

CB EUROPEAN QUALITY FUND

*Société d'investissement
à capital variable*
Allée Scheffer, 5
L-2520 Luxembourg
Luxembourg R.C.S. B. 74921

PROSPECTUS

MAY 2017

Distribution of this Prospectus is not authorised unless it is accompanied by a copy of the latest available annual report of CB EUROPEAN QUALITY FUND (the "Fund") containing the audited balance-sheet and a copy of the latest half-yearly report, if published after such annual report. These documents, as well as all other documents concerning the Fund and available to general public, can be obtained (free of charge) from *CACEIS Bank, Luxembourg Branch*, Allée Scheffer 5, L-2520 Luxembourg.

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Luxembourg, le 2017-06-15
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INTRODUCTION

CB EUROPEAN QUALITY FUND (the "Fund") is an investment company qualifying as a "*société d'investissement à capital variable*" (SICAV) with multiple Sub-Funds under the laws of the Grand Duchy of Luxembourg, which envisages to invest in transferable securities, conforming to the investment policy of each particular Sub-Fund. The Fund complies with the requirements of the 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 (UCITS), as amended by means of Directive 2014/91/EU (the "UCITS Directive").

The Fund is registered under the law of December 17, 2010 on Collective Investment Undertakings, as amended (the "UCI Act"). This registration pursuant to the Law does not require any Luxembourg authority to approve or disapprove either the adequacy of this Prospectus or the portfolio of securities held by the Fund. Any representation to the contrary is unauthorised and unlawful.

The Shares have not been registered under the United States Securities Act of 1933 (the "1933 Act"), and the Fund has not been registered under the United States Investment Company Act of 1940 (the "1940 Act"). The Shares may not be offered directly or indirectly in the United States of America (including its territories and possessions) to or for the benefit of a "U.S. Person" within the meaning of Regulation S promulgated under the 1933 Act and/or under any other applicable law, regulation or rule (including but not limited to FATCA).

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

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

The attention of investors is drawn on the fact that an investment in the Fund is made subject to certain restrictions and/or conditions that they need to meet/ demonstrate in order to be able to subscribe and/ or continue to hold Shares in the Fund. Potential investors are invited in particular to refer to section 13. ISSUE OF SHARES AND PROCEDURES OF SUBSCRIPTION AND PAYMENT.

No person is authorised to give any information which is not contained in this Prospectus, the Key Investor Information Document (the "KIID") or the documents mentioned therein and which are available for consultation by the general public. The Directors of the Fund are held responsible for all information set out in this Prospectus at the time of its publication.

This Prospectus is susceptible to changes concerning the addition or suppression of Sub-Funds as well as other modifications. Therefore it is advisable for subscribers to ask the Fund for the most recent issue of the Prospectus.

Potential subscribers to the Fund should inform themselves on applicable laws and regulations (i.e. as to the possible tax requirements or foreign exchange control) of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, purchase, holding, conversion and redemption of Shares.

Any reference to "EUR" in this Prospectus refers to the lawful currency of the Member States of the European Union which have adopted the Euro.

Distribution of this Prospectus is not authorised unless it is accompanied by a copy of the latest available annual report and a copy of the latest half yearly report if published after such annual report. These documents are part of the Prospectus.

Potential subscribers should note that the structure of the Prospectus is such that it distinguishes the part made up of chapters 2 to 26, on the one hand, and chapter 1, on the other hand. The chapters 2 to 26 contain the regulations to which the Fund as a whole, and each of its Sub-Funds are subjected, whereas chapter 1 contains the regulations applicable to each individual Sub-Fund in addition or in derogation to the general regulations.

1. AVAILABLE SUB-FUNDS

Unless otherwise indicated in the following paragraphs, each Sub-Fund of the Fund is subject to the general regulations as set out in the chapters 2 and following of this Prospectus.

Sub-Fund 1: CB EUROPEAN QUALITY FUND – European Equity Fund	
Investment policy and objectives	<p>The objective of the CB EUROPEAN QUALITY FUND - European Equity Fund (the "Sub-Fund") is to achieve long-term capital growth mainly through investment in equities dealt in the European financial markets, of the countries represented in the MSCI Europe Net Index (code Bloomberg : NDDUE15 Index).</p> <p>On an ancillary basis, the Sub-Fund may hold liquid assets which will be denominated in Euro.</p>
Shares	<p>This Sub-Fund will issue Capitalisation shares for the Class A and I, and Distribution shares for the Class D.</p> <p>If the amount subscribed does not correspond to a specific number of shares, the appropriate number of shares - including any fraction of share calculated to four decimal places - will be issued.</p>
Valuation currency and Valuation Day	<p>The valuation currency of this Sub-Fund will be the EUR. The Valuation Day of this Sub-Fund will be every full Luxembourg bank business day.</p>
Subscriptions, Conversions & Redemptions	<p>Subscriptions will be made at a price corresponding to the Net Asset Value per share plus the applicable subscription fee. No Conversion fee will be levied in this Sub-Fund.</p> <p>Class A</p> <p>There is no minimum initial or subsequent subscription amount required.</p> <p>Class D</p> <p>There is no minimum initial or subsequent subscription amount required.</p> <p>Class I</p> <p>There is no minimum initial or subsequent subscription amount required.</p> <p>This Class I is reserved to institutional investors.</p>

Techniques and instruments	<p>This Sub-Fund may enter into transactions relating to listed futures and options on financial instruments for investment and/or hedging purposes (excluding operations on currency and currency forward contracts). In this respect investors should note that markets dealing with futures and options are volatile and risky. These transactions will only be used to the extent they do not hinder the quality of the investment policy of the Sub-Fund. In order to achieve its objective, the Sub-Fund may invest in listed put options on securities or indices related to the markets mentioned in the investment policy.</p> <p>OTC instruments, the counterparties of which are exclusively first class institutions, may be used for the purpose of hedging reference currency thereof.</p>
Risk Profile	<p>The value of the portfolio of the Sub-Fund is calculated daily on the basis of the market value of the individual equities held by the Sub-Fund, which are of high market liquidity. As these equities are issued by major companies in the most important industries the market value of the Sub-Fund depends on the capital market players' expectations of the general economic development.</p>
Past performance	<p>Information on past performance of the Sub-Fund will be inserted into the KIID of the Sub-Fund.</p>
Investor Profile	<p>The Sub-Fund is suitable for any investor type including those who are not interested in or informed about capital market topics, but who see investment funds a convenient "savings" product. It is also suitable for more experienced investors wishing to attain defined investment objectives. Experience with capital market products is not required. The investor must be able to accept moderate temporary losses, thus the Sub-Fund is suitable for investors who can afford to set aside the capital for at least 2-3 years. The Sub-Fund is designed for the investment objective of building up capital. For an investor's portfolio, it can play the role of a core position.</p>
Investment Manager	<p><u>CB Asset Management AB</u>, STRANDVÄGEN 5B, S-114 51 STOCKHOLM, SWEDEN.</p>

Fees and expenses	<p>Class A</p> <ul style="list-style-type: none"> • Subscription fee: up to 1 % based on the Net Asset Value per share may be added to the subscription monies which is payable to the Distributor, CB Asset Management AB. • Redemption fee : up to 1 % based on the Net Asset Value per share may be deducted from redemption monies which is payable to the Distributor, CB Asset Management AB. • Management fee: The Fund shall pay to the Investment Manager a management fee, payable monthly, at an annual rate of maximum 1.5% calculated on the Sub-Fund's average Net Asset Value. The management fee as mentioned is net of eventual taxes. <p>Class D</p> <ul style="list-style-type: none"> • Subscription fee: up to 1 % based on the Net Asset Value per share may be added to the subscription monies which is payable to the Distributor, CB Asset Management AB. • Redemption fee : up to 1 % based on the Net Asset Value per share may be deducted from redemption monies which is payable to the Distributor, CB Asset Management AB. • Management fee: The Fund shall pay to the Investment Manager a management fee, payable monthly, at an annual rate of maximum 1.5% calculated on the Sub-Fund's average Net Asset Value. The management fee as mentioned is net of eventual taxes. <p>Class I</p> <ul style="list-style-type: none"> • No Subscription and Redemption fees • Management fee: The Fund shall pay to the Investment Manager a management fee, payable monthly, at an annual rate of maximum 0.5 % calculated on the Sub-Fund's average Net Asset Value. The management fee as mentioned is net of eventual taxes.
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	<ul style="list-style-type: none"> Performance fee: The performance fee per share class equals 20% of the outperformance of the Net Asset Value per share of the applicable share class over the benchmark, which is the MSCI Europe Net Index (code Bloomberg : NDDUE15 Index) converted in EUR, pre performance fee, but post the management fee and other types of fees, above the current Benchmark Value of the share class, and it may be a performance fee even if the fund goes down, if the fund outperforms index. The performance fee will be calculated and accrued daily in the share class and will be paid out to the Investment Manager quarterly in arrears. This payment matches with the management fees review and payment. The performance period is equal to a quarter. If the share class starts during a quarter, the performance fee will be calculated from the launch date to the end of the relevant quarter. The excess performance on each Valuation Day is defined as any difference between the performance of the current Base Net Asset Value (Base NAV) per share and the performance of the current Benchmark Value. If the difference is negative, excess performance is defined to be zero. The Base NAV per share is calculated after deduction of the management fee and other types of fees (but prior to the calculation of any performance fee) and distribution during the relevant performance period. The Benchmark performance is calculated by dividing the current value of the MSCI Europe Net Index (code Bloomberg : NDDUE15 Index) converted in EUR by the Benchmark value at the latest date of reset of the Base NAV per share. The Base NAV per share is reset at the NAV per share after performance fee at the latest date of payment of performance fees. The amount of performance fees will be adjusted by subscription and redemption. In the event that an investor redeems Shares prior to the end of the quarter period, any accrued but unpaid performance fee relating to those Shares shall be paid to the Investment Manager at the last Valuation Day of the relevant quarter. The definitions and calculations are as follows: Performance fee(t) = no of shares(t) * 20% * Excess performance (t) No of shares(t) = Number of shares of the relevant share class on the relevant Valuation Day before subscriptions and redemptions have been taken into account on that Valuation Day(t) Excess performance = Performance of the Base NAV per share (t) – Performance of the Benchmark Value(t) if difference is larger than 0 The initial offer price shall be the starting point for the first calculation of performance fee.
Initial Offering Period	The shares I of the Sub-Fund were issued at a price corresponding to EUR 100, as of July 16, 2012. The first NAV was July 16, 2012.
Global Calculation Methodology Exposure	Commitment approach.

2. MANAGEMENT OF THE FUND

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

CARL BERNADOTTE
PRESIDENT
CB ASSET MANAGEMENT AB
STRANDVÄGEN 5B
S-114 51 STOCKHOLM
SWEDEN

DIRECTORS

ULF BUHNE
MANAGING DIRECTOR
DRESDNER KLEINWORT BENSON
GLOBAL EQUITIES
JÜRGEN-PONTO-PLATZ 1
D-60301 FRANKFURT AM MAIN
GERMANY

LAWRENCE CHAPIN
21507 GREEN SPRING ROAD ABINGDON,
VIRGINIA 24211
USA

**DEPOSITARY AND CENTRAL
ADMINISTRATION AGENT**
CACEIS BANK, LUXEMBOURG BRANCH
ALLÉE SCHEFFER, 5
L-2520 LUXEMBOURG

MANAGEMENT COMPANY
LUXCELLENCE MANAGEMENT COMPANY S.A.
ALLÉE SCHEFFER, 5
L-2520 LUXEMBOURG

AUDITOR OF THE FUND
PRICEWATERHOUSECOOPERS, SOCIETE COOPERATIVE
RUE GERHARD MERCATOR, 2
B.P. 1443
L-1014 LUXEMBOURG

3. LEGAL FORM AND STRUCTURE OF THE FUND

CB EUROPEAN QUALITY FUND (the "Fund") is an investment company incorporated on 30th March, 2000, for unlimited duration as a "société anonyme" with the status of a "société d'investissement à capital variable" under Part I of UCI Act and under the law of August 10, 1915 on Commercial Companies, as amended.

The Fund is organised as an "Umbrella Fund". An "Umbrella Fund" is one single entity comprising several Sub-Funds. Each Sub-Fund constitutes a separate portfolio of assets (invested in accordance with the particular investment features applicable to this Sub-Fund) and liabilities.

The Board of Directors reserves the right to, at any point in time, launch new Sub-Funds. The offering memorandum and investment policy of such Sub-Funds are to be communicated through a revised Prospectus. Furthermore, the investors may be informed through a newspaper announcement, if deemed appropriate by the Board of Directors. In compliance with the regulations laid down in chapter 20. "Liquidation and merger by absorption", the Board of Directors reserves the right to liquidate certain Sub-Funds.

The articles of association (the "Articles") were published in the *Mémorial C, Recueil des Sociétés et Associations* (which has been replaced by the *Recueil électronique des sociétés et associations* (the "RESA") since 1 June 2016) on 10th May, 2000. The Articles were exhaustively restated on 9th February 2007 and published in the *Mémorial* (which has been replaced by the RESA since 1 June 2016) on 1st March 2007. The Articles have been deposited with the Registre de Commerce et des Sociétés de Luxembourg. These documents are available for review and copies can be obtained on payment of applicable charges. The Fund is registered at the Registre de Commerce et des Sociétés de Luxembourg under the number 74.921. The registered office of the Fund is established at 5, Allée Scheffer, L-2520 Luxembourg.

The capital of the Fund, expressed in Euro, is at all times equal to the total of net assets of the different Sub-Funds and is represented by the issued Shares, without designation of the nominal value and fully paid up. Variations in the capital of the Fund can take place without further consideration or enquiry and without the need for publication or registration in the Register of Commerce. The minimum capital required is EUR 1,250,000 or its equivalent in any other currency.

4. INVESTMENT POLICY AND OBJECTIVES

The objectives of the Fund are to achieve capital appreciation and, as the case may be, income. The selected Investment Manager will maintain a prudent risk level that emphasises growth but considers the need to preserve capital and accumulated income.

5. DISTRIBUTION POLICY

The Board of Directors may decide to issue categories and/or sub-categories of Shares of any type within each Sub-Fund, at the option of the shareholders of the Fund (the "Shareholders or individually the "Shareholder"). The description of such categories or sub-categories will be provided for in chapter 1 of the present Prospectus.

In case of distribution Shares each Sub-Fund is entitled to distribute the maximum dividend authorised by Law (i.e., the Fund may distribute as much as it deems appropriate insofar as the total net assets of the Fund remain above EUR 1,250,000).

In case of accumulation Shares relevant net income and net capital gains shall not be distributed but shall increase the Net Asset Value of the relevant Shares (accumulation). Each Sub-Fund may, however, in accordance with a dividend distribution policy proposed by the Board of Directors, distribute all or part of the net income and/or net capital gains by a majority decision of the Shareholders of the relevant Sub-Fund.

The Board of Directors may, when considered appropriate, decide a distribution of interim dividends. In full compliance with what is provided in the Articles, it rests with the Board of Directors to determine the methods of payment of any dividends decided pursuant to what is provided above. Dividends not cashed within five years will be forfeited and will accrue for the benefit of the Fund, in accordance with Luxembourg law.

6. INVESTMENT MANAGEMENT OF THE FUND

The Board of Directors is responsible for the overall management and control of the Fund. It will review the operations of the Fund and the Management Company.

The Board of Directors has appointed Luxcellence Management Company as the Management Company of the Fund to be responsible on a day-to-day basis, under supervision of the Board of Directors, for providing administration, marketing, investment management and advisory services in respect of all Sub-Funds. In respect of all Sub-Funds, the Management Company is allowed to delegate its investment management, marketing and advisory functions to any qualified third party service provider.

The Investment Manager(s) will be appointed pursuant to (an) Investment Management Agreement(s) to which the Fund is a party. The names of and the information on the Investment Manager(s), as well as the references to the Investment Management Agreement(s) binding on them are specified in chapter 1, "Available Sub-Funds".

7. DEPOSITARY AND DOMICILIARY AGENT

CACEIS Bank, Luxembourg Branch, established at 5, allée Scheffer, L-2520 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 209.310 is acting as depositary of the Fund (the "Depositary") in accordance with a depositary agreement dated 6th March 2017 as amended from time to time (the "Depositary Agreement") and the relevant provisions of the Law and the set of rules formed by the UCITS Directive, the UCI Act, the UCITS Regulations, CSSF Circular 16/644 and any derived or connected EU or national act, statute, regulation, circular or binding guidelines (the "UCITS Rules").

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de contrôle prudentiel et de résolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

Investors may consult upon request at the registered office of the Fund, the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary.

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Compartments' assets, and it shall fulfil the obligations and duties

provided for by Part I of the Law . In particular, the Depositary shall ensure an effective and proper monitoring of the Fund' cash flows.

In due compliance with the UCITS Rules the Depositary shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the Fund are carried out in accordance with the applicable national law and the UCITS Rules or the Articles;
- (ii) ensure that the value of the Units is calculated in accordance with the UCITS Rules, the Articles and the procedures laid down in the Directive;
- (iii) carry out the instructions of the Fund, unless they conflict with the UCITS Rules, or the Articles;
- (iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (v) ensure that an Company's income is applied in accordance with the UCITS Rules and the Articles.

The Depositary may not delegate any of the obligations and duties set out in (i) to (v) of this clause.

In compliance with the provisions of the Directive, the Depositary may, under certain conditions, entrust part or all of the assets which are placed under its custody and/or recordkeeping to correspondents/ third party custodians as appointed from time to time. The Depositary's liability shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the Law.

A list of these correspondents/third party custodians is available on the website of the Depositary (www.caceis.com, section “ veille réglementaire”). Such list may be updated from time to time. A complete list of all correspondents/third party custodians may be obtained, free of charge and upon request, from the Depositary. Up-to-date information regarding the identity of the Depositary, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation are also made available to investors on the website of the Depositary, as mentioned above, and upon request. There are many situations in which a conflict of interest may arise, notably when the Depositary delegates its safekeeping functions or when the Depositary also performs other tasks on behalf of the Fund, such as administrative agency and registrar agency services. These situations and the conflicts of interest thereto related have been identified by the Depositary. In order to protect the Fund's and its Shareholders' interests and comply with applicable regulations, a policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise have been set in place within the Depositary, aiming namely at:

- (i) identifying and analysing potential situations of conflicts of interest;
- (ii) recording, managing and monitoring the conflict of interest situations either in:
- (iii) relying on the permanent measures in place to address conflicts of interest such as maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members; or
- (iv) 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, making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

The Depositary has established a functional, hierarchical and/or contractual separation between the performance of its UCITS depositary functions and the performance of other tasks on behalf of the Fund, notably, administrative agency and registrar agency services.

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. The Fund may, however, dismiss the Depositary only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Compartments have been transferred to the new depositary bank.

The Depositary has no decision-making discretion nor any advice duty relating to the Fund's investments. The Depositary is a service provider to the Fund and is not responsible for the preparation of this Prospectus and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Fund.

Pursuant to an agreement, as amended from time to time, the Fund has appointed *CACEIS Bank, Luxembourg Branch* as its Domiciliary Agent. This agreement has been concluded for an indefinite duration and may be terminated by either party in writing with three months' notice.

The fees and charges of *CACEIS Bank, Luxembourg Branch* calculated with reference to the net assets and payable monthly, are borne by the Fund and shall be up to 0.05% per annum for the Depositary fee.

8. CENTRAL ADMINISTRATION

Pursuant to an agreement, as amended from time to time, the Management Company has appointed *CACEIS Bank, Luxembourg Branch* as the Fund's Central Administrator.

This agreement is made for an unlimited duration and may be terminated by either party giving a minimum three months' notice.

CACEIS Bank, Luxembourg Branch is empowered to delegate, under its full responsibility, all or part of its duties as Central Administrator to a third Luxembourg entity, with the prior consent of the Fund.

As Central Administrator, *CACEIS Bank, Luxembourg Branch* is responsible for the processing of the issue (registration) and redemption of the Shares in the Fund and settlement arrangements thereof, the calculation of the Net Asset Value per share, the maintenance of records and other general administrative functions.

The fees and charges of *CACEIS Bank, Luxembourg Branch* calculated with reference to the net assets and payable monthly, are borne by the Fund and shall be up to 0.17% per annum for the Central Administrator fee. A minimum of EUR 3,000 per Sub-Fund per month will be levied.

9. MANAGEMENT COMPANY

Pursuant to a Management Company Agreement, as amended from time to time, the Fund has appointed Luxcellence Management Company, a *société anonyme* incorporated under the laws of Luxembourg, with registered office at 5, allée Scheffer, L-2520 Luxembourg, as its Management Company to perform investment management, administration and marketing functions of the Fund.

Luxcellence Management Company was incorporated as a "Société Anonyme" in Luxembourg on 31 January 1994 under the social denomination of Luxcellence Advisory Company S.A.. Luxcellence Management Company complies with the conditions set out in Chapter 15 of the Luxembourg UCI Act, and therefore is authorised as a management company managing UCITS governed by the UCITS

Directive.

As of the date of this Prospectus, the Management Company's Board of Directors consists of the following members:

Guillaume Fromont, Chairman
Lucien Euler, Independent Director
Marie-Victoire Menez, Managing Director
Philippe de Cibeins, Director

As of the date of this Prospectus, the Conductings Officers of the Management Company are:

Marie-Victoire Menez, Managing Director
Jean-Marc Servais, Conducting Officer
Gregory Cabanetos, Conducting Officer

The Management Company has been permitted by the Fund to delegate its investment management functions to investment managers authorised by the Fund.

In the context of its administration functions, the Management Company has been permitted by the Fund to delegate its administration functions to third parties authorized by the Fund, comprising the Central Administration Agent.

In the context of its marketing function, the Management Company may enter into agreements with Distributors pursuant to which the Distributors agree to act as intermediaries or nominees for investors subscribing for Shares through their facilities.

The Management Company will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and the relevant third parties provide that the Management Company can give at any time further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Fund is not affected by the fact that it has delegated certain functions to third parties.

The Management Company is also acting as a management company for other Luxembourg domiciled undertakings for collective investment, a list of which is available upon request and free of charge at the registered office of the Management Company.

Without prejudice to the other fees due to the Management Company related to i) the production and update of the KIIDs and ii) the cross-border registration services, the Management Company shall be entitled for the provision of the management company services rendered to the Fund to receive a fee of 0.05 % per annum based on the net assets attributable to each Sub-Fund with an overall minimum annual fee for the Management Company of 25,000 Euro.

In accordance with the UCITS Directive and the UCITS Rules, the Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that does not encourage risk taking which is inconsistent with the risk profile and the Articles.

The Management Company's remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and its investors and includes measures to avoid conflicts of interest.

Fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

If and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

The details of the Management Company's remuneration policy are available on the following website <http://www.luxcellence.com/files/remuneration-policy.pdf>. A paper copy of the remuneration policy will be made available free of charge to the investors of the Fund upon request to the Management Company.

10. SHARES

As indicated *supra*, the Board of Directors is entitled to create as many Sub-Funds as deemed necessary, according to criteria that the Board of Directors determines. Within each Sub-Fund, the Board of Directors is entitled to create different categories and/or sub-categories (the "Categories" and the "Sub-Categories") that may be characterised by their distribution policy (distribution Shares-accumulation Shares), their reference currency, their fee level, and or by any other feature to be determined by the Board of Directors. Information regarding any such creation/modification will be formalised by way of an addendum to the present Prospectus.

Shares of each Sub-Fund, Category and/or Sub-Category may be issued in the registered form. The register of Shareholders is held in Luxembourg by *CACEIS Bank, Luxembourg Branch*.

The Shares are to be fully paid up and will be issued without indication of their nominal value. Unless otherwise stated there will be no limit on the number of Shares to be issued. The rights attached to the Shares are set forth in the Luxembourg law of August 10, 1915 on Commercial Companies and the modifications thereof as far as these do not depart from the Law (the "Law of 1915"). All Shares of the Fund, irrespective of their value, have equal voting rights. The Shares of each Sub-Fund and/or each Category and/or each Sub-Category have equal rights in case of liquidation of each Sub-Fund and/or each Category and/or each Sub-Category concerned. Fractions of Shares are, in due, proportion, entitled to the same rights as full Shares, except that only full Shares are entitled to vote.

The Directors of the Fund may also accept subscriptions by means of an existing portfolio, as provided for in the Law of 1915, subject to the fact that the securities or money market instruments of that portfolio comply with the investment objectives and restrictions of the Fund and that those securities or money market instruments are quoted on an official stock exchange or traded on a market which is operating regularly, recognised and open to the public ("Regulated Market"). Such a portfolio must be easy to evaluate. A valuation report, the cost of which is to be borne by the relevant investor, will be drawn up by the auditor of the Fund according to article 26-1(2) of the Law of 1915.

11. NET ASSET VALUE

The Net Asset Value of each Sub-Fund is equal to the total assets of that Sub-Fund less its liabilities. The Net Asset Value (or "NAV") per share of each Sub-Fund will be determined at least twice monthly ("Valuation Day") as described in chapter 1, under the responsibility of the Management Company. Except if otherwise described in chapter 1, the Net Asset Value of each Sub-Fund shall be expressed in the currency of the relevant Sub-Fund as a per share figure and shall be determined in respect of any Valuation Day by dividing the net assets of the Fund corresponding to each Sub-Fund (being the value of the assets of the Fund corresponding to such Sub-Fund less the liabilities attributable to such Sub-Fund) by the number of Shares of the relevant Sub-Fund then outstanding.

Except if otherwise described in chapter 1, the percentages of the total Net Asset Value allocated to each category of Shares within one Sub-Fund shall be determined by the ratio of Shares issued in each category of Shares within one Sub-Fund to the total number of Shares issued in the same Sub-Fund, and shall be adjusted subsequently in connection with the distribution effected and the issues, conversions and redemptions of Shares as follows: (1) on each occasion when a distribution is effected, the Net Asset Value of the Shares which received a dividend shall be reduced by the amount of the distribution (causing a reduction in the percentage of the Net Asset Value allocated to these Shares), whereas the Net Asset Value of the other Shares of the same Sub-Fund shall remain unchanged (causing an increase in the percentage of the Net Asset Value allocated to these Shares); (2) on each occasion when Shares are issued, converted or redeemed the Net Asset Value of the respective categories of Shares, within the relevant Sub-Fund shall be increased or decreased by the amount received or paid out.

Without prejudice to what has been stated here above, when the Board of Directors has decided for a specific Sub-Fund to issue several categories and/or sub-categories of Shares, the Board of Directors may also decide to compute the Net Asset Value per share of a category and/or sub-category as follows: on each Valuation Day the assets and liabilities of the considered Sub-Fund are valued in the reference currency of the Sub-Fund. The categories and/or sub-categories of Shares participate in the Sub-Fund's assets in proportion to their respective numbers of portfolio entitlements. Portfolio entitlements are allocated to or deducted from a particular category and/or sub-category on the basis of issues or repurchases of Shares of each category and/or sub-category, and shall be adjusted subsequently with the distribution effected as well as with the issues, conversions and/or redemptions. The value of the total number or portfolio entitlements attributed to a particular category and/or sub-category on the given Valuation Day represents the total Net Asset Value attributable to that category and/or sub-category of Shares on that Valuation Day. The Net Asset Value per share of that category and/or sub-category equals to the total Net Asset Value on that day divided by the total number of Shares of that category and/or sub-category then outstanding.

Without prejudice to the regulations of each Sub-Fund, the net asset valuation of the different Sub-Funds shall be performed as follows:

I. The assets of each Sub-Fund are deemed to include: (a) all cash on hand or on deposit, including any interest accrued thereon; (b) all bills, demand notes, certificates of deposits, promissory notes and accounts receivable (including proceeds of securities sold but not delivered); (c) all bonds, time notes, Shares, stock, debentures, debenture stocks, Shares/units of undertakings for collective investment, subscription rights, warrants, options and other securities, financial instruments and similar assets owned or contracted for by the Fund (provided that the Fund may make adjustments with regards to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices); (d) all stock, stock dividends, cash dividends and cash distributions receivable by the Fund to the extent information thereon is reasonably available to the Fund (provided that the Fund may make adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices); (e) all interest accrued on any interest-bearing assets owned by the Fund except to the extent that the same is included or reflected in the principal amount of such assets; (f) the preliminary expenses of the Fund, including the cost of issuing and distributing Shares of the Fund, insofar as the same have not been written off; and (g) all other assets of any kind and nature, including expenses paid in advance.

The value of these assets shall be determined as follows: (1) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Fund may consider appropriate in such case to reflect the true value thereof; (2) the value of securities and/or any money market instruments and/or financial derivative instruments (the "Investments") which are quoted or dealt in on any stock exchange or which are dealt in on any Regulated Market is based on the last available price applicable to the relevant Valuation Day or the closing mid-market valuations or the valuations on a specific valuation point/time or the settlement price as determined by the relevant exchange or market, as the Board of Directors may decide, provided that the Board of Directors shall determine the reference

stock exchange or Regulated Market to be considered when Investments are quoted or dealt in on more than one stock exchange or Regulated Market; (3) in the event that any of the Investments on the relevant Valuation Day are not quoted or dealt in on any stock exchange or Regulated Market or if, with respect to securities quoted or dealt in on any stock exchange or dealt in on any Regulated Market, the price as determined pursuant to (2) above is not representative of the fair market value of the relevant Investment, the value of such Investment may be determined based on the reasonably foreseeable sales price determined prudently and in good faith; (4) Shares or units in open-ended undertakings for collective investment shall be valued at their last available calculated net asset value; (5) the financial derivative instruments which are not listed on any official stock exchange or traded on any other Regulated Market will be valued in accordance with market practice, such as quotation provided by counterparties, as determined by the Board of Directors; (6) the money market 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 as determined by the Board of Directors; (7) swaps will be valued in accordance with market practice, such as their fair value based on the underlying securities or assets or provided by counterparties, as determined by the Board of Directors; (8) all other assets are to be valued at their respective estimated sales prices determined in good faith by the Board of Directors; and (9) the value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at rates last quoted by major banks. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

In the event that the above mentioned calculation methods are inappropriate or misleading, the Board of Directors may adjust the value of any Investment or permit some other method of valuation to be used for the assets of the Fund if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect more fairly the value of such Investment.

II. The liabilities of the Fund shall be deemed to include: (a) all loans, bills and accounts payable, except those payable to any subsidiary; (b) all accrued interest on loans of the Fund (including accrued fees for commitment for such loans; (c) all accrued or payable administrative expenses (including, but not limited to, investment management and/or advisory fees, incentive fees, if any, custodian fees and corporate agents' fees); (d) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Fund; (e) an appropriate provision for future taxes based on capital and income to the Valuation Date, as determined from time to time by the Fund, and other reserves (if any) authorised and approved by the Board of Directors, as well as such amount (if any) as the Board of Directors may consider to be an appropriate allowance in respect of any contingent liabilities of the Fund; and (f) all other liabilities of the Fund of whatsoever kind and nature reflected in accordance with generally accepted accounting principles. In determining the amount of such liabilities the Fund shall take into account all expenses payable by the Fund which shall comprise formation expenses, fees payable to the Management Company, investment managers, investment advisors (as the case may be), fees and expenses payable to its accountants, custodian and its correspondents, domiciliary, central administration agent, listing agent, any paying agent, any distributor and permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration of the directors and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Fund with any Governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the cost of preparing, printing, advertising and distributing prospectuses, KIIDs, explanatory memoranda, periodical reports or registration statements, the costs of printing Share certificates and the costs of any reports to Shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

The Fund is a single legal entity. Pursuant to Article 133 of the Law of 2002, the rights of investors 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 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 investors, each Sub-Fund will be deemed to be a separate entity.

III. Shares to be redeemed are considered as issued and existing Shares until the closing of the corresponding Valuation Day. The redemption price will be considered from the closing of the Valuation Day and until final payment as one of the Fund's liabilities. Without prejudice to what is provided for in the chapter 13. "Issue of Shares and procedures of subscription and payment", each share to be issued by the Fund following a subscription request will be considered as an issued share from the closing of the relevant Valuation Day. Its price will be considered as owed to the Fund until its final payment.

IV. As far as possible, all investments and disinvestments decided upon until the Valuation Day will be included in the Net Asset Valuation.

12. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND ISSUE, CONVERSION AND REDEMPTION OF SHARES

The Fund may temporarily suspend the determination of the Net Asset Value of one or more Sub-Funds and the issue, conversion and redemption of the Shares (a) during the whole or any part of any period when any of the principal markets on which any significant portion of the investments of the relevant Sub-Fund from time to time are quoted, listed, traded or dealt in is closed (otherwise than for customary weekend or ordinary holidays) or during which dealings therein are restricted or suspended or trading on any relevant futures exchange or markets is restricted or suspended; or (b) during the whole or any part of any period when, as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Board of Directors, any disposal or valuation of investments of the relevant Sub-Fund is not, in the opinion of the Board of Directors, reasonably practicable without this being seriously detrimental to the interests of Shareholders in general or the Shareholders of the relevant Sub-Fund or if, in the opinion of the Board of Directors, the Net Asset Value cannot fairly be calculated or such disposal would be materially prejudicial to the Shareholders in general or the Shareholders of the relevant Sub-Fund; or (c) during the whole or any part of any period during which any breakdown occurs in the means of communication or calculation normally employed in determining the value of any of the investments of the Fund or when for any other reason the value of any of the investments or other assets of the relevant Sub-Fund cannot reasonably or fairly be ascertained; or (d) during the whole or any part of any period when the Fund is unable to repatriate funds required for the purpose of making redemption payments or when such payments cannot, in the opinion of the Board of Directors, be effected at normal prices or normal rates of exchange or during which there are difficulties or it is envisaged that there will be difficulties, in the transfer of monies or assets required for subscriptions, redemptions or trading; or (e) during any period when, in the opinion of the Board of Directors, there exist unusual circumstances where it would be impracticable or unfair towards the Shareholders to continue dealing in the Shares of any Sub-Fund; or (f) upon the publication of a notice convening a general meeting of Shareholders for the purpose of resolving to wind up the Fund; or (g) while the value of the investments held through any subsidiary of the Fund may not be determined accurately.

When exceptional circumstances might negatively affect Shareholders' interests, or when redemptions would exceed 10% of a Sub-Fund's net assets, the Board of Directors reserves the right to sell the necessary securities before the calculation of the Net Asset Value per share. In this case, all subscription, conversion and redemption applications for such Sub-Fund without any exception will be processed at the Net Asset Value per share thus calculated. If this level is exceeded, all repurchase requests, exceeding 10 per cent, which have not been honoured, must be treated by priority on the following Valuation Day.

Any such suspension shall be notified to the existing Shareholders, as well as to the Shareholders requesting redemption or conversion of their Shares on the day following their request. Pending subscription, conversion and redemption requests can be withdrawn after written notification as long as these notifications reach the Fund before the end of the suspension. In the absence of such revocation, these requests will be considered on the first Valuation Day following the end of the suspension. Valuation Day refers to the definition in chapter 11, above.

13. ISSUE OF SHARES AND PROCEDURES OF SUBSCRIPTION AND PAYMENT

Unless otherwise stated in chapter 1, the Board of Directors is authorised without limitation to allot and issue Shares of any Sub-Fund and any category. The Board of Directors is also authorised to fix a minimum subscription level for each Sub-Fund. Such minimum subscription level is determined for each Sub-Fund in chapter 1.

Subscriptions

After the closing of the initial offering period, Shares will be issued at a price corresponding to the Net Asset Value per share, plus a possible subscription fee based on the net asset value per share.

Procedures

Duly completed and signed subscription forms received by the Fund or a distributor no later than 14:00 on the bank business day in Luxembourg preceding a Valuation Day will, if accepted, be dealt with on the basis of the relevant Net Asset Value established at such Valuation Day. Requests received after these date and time will take effect on the following Valuation Day. Payment must be made within 5 bank business days in Luxembourg of the Valuation Day. Investors must note that the Fund reserves the right to postpone subscriptions where there is no certainty that payment will reach the Custodian by due date. Shares will therefore be allotted only after receipt of the subscription request together with cleared money or a document evidencing irrevocable payment within 5 bank business days in Luxembourg of the Valuation Day. In case of payment by cheque, Shares will be allotted only after confirmation of the cheque's clearance.

In the context of money laundering prevention, pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the Law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, CSSF Regulation 12-02 and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber as well as potentially of any beneficial owner in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification. Failing identification, the subscription will be refused.

Namely, the requests for subscription must be accompanied, in the case of individuals, by a certified copy of the investor's passport or identification card and, in the case of legal entities, by a certified copy of the investor's articles of incorporation and, where applicable, an extract from the commercial register or a copy of such other documents as may be requested as verification of the identity and address of the individual or legal entity.

More generally the Fund and its registrar agent shall be able to require any documentation from subscriber that it deems necessary in order to comply with any law and regulations applicable to the Fund, and in particular, the FATCA Rules.

This identification procedure must be complied with by CACEIS Bank, Luxembourg Branch S.A., acting as Central Administrator in the case of direct subscriptions to the Fund, and in the case of

subscriptions received by the Fund from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under applicable anti-money laundering regulations.

Investors are requested to communicate forthwith any change in their situation that will prove the information previously submitted to be no longer valid or sufficient, and shall provide the necessary additional information.

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for conversion or for redemption) will not be accepted. In the case of a failure to provide the documents and information requested in the context of ensuring compliance of the Fund with FATCA Rules, the Fund may also be entitled to force the redemption of the Shares.

Neither the Fund nor the Central Administrator have any liability for delays or failure to process deals as a result of the subscriber providing no or only incomplete documentation.

Without prejudice to the above, the Board of Directors reserves the right to (a) refuse any request for subscription, and (b) repurchase outstanding Shares held by investors who are not authorised to either buy or hold Shares of the Fund.

14. CONVERSION OF SHARES

Shares of all Sub-Funds and categories may be converted into Shares of another Sub-Fund or another category at a price equal to the respective Net Asset Values per share of the Sub-Funds concerned. The Board of Directors is authorised to set a minimum conversion level for each Sub-Fund, said minimum being mentioned for each Sub-Fund in chapter 1.

If accumulation Shares and distribution Shares exist in the relevant Sub-Funds, Shareholders may apply for conversion of part of their holding or their whole holding of accumulation Shares into distribution Shares and vice versa; the conversion is carried out on the basis of the Net Asset Value determined on the relevant Valuation Day, minus a fee as described in chapter 1 inside the same Sub-Fund or from one Sub-Fund to another.

Any requests for conversion if received by the Fund or a distributor no later than 14:00 on the bank business day in Luxembourg preceding the Valuation Day will be executed at the Net Asset Value per share for the Sub-Fund and category concerned as determined on that Valuation Day after deduction, if applicable, of a conversion fee if specified in chapter 1. Requests received after these date and time will take effect on the following Valuation Day.

The Shareholder can request such a conversion of Shares by way of letter, telex, or fax to the Fund, indicating the number of Shares, the Sub-Fund and the category of Shares to be converted. Without prejudice to the regulations of chapter 15, the application must be irrevocable and must be accompanied, if applicable, by a correctly filled transfer form or by all other document proving this transfer.

The number of Shares of the new Sub-Fund and/or category to be allotted is calculated in accordance with the formula:

$$N = [(A \times B) - D] \times E / C$$

Where,

- N is the number of Shares of the new Sub-Fund and/or category to be allotted and issued
- A is the number of Shares of the original Sub-Fund and/or category
- B is the Net Asset Value per share of the original Sub-Fund and/or category
- C is the Net Asset Value per share of the new Sub-Fund and/or category
- D is the conversion fee to be determined for each Sub-Fund

- E is the applicable currency conversion factor at the conversion day between the currencies of the two Sub-Funds.

15. REDEMPTION OF SHARES

Without prejudice to the exceptions and limitations stated elsewhere in this Prospectus, any Shareholder may request that any or all of his Shares be redeemed by the Fund. Shares redeemed by the Fund will be nullified. The Board of Directors is authorised to set a minimum redemption amount for each Sub-Fund, in which case the Prospectus will be updated.

Shares may be redeemed by notifying the Fund in writing, by telex or fax. A request for redemption will be irrevocable (unless the conditions laid out in this chapter 15 apply) and has to state the number of Shares, the Sub-Fund and, if applicable, the category of Shares to be redeemed and payment instructions for the redemption proceeds. Requests for redemption should state the name under which these Shares are registered as well as possible documents attesting the transfer of these Shares. Requests for redemption from holders of certificated Shares, if any issued, will only be effected once the Central Administration Agent is in receipt of the duly renounced share certificate(s).

Any requests for redemption if received by the Fund or a distributor no later than 14:00 on the bank business day in Luxembourg preceding the Valuation Day will be executed at the Net Asset Value per share for the Sub-Fund and category concerned as determined on that Valuation Day after deduction, if applicable, of the redemption fee as specified in chapter 1. Requests received after these date and time will take effect on the following Valuation Day.

The payment of redeemed Shares will take place within 5 bank business days in Luxembourg following the Valuation Day, on condition that all the relevant documents have been received at the Fund's address in time. Payment will take place in the currency of the Sub-Fund, unless otherwise instructed in the request for redemption. In the latter case, currency exchange charges will be borne by the Shareholder.

The redemption price may be higher or lower than the price paid by the Shareholder at the time of subscription, depending on the appreciation or the depreciation of the assets' value.

16. MARKET TIMING AND LATE TRADING

According to the Circular 04/146 issued by the Luxembourg Commission de Surveillance du Secteur Financier and concerning the protection of undertakings for collective investment and their investors against Late Trading and Market Timing practices, the Fund does not permit any practices related to Market Timing. The Circular defines the Market Timing as "an arbitrage method through which an investor systematically subscribes and redeems or convert units or Shares of the Fund within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value of the Fund".

The Board of Directors reserves the right to reject any subscription- and conversion requests from an investor suspected to use Market Timing practices and is entitled to take any measures it deems appropriate to prevent such practices and to protect the other investors.

Subscriptions, redemptions and conversions are dealt with at an unknown Net Asset Value.

17. TAXATION

Taxation of the Fund

According to the law and practice currently in force, the Fund is not liable to any Luxembourg tax on profits or income, nor are any dividends paid by the Fund liable to any Luxembourg withholding tax. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum ("Taxe d'Abonnement") of its Net Asset Value, such tax being payable quarterly on the basis of the value of the net assets of the Fund at the end of the relevant calendar quarter. However this percentage is reduced to 0.01% when the investment policy of a relevant Sub-Fund. Such tax rate is reduced to a rate of 0.01% in respect of the net assets attributable to such categories of Shares which are reserved for institutional investors or to such categories of Shares which invest exclusively in money market instruments within the meaning of, and as provided for in, article 174 of the Law. No such tax will be payable in respect of the portion of the assets of the Fund invested in other Luxembourg collective investment undertakings. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. A non-recurring tax of EUR 1,239.47 was payable upon incorporation by the Fund ("taxe sur le rassemblement des capitaux"). Income received by the Fund on its investments may be subject to different non-recoverable withholding taxes in the countries of origin

Taxation of Shareholders

Luxembourg

Shareholders are not subject to any capital gains, income, withholding, gift, estate, inheritance or other tax in Luxembourg, except for investors domiciled, resident or having a permanent establishment in Luxembourg and except for certain former residents of Luxembourg owning more than ten % of the Shares in the Fund. The following summary is based on the law and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein.

Common Reporting Standard

Under Directive 2015/2060/EC repealing Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (EUSD), as amended by Directive 2014/48/EU, the EUSD has been repealed and will no longer apply once all the reporting obligations concerning financial year 2015 will have been complied with (normally 1 June 2016). Under the EUSD, EU Member States are required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income (within the meaning of the EUSD) paid by a paying agent (within the meaning of the EUSD) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the EUSD) established, in that other EU Member State.

Under the Luxembourg law of 21 June 2005 implementing the EUSD, as amended by the law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU (Territories) (EUSD Law), Luxembourg-based paying agents are required as since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another EU Member State or in the Territories, and certain personal detail on the beneficial owner. These details are provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the EUSD).

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

EU Member States will be required to implement an automatic exchange of information as provided for by the Euro-CRS Directive effective as from 1 January 2016 (and in the case of Austria as from 1

January 2017). The Euro-CRS Directive was implemented into Luxembourg legislation by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (CRS Law).

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

Accordingly, the Company will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption proceeds to the local tax authorities of the country of fiscal residency of the foreign investors to the extent that they are fiscally resident in a jurisdiction participating in the automatic exchange of information.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016.

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.

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

Shareholders should consult their own advisers as to the applicable tax and other consequences regarding CRS.

FATCA Rules

For the purpose of this Prospectus, "FATCA Rules" refers to the regulations relating to Information Reporting by Foreign Financial Institutions and Other Foreign Entities released by the IRS on 28th January 2013 (the "FATCA Regulations"), all subsequently published FATCA announcements and as the case may be, the provisions of the intergovernmental agreement (IGA) entered between Luxembourg and the United States and/or between the country of each investor and the US.

FATCA is part of the U.S. Hiring Incentives to Restore Employment Act. It is designed to prevent U.S. tax payers from avoiding U.S. tax on their income by investing through foreign financial institutions and offshore funds.

FATCA applies to so called Foreign Financial Institutions (FFIs), which notably include certain investment vehicles ("Investment Entities"), among which UCITS.

According to FATCA Rules, FFIs, unless they can rely under ad-hoc lighter or exempted regimes, need to register with the IRS and to report to the IRS certain holdings by/ and payments made to a/ certain U.S. investors b/ certain U.S. controlled foreign entity investor, c/ non U.S. financial institution investors that do not comply with their obligations under FATCA and d/clients that are not able to document clearly their FATCA status.

Moreover, any account that is not properly documented will have to suffer a 30% WHT.

On 24 March 2014, the Luxembourg and U.S. governments entered into a Model I IGA which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions.

According to the terms of the IGA, Reporting Luxembourg FFI's will have to report to the Luxembourg tax authorities instead of directly to the IRS. Information will be communicated onward by the Luxembourg authorities to the IRS under the general information exchange provisions of the U.S. Luxembourg income tax treaty.

18. CHARGES AND EXPENSES

The preliminary expenses incurred in the formation of the Fund including the preparation and the publication of the Prospectus, and various fees and taxes to be paid to Public Notary, tax authorities, (Luxembourg) Stock Exchange, printing costs and all other expenses related to the incorporation of the Fund will be payable by the Fund from the proceeds of the offering. Such preliminary expenses have been written off over a period not exceeding five accounting years. The preliminary expenses will only be borne by the Sub-Fund which will be initially launched. Further Sub-Funds will only bear the preliminary expenses relating to their own launching.

Marketing costs will not exceed 0.2% of the average annual Net Asset Value of each Sub-Fund and will be payable by the Fund.

Fees and expenses that can not be attributed to one single Sub-Fund will either be ascribed to all Sub-Funds on an equal basis or will be prorated on basis of the Net Asset Value of each Sub-Fund, if the amount and cause justify doing so.

The Fund will bear all its operating and administrative expenses, as specified in chapter 11, sub II.

19. GENERAL MEETINGS OF SHAREHOLDERS

The annual general meeting of Shareholders (the "AGM") is held each year at the registered office of the Fund or at any other address in Luxembourg specified in the notice of meeting. The AGM will be held on the third Wednesday of the month of May, at 10 o'clock. If this date is not a bank business day in Luxembourg, the AGM will be held on the following bank business day in Luxembourg.

The notice will be sent to Shareholders at the address given in the share register at least eight days before the date of the meeting. These notices will set out the conditions of the meeting, the agenda and the quorum and majority, in accordance with the provisions of the Luxembourg law.

20. LIQUIDATION AND MERGER BY ABSORPTION

Liquidation of the Fund - The liquidation of the Fund will take place if the conditions stated in the Law apply. In case the net assets of the Fund fall below two thirds of the minimum level required by the law, the Board of Directors must submit the question of the dissolution of the undertaking to a general meeting for which no quorum shall be prescribed and which shall decide by simple majority of the Shares represented at the meeting. If the net assets fall below one fourth of the legal minimum, the directors must submit the question of the dissolution to a general meeting for which no quorum shall be prescribed. The dissolution may be resolved by investors holding one fourth of the Shares represented at the meeting. The meeting must be convened so that it is held within a period of 40 days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the legal minimum as the case may be. Furthermore, the general meeting may decide to dissolve the Fund following the relevant articles of the Articles. Any decision or order of liquidation will be notified to the Shareholders, and published in accordance with the Law. In case of dissolution of the Fund, the liquidation will be conducted by one or more liquidators appointed conform to the Articles and the Law. The proceeds of liquidation of each Sub-Fund will be distributed to the Shareholders in proportion to their entitlements in that specific Sub-Fund. The sums and assets payable in respect of Shares whose holders failed to claim these at the time of closure of the liquidation will be deposited at

the *Caisse de Consignation* in Luxembourg. These amounts will lapse if they are not claimed within the legal prescription period, at present thirty years.

Merger, Liquidation and Reorganisation of Sub-Funds – Individual Shareholders, their heirs or other beneficiaries may not demand the division or liquidation of the entire Fund or one or more individual Sub-Funds. However, the Board of Directors may, if the total Net Asset Value of the Shares of any Sub-Fund or Category is less than EUR 5,000,000 (or its equivalent), decide the compulsory redemption of all the Shares of such Sub-Fund or Category at the Net Asset Value applicable on the day where all the assets attributable to such Sub-Fund or Category have been realised.

The Board of Directors may decide to liquidate one Sub-Fund or Category if a change in the economical or political situation relating to the Sub-Fund or Category concerned would justify such liquidation or if required by the interests of Shareholders in a Sub-Fund or Category or in the circumstances described under the first paragraph hereabove. The decision of the liquidation will be published by the Fund 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 Board of Directors otherwise decides in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Sub-Fund or Category concerned may continue to request redemption or switching of their Shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund concerned will be deposited with the Custodian for a period of six months after the close of liquidation. After such time, the assets will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

Under the same circumstances as provided in the preceding paragraph, the Board of Directors may decide to close down one Sub-Fund or Category by contribution into another Sub-Fund or Category. In addition, such merger may be decided by the Board of Directors in the context of reorganisation, rationalisation or streamlining of products promoted by any entity of the group of the Fund's promoter. Such decision will be published in the same manner as described in the preceding paragraph and, in addition, the publication will contain information in relation to the new Sub-Fund or Category. Such publication will be made at least one month before the date on which the merger becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, before the operation involving contribution into another Sub-Fund or Category becomes effective.

The Board of Directors may also, under the same circumstances as provided in the third paragraph hereabove, decide to close down one Sub-Fund or Category by contribution into another collective investment undertaking governed by the laws of the Grand-Duchy of Luxembourg, (a "Luxembourg UCITS"). Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the other collective investment undertaking. Such publication will be made at least one month before the date on which the merger becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, before the operation involving contribution into another collective investment undertaking becomes effective, provided that in case the merger is made into another Luxembourg UCITS promoted by a member of the group of the Fund's promoter and such merger does not result in any increase in management, advisory or distribution fees payable by the relevant sub-fund of the other Luxembourg UCITS as compared to the relevant Sub-Fund or in a significant change in investment policy, redeeming Shareholders will be obliged to pay any prevailing redemption charges. In case of contribution to another collective investment undertaking of the mutual fund type, the merger will be binding only on Shareholders of the relevant Sub-Fund or Category who will expressly agree to the merger.

Under the same circumstances as provided in the third paragraph hereabove, the reorganisation of one Sub-Fund or Category, by means of a division into two or more Sub-Funds or Categories, may be decided by the Board of Directors. Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the two or more new Sub-Funds or Categories. Such publication will be made at least one month before the date on which the reorganisation becomes effective in order to enable the Shareholders to request redemption of

their Shares, free of charge before the operation involving division into two or more Sub-Funds or Categories becomes effective.

In case any merger, sub-division or division as provided for hereabove results in holders being entitled to fractions of Shares and where the relevant Shares are admitted for settlement in a clearing system the operating rules of which do not allow the settlement or clearing of fractions of Shares or where the Board of Directors has resolved not to issue fractions of Shares in the relevant Sub-Fund or Category, the Board of Directors will be authorised to redeem the relevant fraction. The Net Asset Value of the redeemed fraction will be distributed to the relevant Shareholders unless such amount is less than EUR 15 (or its equivalent).

21. INFORMATION AVAILABLE TO SHAREHOLDERS

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

The Net Asset Value as well as the issue and redemption prices are available to the public on each Valuation Day at the registered office of the Fund.

The financial year of the Fund starts on the first of January and ends on the thirty-first of December of each year. The Fund publishes a yearly audited report on its activity and the management of its assets. The annual audited report include a consolidated balance-sheet, a consolidated income and expenditure account for the financial year, a statement of assets and liabilities for each Sub-Fund, and the auditor's report. At the end of each semester a half-yearly audited report is published containing the composition of the portfolio, a statement of changes in the portfolio, the number of outstanding Shares and the number of Shares issued and redeemed since publication of the last report. If deemed appropriate, the Fund can publish interim reports. Audited annual reports shall be published within 4 months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 months following the period to which they refer.

Copies of the Articles of the Fund may be obtained at the registered office of the Fund. Material provisions of the agreements referred to in this Prospectus, to the extent that they may be relevant to the Shareholders, may be inspected during usual business hours on any Luxembourg bank business day at the registered office of the Fund (5, Allée Scheffer, L-2520 Luxembourg).

22. INVESTMENT RESTRICTIONS

For the purpose of the investment restrictions set out below, an "Eligible Market" refers to an official stock exchange or a Regulated Market in any member state of the European Union ("EU"), any member state of the Organisation for Economic Cooperation and Development ("OECD"), and any other state which the Board of Directors deems appropriate with regard to the investment objectives of each Sub-Fund. Eligible States include in this category the countries in Africa, the Americas, Asia, Oceania, the Pacific Basin and Europe.

I. (1) The Fund, for each Sub-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 of UCITS and/or other UCI, whether situated in an EU Member State or not, provided that:
 - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union law, and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive, as amended,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible 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-Funds may invest according to their investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

and/or

- f) money market instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments is itself 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 Eligible Markets, or
- issued or guaranteed by a credit institution which has its registered office in a country which is an OECD member state and a FATF State, or
- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed 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 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 Fund 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 Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.
- b) Moreover, where the Fund holds on behalf of a Sub-Fund investments 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 Fund may not combine for each Sub-Fund:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single

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, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

- e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

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

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

The Fund 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 Fund is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member State of the OECD 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 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 Fund may not acquire Shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
 - b) The Fund may acquire no more than:
 - 10% of the non-voting Shares of the same issuer;
 - 10% of the debt securities of the same issuer;
 - 10% of the money market instruments of the same issuer.

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

- c) The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

The provisions of this paragraph V. 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 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), c) and d).

- VI.
- a) The Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph I. (1) c), provided that no more than 20% of a Sub-Fund's net assets be invested in the units of UCITS or other UCI.

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

- b) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Fund.

The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.

- c) When the Fund invests in the units of UCITS and/or other UCIs linked to the Fund by common management or control, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

If the Fund acquires units of other UCITS or other UCIs that are managed directly or indirectly by the Fund itself or a company with which it is linked by way of common management or control or by a substantial direct or indirect holding, or managed by a

management company linked to any investment manager the Fund may appoint from time to time, no initial charges or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCI.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 3.5% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- d) The Fund may acquire no more than 25% of the units 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 in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.

- VII. The Fund 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, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If 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 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 Fund 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 Fund may acquire foreign currencies by means of back to back loans;
- b) The Fund may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.

- c) The Fund may not carry out uncovered sales ("short sales") of transferable securities, money market instruments or other financial instruments.
- d) The Fund may only acquire movable or immovable property which is essential for the direct pursuit of its business.
- e) The Fund may not acquire either precious metals or certificates representing them.
- f) The Fund does not invest in companies that generate more than 5% of last year's revenue according to the latest available annual report for the company from gambling, pornography or the manufacturing of weapons, alcohol or tobacco.

- IX. a) The Fund needs not comply with the limits laid down in this chapter 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 Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.
- 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.

23. RISK MANAGEMENT PROCEDURES

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

24. FINANCIAL TECHNIQUES AND INSTRUMENTS

I. SFTs and TRS

Securities Financing Transaction	(i) a repurchase transaction; (ii) securities lending and securities borrowing; (iii) a buy-sell back transaction or a sell-buy back transaction; (iv) a margin lending transaction as defined under the SFTR
SFT Agent	any person involved in SFTs as agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of the Company's assets or any Compartment's assets
SFTR	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012
TRS	total return swap, i.e., a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price

movements, and credit losses, of a reference obligation to another counterparty.

The Fund is not authorised to enter into any securities financing transaction as defined in the SFTR or total return swaps or other financial derivative instruments with similar characteristics. Should the Fund decide to enter into this type of operations in the future, the Prospectus would be updated in accordance with the relevant regulations and CSSF Circulars in force.

II. EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

The Fund is not authorized to employ efficient portfolio management techniques. Should the Fund decide to enter into this type of operations in the future, the prospectus would be updated and such techniques would be employed provided that such techniques or instruments are considered by the Board of Directors as economically appropriate to the efficient portfolio management of the Fund in accordance with the investment objectives of each Sub-Fund, with respect to Article 9 of the Grand-Ducal decree of 8th February 2008, and in accordance with Circular CSSF 14/592 relating to the rules applicable to undertakings for collective investments when they use efficient portfolio management techniques and instruments.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in the Specifics to this Prospectus relevant to each Sub-Fund. Such techniques and instruments may be used by any Sub-Fund for the purpose of generating additional capital or income or for reducing costs or risk, to the extent permitted by and within the limits set forth in (i) article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg Law, (ii) CSSF Circular 08/356 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, (iii) CSSF Circular 14/592 and (iv) any other applicable laws and regulations.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to in the risk spreading rules of Article 52 of the UCITS Directive.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the concerned Sub-Fund.

In particular, fees and cost may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of such techniques.

Information on direct and indirect operational costs and that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid will be available in the annual report of the Fund.

1. Securities lending transactions

Where authorized, the Fund and/or each Sub-Fund may more specifically enter into securities lending transactions provided that the following rules are complied with in addition to the above mentioned conditions:

- (1) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.
- (2) The Fund may only lend securities to a borrower either directly or through a standardize system organised by a recognised clearing institution or through a lending system organized

by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialised in this type of transaction.

- (3) The Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

2. Repurchase and reverse repurchase transactions

When authorized, the Fund may enter into repurchase agreements that consist of forward transactions at the maturity of which the Fund (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The Fund may further enter into reverse repurchase agreements that consist of forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Fund (buyer) the obligation to return the assets purchased under the transactions. The Fund may also enter into transactions that consist in the purchase/sale of securities with a clause reserving for the counterparty/Fund the right to repurchase the securities from the Fund/counterparty at a price and term specified by the parties in their contractual arrangements.

The Fund's involvement in such transactions is, however, subject to the additional following rules:

- (1) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.
- (2) The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

III. MANAGEMENT OF COLLATERAL AND COLLATERAL POLICY

In case of entering into OTC financial derivative transactions and efficient portfolio management techniques, the Fund will ensure that all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times, as well as to the collateral policy of the Fund and ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832), as revised from time to time, released by the CSSF under CSSF Circulars 08/356, 13/559 and 14/592:

- a) Liquidity – any collateral received other than cash should 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 should also comply with the provisions of Article 56 of the UCITS Directive.
- b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- c) Issuer credit quality – collateral received should be of high quality.
- d) Correlation – collateral received by the UCITS should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the 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 the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the UCITS' net asset value. If the Fund intends to be fully collateralised in securities issued or guaranteed by a Member State it should disclose this fact in the Prospectus. The Fund should also identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which it is able to accept as collateral for more than 20% of the Fund's net asset value.

f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

g) Where there is a title transfer, the collateral received should be held by the Depositary. 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.

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

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

j) Cash collateral received should only be:

- placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds.

Haircut policy

The Fund applies an haircut policy depending on the asset type received as collateral in accordance with ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832), CSSF Circulars 08/356, 13/559 and 14/592.

The Fund only uses cash and bonds of excellent quality and applies the haircut policy described here below. In any case, eligible collateral consist of assets of excellent quality, diversified and liquid. Collateral will be valued on a daily basis on the basis of market prices and taking into the haircuts determined by the Fund. The haircut policy takes into account a variety of factors depending on the nature of received collateral, such as the credit quality of the issuer, the maturity, the currency, the price volatility as well as, if applicable, the results of stress-tests in normal and exceptional liquidity conditions.

No haircut will be applied on cash collateral unless it is received in a currency other than the currency of exposure of the Sub-Fund.

Non-cash collateral will only be accepted if they do not have a high volatility.

The following haircut policy will be applied on collateral:

- 20% on Shares and/or convertible bonds which are comprised in a main index;
- 15% on debt and debt-related securities issued by a non-governmental issuer rated BBB ;

- 10% on cash deposits in a currency other than the currency of exposure.

The value of non-cash collateral received is at least 100% of the counterparty risk value.

25. CO-MANAGEMENT TECHNIQUES

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the Board of Directors may decide that part or all of the assets of the Fund will be co-managed with assets belonging to other Sub-Funds within the present structure and/or other collective investment schemes. In the following paragraphs, the words "co-managed entities" shall refer to the Fund and all entities with and between which there would exist any given co-management arrangement and the words "co-managed Assets" shall refer to the entire assets of these co-managed entities and co-managed pursuant to the same co-management arrangement.

A co-management arrangement with a non Luxembourg entity is authorized provided that (1) the co-management agreement to which the non Luxembourg entity is a party is governed by Luxembourg law and is subject to the jurisdiction of Luxembourg Courts and that (2) the rights of each co-managed entity be determined in such a manner that no creditor, liquidator or trustee of the non Luxembourg co-managed entity may access or block the assets of the Luxembourg co-managed entity.

Under the co-management arrangement, the Investment Manager will be entitled to take, on a consolidated basis for the relevant co-managed entities, investment, disinvestment and portfolio readjustment decisions which will influence the composition of the Fund's portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management. In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions. Shareholders should be aware that, in the absence of any specific action by the Board of Directors or its appointed agents, the co-management arrangement may cause the composition of assets of the Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which the Fund is co-managed will lead to an increase of the Fund's reserve of cash. Conversely, redemptions made in one entity with which any Portfolio is co-managed will lead to a reduction of the Fund's reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility to allocate substantial subscriptions and redemptions to these specific accounts together with the possibility for the Board of Directors or its appointed agents to decide at anytime to terminate its participation in the co-management arrangement permit the Fund to avoid the readjustments of its portfolio if these readjustments are likely to affect the interest of the Fund and of its Shareholders.

If a modification of the composition of the Fund's portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (i.e. not attributable to the Fund) is likely to result in a breach of the investment restrictions applicable to the Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not to be affected by the ensuing adjustments.

Co-managed Assets of the Fund shall, as the case may be, only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed Assets in order to assure that investment decisions are fully compatible with the investment policy of the Fund. Co-managed Assets shall only be co-managed with assets for which the Custodian is also acting as depository in order to assure that the Custodian is able, with respect to the Fund, to fully carry out its functions and responsibilities pursuant to the UCI Act on undertakings of collective investment as amended. The Custodian shall at all times keep the Fund's assets segregated from the assets of other co-managed entities, and shall therefore be able at all time to identify the assets of the Fund. Since co-managed entities may have investment policies which are not strictly identical to the investment policy of the Fund, it is possible that as a result the common policy implemented may be more restrictive than that of the Fund.

A co-management agreement shall be signed between the Fund, the Custodian/Central Administration Agent and the Investment Manager in order to define each of the parties rights and obligations. The Board of Directors may decide at anytime and without notice to terminate the co-management arrangement.

Shareholders may at all times contact the registered office of the Fund to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request. Annual and half-yearly reports shall state the co-managed Assets' composition and percentages.

26. RISK FACTORS

General

Potential investors should consider the following risk factors before investing in the Fund. These risk factors do not purport to be an exhaustive list of the risks involved in investing in the Fund.

1. A prospective investor should be aware that Investments are subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of investments will occur or that the investment objectives of any Sub-Fund will actually be achieved. **The value of investments and the income derived therefrom and the price of Shares may fall as well as rise and therefore investors may not recoup the original amount invested in a Sub-Fund. Any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment.**
2. Prospective investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see under chapter 12. "Suspension of the calculation of the Net Asset Value and issue, conversion and redemption of Shares" in this Prospectus).
3. A Sub-Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. In the event of a bankruptcy or other default, the relevant Sub-Fund could experience both delays in liquidating the underlying securities and losses including a possible decline in value of the underlying securities during the period when the relevant Sub-Fund seeks to enforce its rights thereto. This will have the effect of reducing levels of capital and income in the Sub-Fund and may give rise to a lack of access to income during this period together with the expense of enforcing the Sub-Fund's rights.

4. The assets of each Sub-Fund are ring-fenced. As a matter of Luxembourg law, the assets of one Sub-Fund will not be available to meet the liabilities of another. However, the Fund is a single legal entity which may operate or have assets held on behalf of or be subject to claims in other jurisdictions which may not necessarily recognise such ring-fencing and, in such circumstances, the assets of one Sub-Fund may be exposed to the liabilities of another.
5. The levels and bases of, and reliefs from, taxation are those that currently apply and may change in the future. The value of current tax relief depends on individual circumstances. Each investor or prospective investor should seek independent professional tax advice. The attention of potential investors is drawn to the taxation risks associated with investing in the Fund (see under chapter 17 "Taxation" in this Prospectus).
6. A Sub-Fund may use financial derivative instruments such as futures, forwards, options, swaps and swaptions, subject to the limits and conditions set out in chapter 22. "Investment Restrictions" and the investment objective and investment policy of such Sub-Fund. Forward and futures contracts tend to have a greater volatility than the securities to which they relate and they bear a correspondingly greater degree of risk.
7. Lack of liquidity and efficiency in some of the stock markets or foreign exchange markets in certain emerging markets in which a Sub-Fund may invest subject to the investment objective and investment policy of such Sub-Fund, may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.
8. The value of the assets of the Fund will be affected by fluctuations in the value of the currencies in which the Fund's investments are quoted or denominated relative to the valuation currency of the relevant Sub-Fund and/or the currency of denomination of the relevant category of Shares. Currency exchange rates in emerging markets may fluctuate significantly over short periods of time, in addition causing, together with other factors, the fluctuation of the Net Asset Value. Currency exchange rates may be affected by market perception of the relative merits of investment in emerging markets, actual and anticipated changes in interest rates, intervention by governments and certain banks or political developments. The Fund may incur costs in connection with conversion between various currencies. Depending on an investor's currency of reference, currency fluctuations between an investor's currency of reference and the valuation currency of a Sub-Fund and/or the currency in which the relevant category of Shares is denominated may adversely affect the value of an investment in the Fund.
9. For Sub-Funds investing in bonds, investors shall note that certain other factors may have an influence on the performance of bonds. For example, changes, real or anticipated, in the rate of inflation or in interest rates, may cause returns on bonds to be more or less attractive, so affecting the price of Shares. The number of bonds in issue may also affect the price of bonds due to changes in the balance between supply and demand. Such Sub-Funds will therefore be subject to credit, liquidity and interest rate risks.
10. For Sub-Funds investing in warrants there may be a higher degree of risk so that a relatively small movement in the price of the underlying security may result in a disproportionately large movement in the price of the warrant. Although the Sub-Funds' exposure to warrants may be strictly controlled, the value of Shares in the Sub-Funds investing in warrants may be subject to significant fluctuations.
11. For Sub-Funds investing in certain stock markets (for example those in emerging markets) the risk to capital and income may be greater. These Shares can be more volatile and less marketable than in more developed stock markets.

12. Shareholders are not liable for the debts of the Fund, and do not have to make any further payment to the Fund after they have paid the full purchase price of the Shares.
13. U.S. Foreign account Tax Compliance Requirements. FATCA Rules being particularly complex, the Fund cannot accurately assess the extent of the requirements that FATCA provisions will place upon it. Although the Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected.
14. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. As a result, the Fund will be required to comply with the CRS due diligence and reporting requirements, as adopted by Luxembourg. Investors may be required to provide additional information to the Fund to enable the Fund to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory termination of its interest in the Fund.

The foregoing risk factors do not purport to be a complete list of the risks involved in investing in the Fund. Prospective investors should read the entire Prospectus and fully evaluate all other information that they deem to be necessary to determine whether or not to invest in the Fund. Prospective investors should ensure that they fully understand the content of this Prospectus and should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser for advice.