The amount of securities invested in by the Sub-Fund is defined by the Benchmark Provider of the Sub-Fund. The component securities of the Sub-Fund's Benchmark may change over time. There is no assurance that the Sub-Fund's Benchmark will continue to be calculated and published on the basis described in this Annex or that it will not be amended significantly. The past performance of the Benchmark is not a guide to future performance.

The Management Company reserve the right to substitute a different benchmark for the Benchmark that is discontinued or changed in any material way, if the Management Company's agreement with the Benchmark Provider is terminated, or for any other reason determined in good faith by the Management Company, and with prior notification to or, where required, with the prior approval of, Unitholders. In any such instance, the substitute benchmark would measure substantially the same market segment as the replaced Benchmark.

Any change in the Benchmark will be notified to the CSSF and will be noted in the annual and semi-annual reports of the Sub-Fund issued after any such change takes place.

#### *Benchmark sampling risk*

As it would be expensive and inefficient to buy and sell all component securities of the Benchmark, the Sub-Fund may use the benchmark "sampling strategy" whereby the Sub-Fund selects a representative sample of component securities that approximates the full Benchmark in terms of key risk factors and other characteristics. These factors include price/earnings ratio, industry weights, country weights, market capitalization, dividend yield, and other financial characteristics of stocks. While the Sub-Fund keeps currency, country, industry sector and subsector exposure within tight boundaries compared with that of the Benchmark, there is the risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance matching that of the Benchmark.

#### *Passive investment risk*

The Sub-Fund is not actively managed and the Investment Manager does not attempt to take defensive positions under any market conditions, including during declining markets.

#### *Sovereign obligations risk*

The Sub-Fund invests in securities issued by or guaranteed by sovereign governments, which may be unable or unwilling to repay principal or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt obligations or of other government debt obligations.

#### *Tracking error risk*

The tracking error is defined as the standard deviation of the difference in returns between a Sub-Fund and its benchmark index. The anticipated tracking error is based on the expected volatility of differences between the returns of the Sub-Fund and the returns of the Benchmark. One of the primary drivers of tracking error is the difference between Sub-Fund holdings and the Benchmark constituents. Cash management and trading costs from rebalancing can also have an impact on tracking error as well as the return differential between the Sub-Fund and the Benchmark. The impact can be either positive or negative depending on the underlying circumstances. In addition the Sub-Fund may also have a tracking error due to withholding tax suffered by the Sub-Fund on any income received from its investments. The level and quantum of tracking error arising due to withholding taxes depends on various factors such as any reclaims filed by the Sub-Fund with various tax authorities, any benefits obtained by the Sub-Fund

under a tax treaty or any securities lending activities carried out by the Sub-Fund. The anticipated tracking error of the Sub-Fund is not a guide to future performance. At the date of this Prospectus, the anticipated tracking error for the Sub-Fund in normal market conditions is up to 1.20%.

In addition, the attention of the investors is drawn to the section "2) INVESTMENT OBJECTIVES AND POLICIES – RISK WARNINGS" contained in this Prospectus.

**6. Profile of Suitable Investor**

The Sub-Fund is intended for investors who are willing to take on foreign currency risk, including emerging market currency risk, seeking capital growth over the long term whilst retaining income within the Sub-Fund.

**7. Business Day**

The Business Day for the Sub-Fund shall mean a day other than Saturday or Sunday, on which banks and stock exchanges are open for normal business in London and New York.

**8. Valuation Day**

The Valuation Day applicable to the Sub-Fund is each Business Day.

**9. Unit Classes**

Class A Units are available for subscription and are reserved to Institutional Investors approved by the Management Company.

Class B Units are available for subscription to all investors.

**10. Issue of Units**

Class B Units will be offered during an initial offering period, which shall be determined by the Management Company.

Following the Initial Offering Period, the issue price of Class A and B Units of the Sub-Fund shall be the net asset value per Unit for the relevant Class calculated on the applicable Valuation Day. Any taxes that may be applicable on the issue of Class A and B Units shall be charged in addition.

Applications to subscribe will normally be satisfied on each Valuation Day provided that the application is received by the Administrative Agent by 3:00 p.m. Luxembourg time (the "Cut-Off Time") on the Valuation Day. Any applications to subscribe received after such time will be carried forward to and dealt with on the next Valuation Day.

Payment for Units issued must be received within two (2) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in London, New York and Japan. Should the payment not be received by 3:00 p.m. Luxembourg time on such business day, the Management Company may, at its discretion, either accept the payment and issue Units or decline to accept the payment and refuse to issue Units.

The applications received after the Cut-Off Time on the relevant Valuation Day will be handled on the following Valuation Day.

## **11. Redemption of Units**

Unitholders may request the redemption of their Units in the Sub-Fund on each Valuation Day at the relevant redemption price. Applications to redeem must be received by the Administrative Agent by the Cut-Off Time on the relevant Valuation Day on which the redemption is intended to be effected. Any applications to redeem received after the Cut-Off Time will be carried forward to and dealt with on the next Valuation Day. The redemption price shall be the net asset value per Unit of the relevant Class determined on the applicable Valuation Day. Consequently, depending on the movement in the net asset value, the redemption price may be higher or lower than the issue price paid.

Unless specific statutory provisions such as foreign exchange restrictions or other circumstances beyond the Depositary's control make it impossible to transfer the redemption proceeds to the country where the redemption was requested, payment for Units will generally be made within five (5) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in London, New York and Japan.

Payment of the redemptions proceeds may be made in the Reference Currency (as defined hereafter) of the Class.

## **12. Investment Manager**

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Management Company on behalf of the Sub-Fund has appointed Nikko Asset Management Co., Ltd. as investment manager (the "Investment Manager")

to the Sub-Fund with full discretionary authority and responsibility to manage the day-to-day operations and to invest and reinvest the assets of the Sub-Fund. Further, the Investment Manager has the authority to sell, exchange, or otherwise transfer all or any portion of the Sub-Fund's assets. None of the foregoing actions requires the approval of the Management Company or the Unitholders, but subject to the Investment Objective and Policies, and Additional Investment Restrictions set out in this Appendix and the Investment Management Agreement.

The Investment Manager is licensed to provide securities investment advisory services in Japan and registered as investment advisor with the US Securities and Exchange Commission. The Investment Manager has a head office in Tokyo and local offices in Singapore, Hong Kong, Sydney, Melbourne, Brisbane and Auckland as well as New York and London. The Investment Manager is majority owned by Sumitomo Mitsui Trust Group, Inc.

### **13. Reference Currency**

JPY for the Sub-Fund

JPY for Class A and Class B Units

### **14. Fees and Expenses**

The Management Company is entitled to receive EUR 90,000 per annum as fee out of the assets of the Sub-Fund. Such fee shall be invoiced on a monthly basis.

The Administrative Agent is entitled to receive fees out of the assets of the Sub-Fund calculated and payable monthly at the rate of up to 0.05% based on the average daily aggregate net asset value of the Sub-Fund during the relevant calendar month, subject to the total maximum amount of EUR 155,000 per annum.

The Sub-Fund will pay custody fees comprising of asset based fees and transaction-based fees (the rates of which vary depending on the markets in which the Sub-Fund invests). Total of these fees shall be shown in the annual report of the Fund.

In addition, the Sub-Fund will bear license fees for use of the Benchmark as well as use of its data.

A dilution levy of 0.20% may be applied to the redemption proceeds payable to the redeeming Unitholders of Class A Units which will remain part of the assets of the Sub-Fund for the benefit of the remaining Unitholders.

## **15. Distribution Policy**

The Management Company may, from time to time, make distributions to Unitholders of a Class of Units of the Sub-Fund of such amount and frequency as shall be determined by the Management Company, which shall be paid out of the net income and thereafter out of capital of the Sub-Fund attributable to such Class of Units of the Sub-Fund.

In respect to Class A Units, the Management Company may declare distributions every month which, if declared, will be paid in cash. The net asset value per Unit determined on the 22nd day of each month (if such day is not a Valuation Day, the next following Valuation Day) (an "Ex-Distribution Date") will be the ex-distribution net asset value per Unit. A Unitholder who submits subscription documents on or before the Business Day immediately prior to the relevant Ex-Distribution Date will be entitled to receive relevant distributions. Subject to applicable law, the amount of distributions to be paid to Unitholders, if any, will be determined by the Management Company in its sole discretion. Distributions, if any, will be paid to the relevant Unitholders generally on the second business day following the relevant Ex-Distribution Date. For the purpose of this paragraph, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in London, New York and Japan.

## **16. ISIN and Common Code**

	ISIN	Common Code
Class A	LU0781533343	781533343
Class B	LU0781533426	781533426

## **ANNEX II. NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH DIVIDEND EQUITY FUND**

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

NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH DIVIDEND EQUITY FUND

### **2. Investment Objectives and Policy**

The investment objective of the Sub-Fund is to provide Unitholders with total return through a combination of current income, capital gains and capital appreciation.

The Sub-Fund will seek to achieve the investment objective by constructing a portfolio of dividend producing equity securities listed and traded on the stock exchanges in the countries represented in the MSCI AC (All Countries) Asia ex Japan Index (net, unhedged) (the "Reference Index").

The Sub-Fund will select companies with relatively strong sustainable cash flows and stable dividend pay-out. In addition, top down approach will be used to select companies that are likely to be exposed to positive forces driving growth in Asia. Further, in principle, an average dividend yield of the portfolio shall be maintained at or above that of the Reference Index. Under normal market conditions, the Sub-Fund will invest at least 90% of its total net assets in equity securities; provided that this shall not apply during the time of the portfolio construction, or in the case where large subscription or redemption requests are received or in other extra ordinal circumstances. The Sub-Fund normally expects that its assets will be invested across a broad range of countries, industries and market sectors, including investments in issuers located in countries with emerging markets. Equity securities held by the Sub-Fund may include common stocks, preferred shares, convertible securities, warrants, depositary receipts, ETFs and closed-ended REITs.

The Sub-Fund may hold ancillary liquid assets (bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. The 20% limit for cash holdings may only be temporarily breached for a period of time strictly necessary (i) when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors or (ii) for settlement cycle management purposes or in the context of large inflows or outflows.

Subject to its investment policy, the Sub-Fund may invest directly or indirectly in Money Market Instruments, bank deposits and other eligible liquid assets for investment and treasury purposes without being part of the core investment policy.

The selected Money Market Instruments and bank deposits shall be issued or guaranteed by highly rated institutions and have a remaining maturity of less than twelve months.

The Sub-Fund does not intend to enter into Total Return Swaps or invest in other financial instruments with similar characteristics.

The Investment Manager will not, in principle, engage in currency hedging between the Reference Currency of the Classes of Units and the currency of the investments in the portfolio.

The assets of the Sub-Fund are subject to normal market risks and no assurance can be given that the Sub-Fund's objectives will be achieved and the value of Units and the income therefrom may go down as well as up.

### **3. Additional Investment Restrictions**

In addition to the investment restrictions under Section "10) GENERAL INFORMATION, 8. Investment Restrictions" of the Prospectus, the Sub-Fund shall comply with the following additional investment restrictions (the "Additional Investment Restrictions"):

- a) The Sub-Fund may not short sell securities.
- b) The Sub-Fund may not acquire the shares of any one company if as a result of such acquisition the total number of shares of such company held by all mutual funds managed by the Management Company would exceed 50% of the total number of all issued and outstanding shares of such company.
- c) In accordance with paragraph I (2) of Section "10) GENERAL INFORMATION, 8. Investment Restrictions", the Sub-Fund will not invest more than 10% of its net asset value in any illiquid assets such as unlisted stocks and shares which cannot be readily realized, unless appropriate measures have been taken to secure price transparency as required by Article 21 of the Standards for Selection for Foreign Investment Trust Securities issued by the Japan Securities Dealers Association as the same may be amended or substituted from time to time. The above percentage may be computed either at the time of the purchase or the current market price.
- d) No investment shall be purchased, made or added to if as a result thereof more than 50% of the net asset value of the Sub-Fund would consist of assets which do not



fall within the definition of "Securities" as defined in Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).

e) Any transactions made by the Management Company, on behalf of the Sub-Fund, whichever such transactions are for the profit of the Management Company or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Sub-Fund shall be prohibited.

f) The Sub-Fund may not invest more than 20% of its net asset value in shares or units of another fund-type instrument, and investments made in fund-type instruments may not, in aggregate, exceed 30% of its net asset value.

The Additional Investment Restrictions set forth above shall not be deemed to have been breached if such a breach arises as a result of changes in the value of investments in the Sub-Fund brought about through movements in the market or other events beyond the control of, or without an action by, the Investment Manager. In such event the Investment Manager promptly shall take in a prudent manner such steps as are necessary to comply with those Additional Investment Restrictions.

The Management Company may in its absolute discretion from time to time impose further Additional Investment Restrictions as shall be compatible with or in the interests of the Unitholders, in order to comply with the laws and regulations of the countries where Unitholders are located.

#### **4. Risk Factors**

Investment in Units of the Sub-Fund will be subject to the greater risks associated with investing in Asian securities, particularly securities which are listed securities, as many Asian markets are less developed than those of OECD countries. The risks include currency, economic and political risks, potential price volatility, lower liquidity and lower credit quality associated with securities traded in emerging markets.

##### *Asian regional and country risks*

Investments in the Asian countries are subject to special risks. The Asian countries include those in all stages of economic development. Some Asia economies may be characterized by overextension of credit, currency devaluations and restrictions, rising unemployment, high inflation, underdeveloped financial services sectors, heavy reliance on international trade, and economic recessions. In addition, the economies of many Asia countries are dependent on the economies of the United States, Europe and other Asian countries, and a deceleration in any of these economies could negatively impact the economies of Asia countries.

Currency fluctuations, devaluations and trading restrictions in any one country can have a significant effect on the entire Asian region. Increased political and social instability in any Asian country could cause further economic and market uncertainty in the region, or result in significant downturns and volatility in the economies of Asia countries. In the late 1990s, the economies in the Asian region suffered significant downturns and increased volatility in their financial markets.

#### *Foreign exchange and capital controls*

Some countries within the Asian region may impose restrictions on foreign exchange, especially in relation to the repatriation of foreign funds. Such markets may prohibit the repatriation of foreign funds for a fixed time horizon and limit the percentage of invested funds to be repatriated at each time. Apart from repatriation of foreign funds, it may be possible that the Sub-Fund may not be permitted to repatriate capital, dividends, interest and income from emerging markets; or it may require government consents to do so. Investments in an emerging market could be adversely affected by delays in, or refusal to grant, relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Consents granted prior to investment being made in any particular country may be varied or revoked, and new restrictions may be imposed.

#### *Distribution risk*

The Sub-Fund's ability to pay distributions varies widely over the short- and long-term. If stock prices or stock market volatility declines, the level of premiums from writing index call options and the amounts available for distribution from options activity will likely decrease as well. Payments to close-out written call options will reduce amounts available for distribution from call option premiums received. Net realized and unrealized gains on the Sub-Fund's stock investments will be determined primarily by the direction and movement of the relevant stock market (and the particular stocks held). Dividends on equity securities are not fixed but are declared at the discretion of the issuer's board of directors. There can be no assurance that monthly distributions paid by the Sub-Fund to the Unitholders will be maintained at initial levels or increase over time.

#### *Dividend risk*

Companies that issue dividend yielding equity securities are not required to continue to pay dividends on such stock. Therefore, there is the possibility that such companies could reduce or eliminate the payment of dividends in the future. In such an event, the yield on the Sub-Fund's dividend yielding equity securities would be adversely affected.

### *Temporary defensive strategies risk*

When the Investment Manager anticipates unusual market or other conditions, the Sub-Fund may temporarily depart from its principal investment strategies as a defensive measure. To the extent that the Sub-Fund invests defensively, it likely will not achieve its investment objective.

### *No operating history and dependence on management*

The Sub-Fund has no operating history. There can be no assurance that the Sub-Fund will achieve its investment objective. The past performance of the Investment Manager may not be indicative of the future performance of the Sub-Fund. Although the overall supervision of the Sub-Fund is vested in the Management Company, the Sub-Fund's investment performance could be materially affected if certain key people were to die, become ill or disabled or otherwise cease to be involved in the active management of the Sub-Fund.

In addition, the attention of the investors is drawn to the section "2) INVESTMENT OBJECTIVES AND POLICIES – RISK WARNINGS" contained in this Prospectus.

## **5. Profile of Suitable Investor**

The Sub-Fund is intended for investors who are willing to take on the risk in Asia-Pacific ex-Japan equity markets, seeking capital growth over the long term and not seeking current income from the investments.

## **6. Business Day**

The Business Day for the Sub-Fund shall mean a day other than Saturday or Sunday, on which banks and stock exchanges are open for normal business in Singapore and on which banks are open for normal business in New York.

## **7. Valuation Day**

The Valuation Day applicable to the Sub-Fund is each Business Day.

## **8. Unit Classes**

Class A Units, Class B Units and Class C Units are available for subscription and are reserved to Institutional Investors approved by the Management Company.

Class D Units are available for subscription by all investors.

## **9. Issue of Units**

Class D Units will be offered during an initial offering period, which shall be determined by the Management Company.

Following the Initial Offering Period, the issue price of Units of the Sub-Fund shall be the net asset value per Unit for the relevant Class calculated on the applicable Valuation Day. Any taxes that may be applicable on the issue of Units shall be charged in addition.

Applications to subscribe will normally be satisfied on each Valuation Day provided that the application is received by the Administrative Agent by 3:00 p.m. Luxembourg time (the "Cut-Off Time") on the Valuation Day. Any applications to subscribe received after such time will be carried forward to and dealt with on the next Valuation Day.

Payment for Units issued must be received within two (2) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan, and banks are open for normal business in New York. Should the payment not be received by 3:00 p.m. Luxembourg time on such business day, the Management Company may, at its discretion, either accept the payment and issue Units or decline to accept the payment and refuse to issue Units.

The applications received after the Cut-Off Time on the relevant Valuation Day will be handled on the following Valuation Day.

## **10. Redemption of Units**

Unitholders may request the redemption of their Units in the Sub-Fund on each Valuation Day at the relevant redemption price. Applications to redeem must be received by the Administrative Agent by the Cut-Off Time on the relevant Valuation Day on which the redemption is intended to be effected. Any applications to redeem received after the Cut-Off Time will be carried forward to and dealt with on the next Valuation Day. The redemption price shall be the net asset value per Unit of the relevant Class determined on the applicable Valuation Day. Consequently, depending on the movement in the net asset value, the redemption price may be higher or lower than the issue price paid.

Unless specific statutory provisions such as foreign exchange restrictions or other circumstances beyond the Depositary's control make it impossible to transfer the redemption proceeds to the country where the redemption was requested, payment for Units will generally be made within four (4) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for

normal business in Singapore and Japan, and banks are open for normal business in New York.

Payment of the redemptions proceeds may be made in the Reference Currency (as defined hereafter) of the Class.

## **11. Investment Manager**

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Management Company on behalf of the Sub-Fund has appointed Nikko Asset Management Asia Limited as investment manager (the "Investment Manager") to the Sub-Fund with full discretionary authority and responsibility to manage the day-to-day operations and to invest and reinvest the assets of the Sub-Fund. Further, the Investment Manager has the authority to sell, exchange, or otherwise transfer all or any portion of the Sub-Fund's assets. None of the foregoing actions requires the approval of the Management Company or the Unitholders, but subject to the Investment Objective and Policies, and Additional Investment Restrictions set out in this Annex and the Investment Management Agreement.

The Investment Manager, whose principal activities consist of the business of fund management and dealing in securities and trading in futures contracts, was incorporated in Singapore on 16 June 1982 as a public company limited by shares under the laws of Singapore. It holds a Capital Markets Services Licence for the regulated activity of Fund Management, Dealing in Securities and Trading in Futures Contracts issued by the Monetary Authority of Singapore.

## **12. Reference Currency**

USD for the Sub-Fund  
JPY for Class A Units and Class B Units  
USD for Class C Units and Class D Units

## **13. Fees and Expenses**

The Management Company is entitled to receive the management fees out of the assets of the Sub-Fund at the rate of 0.60% per annum of its net asset value, calculated monthly based on the average daily aggregate net asset values of the Sub-Fund during the relevant calendar month.

The Investment Manager is entitled to receive an investment management fee which will be paid by the Management Company out of the management fees.

The Administrative Agent is entitled to receive fees out of the assets of the Sub-Fund calculated and payable monthly at the rate of 0.05% based on the average daily aggregate net asset value of the Sub-Fund during the relevant calendar month.

The Sub-Fund will pay custody fees comprising of asset based fees and transaction-based fees (the rates of which vary depending on the markets in which the Sub-Fund invests). Total of these fees shall be shown in the annual report of the Fund.

A dilution levy of 0.30% may be applied to the redemption proceeds payable to the redeeming Unitholders of Units which will remain part of the assets of the Sub-Fund for the benefit of the remaining Unitholders.

#### **14. Distribution Policy**

The Management Company may, from time to time, make distributions to Unitholders of a Class of Units of the Sub-Fund of such amount and frequency as shall be determined by the Management Company, which shall be paid out of the net income and thereafter out of capital of the Sub-Fund attributable to such Class of Units of the Sub-Fund.

In respect to Class A Units, the Management Company may declare distributions every month which, if declared, will be paid in cash. The net asset value per Unit determined on the 8<sup>th</sup> day of each month (if such day is not a Valuation Day, the next following Valuation Day) (an "Ex-Distribution Date") will be the ex-distribution net asset value per Unit. A Unitholder who submits subscription documents on or before the Business Day immediately prior to the relevant Ex-Distribution Date will be entitled to receive relevant distributions. Subject to applicable law, the amount of distributions to be paid to Unitholders, if any, will be determined by the Management Company in its sole discretion. Distributions, if any, will be paid to the relevant Unitholders generally on the second business day following the relevant Ex-Distribution Date. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan and banks are open for normal business in New York.

In respect to Class B Units, for the time being, the Management Company does not anticipate that any distributions will be made to their Unitholders, but rather that all the net income and realised capital gains of the Sub-Fund attributable to Class B Units will be reinvested and reflected in the net asset value of Class B Units. However, the Management Company may determine to make annual and interim distributions in its sole discretion.

**15. ISIN and Common Code**

	ISIN	Common Code
Class A	LU0816145477	816145477
Class B	LU0816145717	816145717
Class C	LU0816145808	816145808
Class D	LU0816145980	816145980

## **APPENDIX – IMPORTANT INFORMATION FOR INVESTORS IN SPECIFIC COUNTRIES**

### **JAPAN**

The Units have not been registered under the Securities and Exchange Law of Japan and may not be publicly offered or sold in Japan or to or for the benefit of residents of Japan except pursuant to an exemption available under the Securities and Exchange Law of Japan.

#### **Japanese Taxation**

The following tax treatment of Unitholders in Japan may change in the case of amendments or restatements of Japanese tax laws or regulations. Further, the following tax treatments are based upon the assumptions that the eligible investments of a Series Trust include, therefore the relevant Series Trust will invest the funds in, bonds, derivatives, equities etc.

#### **1. For Japanese Individual Unitholders:**

##### **(1) Tax Treatment of Dividend Distributions**

The dividend distributions made by a Sub-Fund to Japanese individual Unitholders through the paying agent in Japan are subject to separate taxation from other income (i.e. withholding tax at the rate of 20%). In such case, no report concerning dividend distributions is required to be filed with the Japanese tax authorities if the amount of dividend distribution does not exceed JPY100,000 per annum (where the calculation period of the dividend distribution is less than one year, instead of JPY100,000, the amount calculated by multiplying JPY100,000 by the number of the months in the calculation period of the dividend distribution and dividing the result by 12).

Where a sub-Fund is similar to the "security investment trust" defined under the Article 2 (4) of the Law concerning Investment Trust and Investment Corporation, and its Units are listed, or offered by way of public offering, and the dividend distributions made through the paying agent in Japan, the applicable withholding tax rate for such dividend distributions will be 20% (15% for income tax and 5% for local tax), and the Japanese individual Unitholders do not have any tax filing obligation in Japan. Where a Sub-Fund is not similar to the "security investment trust", the tax treatment stipulated in this subparagraph will only be applied to the dividend distributions of listed Units made through the paying agent in Japan.

##### **(2) Tax Treatment of Capital Gain**

The profit and/or loss recognized by Japanese individual Unitholders, arising from the sales of the Units, will be subject to separate taxation from other incomes, at a rate of 20% (15% for income tax and 5% for local tax).



Where a Sub-Fund is similar to the "security investment trust" and its Units are listed, or offered by way of public offering, and such Units are sold through the financial intermediary in Japan, the applicable tax rate in Japan for such profit will be 10% (7% for income tax and 3% for local tax) until December 31, 2013. Where a Sub-Fund is not similar to "security investment trust", the tax treatment stipulated in this subparagraph will only be applied to the listed Units which are sold through the financial intermediary in Japan.

(3) Tax Treatment of Repurchase / Redemption Income

If the Units are offered by way of public offering, the profit and/or loss arising from the repurchase or redemption of the Units and recognized by Japanese individual Unitholders will be treated as those arising from the sales of the Units for Japanese tax purposes.

If the Units are offered by way of private placement, the excess portion of the repurchase or redemption proceeds over the principal amount shall be treated as dividend distribution for Japanese tax purposes, and the difference between the acquisition cost and the lower of the repurchase or redemption proceeds or principal amount shall be treated as the profit and/or loss from the sales for Japanese tax purposes.

2. For Japanese Corporate Unitholders:

(1) Tax Treatment of Dividend Distributions

The dividend distributions made by a Sub-Fund through the paying agent in Japan to Japanese corporate Unitholders (beneficial owner) are subject to withholding tax at the rate of 20%. Further, the dividend distribution is subject to corporate tax at the rate of approximately 40%. A certain amount of the withholding tax imposed on the dividend distribution will be credited against corporate tax.

Where a Sub-Fund is similar to the "security investment trust" and its Units are listed, or offered by way of public offering, and the dividend distributions made through the paying agent in Japan to Japanese corporate Unitholders (beneficial owners), the applicable withholding tax rate for such dividend distribution will be 15% while such dividend distribution is still subject to corporate tax. Further, until December 31, 2013, the reduced withholding tax rate of 7 per cent will be applied. Where a Series Trust is not similar to the "security investment trust", the tax treatment stipulated in this subparagraph will only be applied to the dividend distributions from the listed Units made through the paying agent in Japan.

The provisions of the dividend received deduction under the Japanese tax laws, applicable to dividends paid by domestic corporations, shall not apply.

(2) Tax Treatment of Capital Gain and Repurchase / Redemption Income

The profit and/or loss recognized by Japanese corporate Unitholders (beneficial owners), arising from sales and/or repurchase or redemption of the Units, will be subject to corporate tax at the rate of approximately 40%.

(3) None of the dividend distributions and capital gains is taxable if such distributions and capital gains are retained by a Japanese investment trust which holds Units of a Sub-Fund, and which falls under the "collective investment trust" stipulated in the Article 2 (29) of the Corporate Tax Law.

**SINGAPORE**

Certain Sub-Funds of the Fund (each a "Restricted Sub-Fund") may have been entered onto the list of restricted schemes maintained by the Monetary Authority of Singapore (the "MAS") for the purpose of restricted offer in Singapore pursuant to section 305 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and the list of Restricted Sub-Funds may be accessed at: <https://eservices.mas.gov.sg/cisnetportal/jsp/list.jsp>. The restricted offer or invitation of the units (the "Units") of each Restricted Sub-Fund which is the subject of this Prospectus does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under Section 287 of the SFA. The Restricted Sub-Funds are not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and Units are not allowed to be offered to the retail public. Each of this Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305 (1), or any person pursuant to Section 305(2), and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Units are subscribed or purchased under Section 305 by a relevant person which is:

(a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

The Fund is an umbrella fund organised under Luxembourg law as a *Fonds commun de placement* (FCP), and qualifies as a UCITS under Part I of the 2010 Law. The Fund is subject to the supervision of the CSSF and the contact details of the CSSF are as follows:

Address: 283, route d'Arlon, L-1150 Luxembourg

Telephone No: (352) 26 25 1-1

Facsimile No: (352) 26 25 1 604

FundRock Management Company S.A., being the Management Company of the Fund, is incorporated in Luxembourg, and is subject to the supervision of the CSSF, whose contact details are set out above.

The Depositary of the Fund is a Luxembourg branch of BNP Paribas, S.A., incorporated in France.

**The foregoing is based on the Management Company's understanding of the law and practice currently in force in the countries referred to above and is subject to changes therein. It should not be taken as constituting legal or tax advice and, investors should obtain information and, if necessary, should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring or selling the Sub-Fund's Units under the laws of their countries of origin citizenship, residence or domicile.**