

# EDM INTERNATIONAL

**Société d'Investissement à Capital Variable**

## Prospectus

March 2021

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Distribution of this Prospectus is not authorised unless it is accompanied, when available, by the latest annual report and any subsequent semi-annual report. These reports form an integral part of this Prospectus.

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## Notice

EDM INTERNATIONAL (the “Company”) is an open-ended investment company registered on the official list of collective investment undertakings pursuant to Part I of the Luxembourg law of December 17, 2010 relating to collective investment undertakings (the “law of 2010”). It should be noted that such registration does not imply approval by any Luxembourg authority of the contents of this Prospectus or the portfolios of securities held by the Company.

The shares of the Company are offered on the basis of the information and representations contained in this Prospectus. Any information or representation given or made by any distributor, selling agent or other person not contained herein or in the documents referred to herein should be regarded as unauthorised and should accordingly not be relied upon.

The Directors of the Company have taken all reasonable care to ensure that at the date of this Prospectus the information contained herein is accurate and true in all material aspects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Directors of the Company accept responsibility accordingly.

To reflect material changes, this document may be updated from time to time and potential investors are recommended to enquire at the offices of the Company as to the issue of any subsequent and more recent Prospectus.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in a jurisdiction where such offer or solicitation is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person into whose possession this Prospectus comes and of any person wishing to apply for Shares in the Company to inform themselves about and to observe all applicable laws and regulations relating to the relevant jurisdictions.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein.

A subscription of a subscriber will only be taken into consideration if the Application Form is accompanied by the identification documents of the subscriber duly certified by the local authorities of his country of residence.

Prospective investors who are in any doubt about the contents of this Prospectus and the annual or semi-annual reports (as far as the latter have been issued) of the Company should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser and should in particular take appropriate advice as to the possible tax consequences, legal requirements, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares.

In particular, the Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (nor has the Company been registered under the United States Investment Company Act of 1940, as amended) and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories or possessions or areas subject to its jurisdiction, or to citizens or residents thereof other than in accordance with the laws of the United States. Any re-offer or resale of any Shares in the United States or to US Persons may constitute a violation of United States law. Shares may not be subscribed by an US Person. The Board of Directors may decide to allow exemptions from this principle at its sole discretion.

The Company may cause Shares to be redeemed at any time if such Shares are held by/for the account and/or on behalf of:

- US Persons;
- A person who does not provide the necessary information requested by the Company in order to comply with legal or regulatory rules as but not limited to FATCA provisions; or
- A person who is deemed to cause potential financial risk for the Company.

It should be remembered that the value of the Shares and the income from them can fall as well as rise and that accordingly the amount realised by a Shareholder on the redemption of Shares may be less than the original investment made. Past performance of the Company may not be construed as a guarantee of future (successful) results.

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## Definitions

The following definitions apply throughout the Prospectus:

Business Day	a bank business day in Luxembourg
Class	one or more classes of Shares within a Sub-Fund, whose assets shall be commonly invested according to the investment objective of that Sub-Fund, but where a specific sales and/or redemption charge structure, fee structure, dividend policy, Reference Currency or hedging policy shall be applied, or which may only be subscribed by certain types of investors
Company	EDM INTERNATIONAL, Société d'Investissement à Capital Variable
Director	a member of the Board of Directors of the Company
Distributor	financial institution appointed by the Management Company for the selling of shares
Eligible Counterparties	investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under EU law or under the national law of a member state of the EU, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations
EU	the European Union
EUR	Euro, the currency of the member states of the European Monetary Union (EMU)
FATCA	the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act (HIRE) enacted in March 2010, set out in sections 1471 to 1474 of the Code, and any U.S. Treasury regulations issued thereunder, Internal Revenue Service rulings or other official guidance pertaining thereto
FATCA Law	the amended Luxembourg law dated 24 July 2015 implementing the Model I Intergovernmental Agreement between the Government of the Grand Duchy of Luxembourg and the Government of the United States of America to Improve International Tax Compliance and with respect to the United States information reporting provisions commonly known as FATCA
Financial Year	starts on the first day of January of each year and ends on the last day of December of the same year
Institutional Investor	means an investor which qualifies as an institutional investor within the meaning of Article 174 of the law of 2010
Management Company	the management company appointed by the Company in accordance with the provisions of the law of 2010 and the Management Company Agreement, as identified in section 2 "Management and Administration"
Management Company	the agreement entered into between the Company and the

Agreement	Management Company governing the appointment of the Management Company, as may be amended or supplemented from time to time
Master Fund I	means EDM INVERSION, FI
Master Fund II	means EDM-AHORRO, FI
Net Asset Value (also NAV)	the Net Asset Value of a given Sub-Fund is computed on each Valuation Day by subtracting from the total value of its assets an amount equal to all its liabilities, divided by the total number of Shares of that Sub-Fund outstanding on that Valuation Day
OECD	the Organization for Economic Co-operation and Development
Redemption Price	the Net Asset Value per Share of a Sub-Fund or Class on a given Valuation Day
Reference Currency	the currency in which the Net Asset Value of a given Sub-Fund or Class is expressed
Share	a share of any Sub-Fund in the capital of the Company
Shareholder	the holder of one or more Shares in the capital of the Company
Sub-Distributor	financial institution appointed by the Distributor for the selling of shares
Sub-Fund	an individual Sub-Fund of the Company, linked to a portfolio of assets invested according to a specific investment policy
Subscription Price	the Net Asset Value per Share of a Sub-Fund or Class on a given Valuation Day, plus a subscription fee of maximum 5% of that Net Asset Value
Sustainability Factors	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters
Sustainability Risk	means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Company
UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions as may be further amended in the future
USD	US Dollars, the currency of the United States of America
US Person	(i) a natural person who is a resident of the United States; (ii) a corporation, partnership or other entity, other than an entity organized principally for passive investment, organized under the laws of the United States and which has its principal place of

business in the United States; (iii) an estate or trust, the income of which is subject to United States income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organized and with its principal place of business in the United States; (v) an entity organized principally for passive investment such as a pool, investment company or other similar entity; provided that units of participation in the entity held by persons who qualify as U.S. persons or otherwise as qualified eligible persons represent in the aggregate 10% or more of the beneficial interests in the entity, and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the U.S. Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. Persons; or (vi) any other "U.S. Person" as such term may be defined in Regulation S under the U.S. Securities Act of 1933, as amended, or in regulations adopted under the U.S. Commodity Exchange Act of 1922, as amended and (vii) any U.S. person that would fall within the ambit of the FATCA provisions

Valuation Day

every Business Day on which the Net Asset Value of the Shares of the Company is calculated

# Prospectus

## 1 PRINCIPAL FEATURES OF EDM INTERNATIONAL

The information set out under this section is a summary of the principal features of the Company and should be read in conjunction with the entire text of this Prospectus.

### 1.1 Structure

EDM INTERNATIONAL is an open-ended investment company with variable capital, incorporated in the Grand Duchy of Luxembourg as a “Société Anonyme” on the basis of the law of 10 August 1915 on Commercial Companies (the “law of 1915”) and qualifies as a “Société d'Investissement à Capital Variable” (“SICAV”) on the basis of Part I of the law of 2010.

The Company is structured to provide to investors a variety of different portfolios (“Sub-Funds”) of specific assets in various Reference Currencies. This “umbrella” structure enables investors to select from a range of Sub-Funds, the Sub-Fund(s) which best suit their individual requirements and thus make their own strategic allocation by combining holdings in various Sub-Funds of their own choosing. Each such Sub-Fund shall be designated by a generic name.

Further, the Shares of each Sub-Fund may, as the Board of Directors shall so determine from time to time, be issued in one or more classes of Shares (each such class being referred to herein as a “Class”), whose assets shall be commonly invested pursuant to a specific investment policy of the respective Sub-Fund, but where a specific sales and redemption charge structure, fee structure, dividend policy, hedging policy, or Reference Currency is applied to each such Class, or which may only be subscribed by certain types of investors.

The specific characteristics and investment objectives of each Sub-Fund and, if applicable, its Classes, are defined in the relevant appendix to this Prospectus. Each such appendix forms an integral part of the Prospectus.

### 1.2 Investment Objective

The objective of the Company is to provide investors with a variety of Sub-Funds investing in a wide range of securities or other legally acceptable assets on a world-wide basis and featuring a diverse array of investment objectives, including capital growth and income, whilst retaining the administrative advantages of one single corporate entity.

The specific investment policy of each Sub-Fund is set out in the relevant appendix to this Prospectus.

### 1.3 Stock Exchange Listing

The Board of Directors may decide to list the Shares of the Sub-Funds or Classes, as and when issued, on the Luxembourg Stock Exchange. In case that the Shares of a Sub-Fund are listed on the Luxembourg Stock Exchange the relevant details are set out for such Sub-Fund in the Sub-Fund specific appendix to this Prospectus.



## 2 MANAGEMENT AND ADMINISTRATION

Chairman:	<b>Mr. Antonio Estabanell Buxó</b> Director EDM Holding S.A. Madrid
Directors:	<b>Mr. Lluís Fortuny Salvador</b> Director EDM Gestion, S.A.U., S.G.I.I.C. Madrid  <b>Mr. Fernando Vega Gámez</b> Director EDM Gestion, S.A.U., S.G.I.I.C. Madrid  <b>Mr. Paul de Quant</b> Independent Director Luxembourg
Registered Office:	11/13 Boulevard de la Foire L-1528 Luxembourg
Master Fund I:	<b>EDM INVERSION, FI</b> represented by its management company EDM Gestion, S.A.U., S.G.I.I.C., Paseo de la Castellana 78 28046 Madrid Spain
Master Fund II:	<b>EDM-AHORRO, FI</b> represented by its management company EDM Gestion, S.A.U., S.G.I.I.C., Paseo de la Castellana 78 28046 Madrid Spain
Management Company:	<b>Waystone Management Company (Lux) S.A.</b> 19, rue de Bitbourg L-1273 Luxembourg
Board of Directors of the Management Company:	<b>Géry Daeninck</b> Independent Director Grand Duchy of Luxembourg  <b>John Li How Cheong</b> Independent Director Grand Duchy of Luxembourg  <b>Martin Peter Vogel</b> CEO Waystone Management Company (Lux) S.A. Grand Duchy of Luxembourg
Conducting persons of the Management Company:	<b>Kim Kirsch</b> Waystone Management Company (Lux) S.A. Grand Duchy of Luxembourg  <b>Riccardo del Tufo</b> Waystone Management Company (Lux) S.A. Grand Duchy of Luxembourg  <b>Eyjolfsson Pall</b> Waystone Management Company (Lux) S.A. Grand Duchy of Luxembourg  <b>Gaburri Alessandro</b> Waystone Management Company (Lux) S.A. Grand Duchy of Luxembourg  <b>Thierry Lelièvre</b> Waystone Management Company (Lux) S.A. Grand Duchy of Luxembourg

Investment Manager:	EDM Gestion, S.A.U., S.G.I.I.C. Paseo de la Castellana 78 28046 Madrid Spain
Sub-Investment Managers:	<p>- For the sub-fund Emerging Markets Comgest S.A. 56, rue de Londres 75008 Paris France</p> <p>- For the sub-funds Credit Portfolio and EDM High Yield Short Duration  Muzinich &amp; Co. Inc. 450 Park Avenue New York, NY 10022 United States of America</p> <p>- For the sub-fund American Growth Edgewood Management Llc 350 Park Avenue, 18<sup>th</sup> Floor New York, NY 10022 United States of America</p>
Depository:	RBC Investor Services Bank S.A. 14, Porte de France L-4360 Esch sur Alzette
Central Administration:	RBC Investor Services Bank S.A. 14, Porte de France L-4360 Esch sur Alzette
Transfer Agent:	RBC Investor Services Bank S.A. 14, Porte de France L-4360 Esch sur Alzette
Distributor:	EDM Gestion, S.A.U., S.G.I.I.C. Paseo de la Castellana 78 E-28046 Madrid
Auditor:	DELOITTE AUDIT 20 Boulevard de Kockelscheuer L-1821 Luxembourg
Legal adviser as to matters of Luxembourg law:	Arendt & Medernach S.A. 41A, avenue J.F. Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg

### 3 GENERAL INFORMATION

#### 3.1 The Company

EDM INTERNATIONAL is an open-ended investment company, incorporated in the Grand Duchy of Luxembourg as a “société anonyme” on the basis of the law of 10 August 1915 (the “law of 1915”) and qualifies as a “Société d'Investissement à Capital Variable” (SICAV) on the basis of Part I of the law of 2010.

The Company was incorporated as a SICAV for an unlimited period on 15 March 1995, after having first existed under the legal form of a FCP. The Articles of Incorporation of the Company were published in the *Mémorial, Recueil des Sociétés et Associations* (the “Mémorial”), of Luxembourg, on 11<sup>th</sup> April, 1995. The Company is registered with the Luxembourg Trade and Companies’ Register (Registre de Commerce et des Sociétés, “RCS”), Luxembourg under number B-50523.

The Articles of Incorporation have been amended most recently on 15 September 2020 and were published in the *Recueil électronique des sociétés et associations* (RESA), the central electronic platform of the Grand-Duchy of Luxembourg, on 29 September 2020.

The Articles of Incorporation of the Company and a notice required by Luxembourg law in respect of the issue and sale of Shares by the Company are on file with the RCS, where they may be consulted and where copies may be obtained upon payment of the Registrar’s costs.

The financial year (“Financial Year”) of the Company starts on the first day of January in each year and ends on the last day of December of the same year.

#### 3.2 Board of Directors

The members of the Board of Directors will be elected by the general meeting of Shareholders subject to the approval of the CSSF. The Board of Directors is vested with the broadest powers to act on behalf of the Company and to take any actions necessary or useful to fulfil the Company’s corporate purpose, subject to the powers expressly assigned by law or the Articles of Incorporation to the general meeting of Shareholders.

The members of the Board of Directors will receive periodic reports from the Management Company and/or the Central Administrative Agent detailing the performance and analyzing the investment portfolios of the Company.

The Board of Directors is responsible for conducting the overall management and business affairs of the Company in accordance with the Articles of Incorporation. In particular, the Board of Directors is responsible for defining the investment objective and policy of the Sub-Funds and their risk profile, subject to the principle of risk diversification, and for the overall supervision of the management and administration of the Company, including the selection and supervision of the Management Company and the general monitoring of the performance and operations of the Company.

In the definition of the investment policy of each Sub-Fund, the Board of Directors may be assisted by one or several professional Investment Management Support Agents. The Prospectus will be updated in case of appointment of further Investment Management Support Agents.

The list of the members of the Board of Directors as well as of the other administrating bodies of the Company may be found in section 2 “Management and Administration” and in the periodic reports as published by the Company.

### 3.3 The Management Company

The Company has appointed the Management Company as its management company in accordance with the provisions of the law of 2010 pursuant to the Management Company Agreement.

The Management Company is a public limited company (société anonyme) incorporated under the laws of Luxembourg on 23 October 2003 under the name of “The Directors’ Office”. The Management Company is authorised and regulated by the CSSF in Luxembourg under Luxembourg law. Its main business activity is the management of Luxembourg and foreign undertakings for collective investment in transferable securities authorised according to EU Directive 2009/65/EC and the additional management of other Luxembourg and foreign undertakings for collective investment, in accordance with Article 101(2) and Annex II of the law of 2010.

The fully paid-up capital of the Management Company amounts to EUR 2,450,000.- as of 2017.

A complete list of the UCITS managed by the Management Company is available at: <http://www.mdo-manco.com/our-clients>.

The relationship between the Company and the Management Company is subject to the terms of the Management Company Agreement. Under the terms of the Management Company Agreement, the Management Company is responsible for the investment management and administration of the Company as well as the marketing of the Shares, subject to the overall supervision of the Board of Directors. The Management Company is in charge of the day-to-day business activities of the Company. The Management Company has authority to act on behalf of the Company within its function.

For the purpose of a more efficient conduct of its business, the Management Company may delegate to third parties the power to carry out some of its functions on its behalf and with the prior consent of the Company. The delegated functions shall remain under the supervision and responsibility of the Management Company and the delegation shall not prevent the Management Company from acting, or the Company from being managed, in the best interests of the investors. The delegation to third parties is subject to the prior approval of the CSSF.

In conducting its activities, the Management Company shall act honestly and fairly, with due skill, care and diligence, in the best interests of the Company, its investors, and the integrity of the market. In accordance with applicable laws and regulations, the Management Company has adopted and maintains sound internal governance, administrative and accounting procedures. It maintains effective, permanent and independent compliance and internal audit functions. The Management Company is organised in such a way as to minimise the risk of the Company’s interests being prejudiced by conflicts of interest between the Management Company and/or its clients.

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

the Company will not be affected by any delegation of functions by the Management Company.

The agreement between the Management Company and the Company is concluded for an indefinite period and may be terminated by either party upon a three months' written notice.

The Management Company has in place a remuneration policy in line with the UCITS Directive.

The remuneration policy sets out principles applicable to the remuneration of senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

In particular, the remuneration policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of the activities of the Management Company:

- i. it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or Articles of Incorporation of the Fund;
- ii. 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 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;
- iii. it is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the Shareholders, and includes measures to avoid conflicts of interest;
- iv. fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The remuneration policy is determined and reviewed at least on an annual basis by a remuneration committee.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on <http://www.mdo-manco.com/remuneration-policy>, a paper copy will be made available free of charge upon request.

### 3.4 Investment Manager

The Management Company shall with the consent of the Company appoint one or more investment manager for each Sub-Fund, as specified in each appendix of this Prospectus, (individually the "Investment Manager" and collectively the "Investment Managers"), who may, subject to the approval of the Board of Directors of the Company, sub-delegate its powers, in which case the Prospectus shall be updated accordingly.

The relationship between the Company, the Management Company and the Investment Managers is subject to the terms of the relevant investment management agreement. The Investment Manager has full discretion, subject to the overall review and control of the Management Company and, ultimately, the Board of Directors, to manage the assets of the relevant Sub-Fund on a discretionary basis, in accordance with the investment objective and policy of the Sub-Fund and any additional investment restrictions or guidelines imposed by the Board of Directors or the Management Company. Within this function, the Investment Manager has authority to act on behalf of the Sub-Fund.

The rights and duties of the Investment Managers are governed by agreements entered into for an unlimited period of time and which may be terminated by the Management Company on giving three months' prior notice by registered mail or with immediate effect, when this is in the interest of the shareholders of the Company or the Investment Manager on giving three months' prior notice by registered mail.

### 3.5 Sub-Investment Manager

The Investment Managers may with the consent of the Company also appoint one or more sub-investment managers for the portfolio management of a Sub-Fund, subject to the prior approval of the CSSF.

Information about the individual Sub-Funds managed by the individual investment manager or sub-investment manager is provided in the relevant Sub-Fund related appendix to the Prospectus.

### 3.6 Depositary

Pursuant to the Depositary Bank and Principal Paying Agent Agreement dated 18 March 2016, the Company has appointed RBC Investor Services Bank S.A., as depositary (the "Depositary") of all the assets, including the securities and liquid assets, of the Company. In accordance with usual banking practice, these assets shall be held either directly or, under its responsibility, through nominees, agents or delegates of the Depositary. The Depositary, on instructions from the Company, carries out all acts relating to the disposal of the Company's assets.

The agreement between the Depositary and the Company is concluded for an indefinite period and may be terminated by either party upon a three months' written notice.

RBC Investor Services Bank S.A. is registered with the Luxembourg Company Register (RCS) under number B-47192 and has been incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2019 amounted to approximately EUR 1,226,823,732.-.

In consideration of the services rendered, the Depositary receives a fee in accordance with normal banking practice in Luxembourg and as detailed in section 12 "Charges and Expenses" hereafter.

Under the Depositary Agreement, the Depositary performs three types of key functions, namely (i) the oversight duties (as defined in Article 22.3 of the UCITS Directive), (ii) the monitoring of the cash flows of the Company (as set out in Article

22.4 of the UCITS Directive) and (iii) the safekeeping of the Company's assets (as set out in Article 22.5 of the UCITS Directive) in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations.

Under its oversight duties, the Depositary is pursuant to Article 34 (1) of the law of 2010 required to:

- 1) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with Luxembourg laws and the Articles of Incorporation,
- 2) ensure that the Net Asset Value of the Shares is calculated in accordance with Luxembourg laws and the Articles of Incorporation,
- 3) carry out the instructions of the Company unless they conflict with Luxembourg laws or the Articles of Incorporation,
- 4) ensure that, in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits,
- 5) ensure that the Company's income is allocated in accordance with Luxembourg laws and the Articles of Incorporation.

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

The Depositary will also ensure that cash flows are properly monitored in accordance with the law of 2010 as amended and the Depositary Bank and Principal Paying Agent Agreement.

Moreover, the Depositary is required to pay for the securities purchased against delivery of the same, deliver the securities sold against collection of their sales price, collect the dividends and interest produced by the Company's assets and exercise the subscription and attribution rights attached thereto.

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

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

<https://apps.rbcits.com/RFP/gmi/updates/Appointed%20subcustodians.pdf>

The Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and the Shareholders in the execution of its duties under the law of 2010 as amended and the Depositary Bank and Principal Paying Agent Agreement.

From time to time conflicts of interests may arise between the Depositary and the delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. On an ongoing basis, the Depositary analyses based on applicable laws and regulations any potential conflicts of interests that may arise while carrying out its functions. Any identified potential conflict of interest is managed in accordance with the Depositaries' conflicts of interests' policy which is subject to applicable laws

and regulation for a credit institution according to and under the terms of the Luxembourg law of 5 April 1993 on the financial services sector.

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

The Depositary has implemented and maintains a management of conflicts of interests' policy, aiming namely at:

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

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

An up to date information on conflicts of interest policy referred to above may be obtained, upon request, from the Depositary or via the following website link:

<https://www.rbcits.com/en/who-we-are/governance/information-on-conflicts-of-interest-policy.page>

The Company may release the Depositary from its duties according to the terms of the agreement between them, provided that the following conditions shall then apply:

- (i) a new depositary must be designated - and approved by the supervisory authorities - within two months of the termination of the agreement to carry out the duties and assume the responsibilities of the Depositary as determined by law and as defined in the agreement;



- (ii) if the Company releases the Depositary from its duties, the latter shall continue to carry out its duties for the period necessary to assure the complete transfer of all of the Company's assets to the new depositary;
- (iii) if the Depositary resigns from its duties, it will not be released of its obligations until a new depositary has been designated and all the Company's assets have been transferred thereto.

### 3.7 Central Administration

Pursuant to an agreement dated 11 January 2016 (the "Service Agreement"), the Management Company has appointed with the consent of the Company RBC Investor Services Bank S.A., as central administrative agent (the "Central Administrative Agent" or also "Central Administration") of the Company. In this capacity, RBC Investor Services Bank S.A. is responsible for the general administrative functions required by law, the calculation of the Net Asset Value of the Shares of each Sub-Fund and the maintenance of accounting records.

The agreement between the Central Administration, the Company and the Management Company is concluded for an indefinite period and may be terminated by either party upon a three months' written notice.

RBC Investor Services Bank S.A. is registered with the Luxembourg Company Register (RCS) under number B-47192 and has been incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2016 amounted to approximately EUR 1,059,950,131.-.

In consideration of the services rendered, the Central Administrative Agent receives a fee as detailed in section 12 "Charges and Expenses" hereafter.

### 3.8 Transfer Agent

Pursuant to an agreement dated 11 January 2016, the Management Company has with the consent of the Company appointed RBC Investor Services Bank S.A., as registrar and transfer agent (the "Registrar and Transfer Agent" or also the "Transfer Agent") of the Company. In this capacity, RBC Investor Services Bank S.A. is responsible for processing the issue, redemption, conversion and transfer of Shares on behalf of the Company, as well as for maintaining the register of Shareholders.

RBC Investor Services Bank S.A. is registered with the Luxembourg Company Register (RCS) under number B-47192 and has been incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2016 amounted to approximately EUR 1,059,950,131.-.

The agreement between the Registrar and Transfer Agent, the Company and the Management Company is concluded for an indefinite period and may be terminated by either party upon a three months' written notice.

In consideration of the services rendered, the Registrar and Transfer Agent receives a fee as detailed in section 12 "Charges and Expenses" hereafter.

In order to provide those services, RBC Investor Services Bank S.A. must enter into outsourcing arrangements with third party service providers in- or outside the RBC group (the **Sub-contractors**). As part of those outsourcing arrangement, RBC Investor Services Bank S.A. may be required to disclose and transfer personal and confidential information and documents about the Shareholder and individuals related to the Shareholder (the **Related Individuals**) (the **Data transfer**) (such as identification data – including the Shareholder and/or the Related Individual's name, address, national identifiers, date and country of birth, etc. – account information, contractual and other documentation and transaction information) (the **Confidential Information**) to the Sub-contractors. In accordance with Luxembourg law, RBC Investor Services Bank S.A. is due to provide a certain level of information about those outsourcing arrangements to the Company, which, in turn, must be provided by the Company to the Shareholders.

A description of the purposes of the said outsourcing arrangements, the Confidential Information that may be transferred to Sub-contractors thereunder, as well as the country where those Sub-contractors are located is therefore set out in the below table.

Type of Confidential Information transmitted to the Sub-	Country where the Sub-contractors are established	Nature of the outsourced activities
Confidential Information (as defined above)	Belgium Canada Hong Kong India Ireland Jersey Luxembourg Malaysia Poland Singapore United Kingdom United States of America	<ul style="list-style-type: none"> <li>• Transfer agent/ shareholders services (incl. global reconciliation)</li> <li>• Treasury and market services</li> <li>• IT infrastructure (hosting services, including cloud services)</li> <li>• IT system management / operation Services</li> <li>• IT services (incl. development and maintenance services)</li> <li>• Reporting</li> <li>• Investor services activities</li> </ul>

ion may be transferred to Sub-contractors established in countries where professional secrecy or confidentiality obligations are not equivalent to the Luxembourg professional secrecy obligations applicable to RBC Investor Services Bank S.A.. In any event, RBC Investor Services Bank S.A. is legally bound to, and has committed to the Company that it will enter into outsourcing arrangements with Sub-contractors which are either subject to professional secrecy obligations by application of law or which will be contractually bound to comply with strict confidentiality rules. RBC Investor Services Bank S.A. further committed to the Company that it will take reasonable technical and organisational measures to ensure the confidentiality of the Confidential Information subject to the Data Transfer and to protect Confidential Information against unauthorised processing. Confidential Information will therefore only be accessible to a limited number of persons within the relevant Sub-contractor, on “a need to know” basis and following the principle of the “least privilege”. Unless otherwise authorised/required by law, or

in order to comply with requests from national or foreign regulatory authorities or law enforcement authorities, the relevant Confidential Information will not be transferred to entities other than the Sub-contractors.

Measures aimed towards the prevention of money laundering, as provided by the laws of the Grand Duchy of Luxembourg, the Grand-ducal regulation of 1 February 2010 providing details on certain provisions of the amended law of 12 November 2004 on the fight against money laundering and terrorist financing as well as the CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, are under the supervision of the Registrar and Transfer Agent on behalf of the Company and may require a detailed verification of the applicant's identity. Depending on the circumstances of each application, a detailed verification might not be required where

- (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution or
- (ii) the application is made through a recognised intermediary.

These procedures will only apply if the financial institution or intermediary referred to above is located in a country recognised by the Company as having equivalent anti-money laundering regulations to the Luxembourg law dated 12 November 2004 on the fight against money laundering and terrorist financing, as amended.

By way of example, an individual may be required to produce a copy of his passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent) as well as the copies of the passports or identification cards duly certified by a notary public in relation to all representatives of the corporate applicant.

Shares cannot be attributed to the applicant unless full details of registration and money laundering have been completed. Shares cannot be redeemed or converted unless their attribution has been completed.

The Company reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company may refuse to accept the application and will not be liable for any interest, costs or compensation.

The Company reserves the right to reject an application, for any reason, in whole or in part in which event the application monies or any balance thereof will generally be returned without unnecessary delay to the applicant by transfer to the applicant's designated account or by post at the applicant's risk. In such event, the Company will not be liable for any interest, costs or compensation.

### 3.9 Auditor

The Board of Directors has appointed Deloitte S.A., as auditor of the Company's transactions, accounts and annual reports.

### 3.10 Delegations to third parties and support/assistance by third parties

The distribution of the Shares of the Company has been delegated to EDM Gestion, S.A.U., S.G.I.I.C..

## **4 INVESTMENT OBJECTIVES AND POLICIES - RISK FACTORS**

### **4.1 Investment Objective of the Company**

The overall investment objective of the Company is to achieve long-term capital appreciation and growth through investments in world-wide equity, bond and other fixed or variable income markets. For each Sub-Fund, the Company will define additional investment criteria and targets, such as a particular geographic, sectorial or other specific investment objectives. The specific investment policy and objective is detailed for each Sub-Fund in the relevant appendix to this Prospectus.

The Company aims to provide subscribers with a choice of Sub-Funds investing in a wide range of transferable securities and featuring a diverse array of investment objectives.

The Company will generally not invest in securities markets or securities issues where the level and quality of fundamental investment research together with the degree of liquidity in the market or the specific issue suggest that such an investment commitment may be of a speculative nature. This would not prevent the company to invest in non-investment grade issues to deliver a risk adjusted return based on specific credit analysis and appraisal of market conditions.

The overall objective of the Company is to seek to minimise risk exposure through diversification.

The Company gives the subscribers direct access to professionally managed and diversified portfolios.

Individual subscribers may participate in an investment with a substantial amount of funds invested; they are therefore able to take advantage of investment terms normally only available to larger professional investors.

The Company may also seek to protect and enhance the asset value of its different Sub-Funds through hedging strategies consistent with the Company's investment objectives by utilising in general derivatives like currency options, forward contracts and futures contracts as detailed in section 14 "Risk Management" of this Prospectus.

Trading in futures and options can achieve high profits but also entails high risks. The options and futures markets are extremely volatile, the price trend resulting from offer and demand on these markets being subject to certain accidental factors which are difficult to foresee.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of shares in any of the Sub-Funds, and their income, can vary.

The Company shall always comply with the limits set forth in section 13 "Investment Restrictions" of this Prospectus.

In addition, as a matter of hedging strategies, the Board of Directors may, for each Sub-Fund, make use of financial derivatives instruments as detailed in section 14 "Risk Management" of this Prospectus.

No Sub-Fund of the Company does use any techniques and instruments relating to transferable securities and money market instruments, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions, for the purposes of efficient portfolio management.

No Sub-Fund of the Company does further use any other instruments as margin lending transactions or total return swaps falling into the scope of the Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse ("SFTR").

#### 4.2 Investment Risks

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-Funds and the income from them, can fluctuate. Changes in exchange rates may also cause the value of Shares in the investor's base currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-Funds to the best of its knowledge, no guarantee can be given as to whether the investment objectives will be achieved. As a result, the Net Asset Value of the Shares may be higher or lower, and therefore different levels of positive as well as negative income may be earned.

##### High yield bonds

Investments in non-investment grade issues also known as high yield bonds, are from issuers - generally corporations - that are considered to be at greater risk of not paying interest and/or returning principal at maturity. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments and can be difficult to resell. In addition, high yield bonds involve greater risk of default or price changes due to changes in the credit quality of the issuer.

##### Emerging Market Countries

Investments in transferable securities of emerging market countries are subject to various risks with regard to the rapid economic development which some of these countries are experiencing. In this respect no assurance can be given that this process of development will continue during the years to come.

The degree of market regulation in these markets is generally lower than in more developed markets. As a rule, transferable securities of emerging market countries are substantially less liquid than transferable securities of the key markets. This may have negative effects on determining the time and price for the purchase or sale of transferable securities. In general, companies of emerging market countries are not subject to accounting, auditing and financial reporting standards or requirements comparable to those existing in the key markets. Investments in emerging market countries may be influenced by political, economic or foreign policy changes. The ability of some issuers to repay the principal debt and interests may be uncertain, and no assurance can be given as to the possible insolvency of a particular issuer.

Investments in emerging market countries are subject to an increased risk in relation to the ownership and custody of transferable securities.

Generally, investments in emerging market countries involve greater risks due to the lack of an appropriate system for the transfer, price calculation and accounting of the transferable securities and to their custody and record keeping.

#### Debt Securities Issued Pursuant to Rule 144A under the US Securities Act of 1933

Sub-Funds may also invest in debt securities of corporations issued under Rule 144A under the US Securities Act of 1933. SEC Rule 144A provides a safe harbour exemption from the registration requirements of the US Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for investors is higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extremes conditions, decrease the liquidity of a particular rule 144A security.

#### Over-the-counter' (OTC) financial derivative instruments

In accordance with its investment objective and policy, a Sub-Fund may trade 'over-the-counter' (OTC) financial derivative instruments such as non-exchange traded futures and options, forwards, swaps (including total return swaps) or contracts for difference. Where a Sub-Fund enters into OTC derivative transactions it is exposed to increased credit and counterparty risk, which the Investment Manager may aim to mitigate by the collateral arrangements. Entering into transactions on the OTC markets will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of the contracts. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investments during the period in which the Sub-Fund seeks to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

#### Risks linked with dealing in securities via Stock Connect

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

The relevant regulations are subject to change. Stock Connect is subject to quota limitations which may restrict the relevant Sub-Fund's ability to deal via Stock Connect on a timely basis. This may impact the Sub-Fund's ability to implement its investment strategy effectively. Currently, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index, the SSE 380 Index, the SZSE Component Index, the SZSE Small/Mid Cap Innovation Index (with market capitalization of Renminbi "RMB" 6 billion or above) as well as all China A Shares dual-listed on either the SSE or SZSE and the SEHK except for listed shares which are not traded in RMB and/or which are under 'risk alert' or under delisting arrangements.

Shareholders should note further that under the relevant regulations a security may be recalled from the scope of Stock Connect. This may adversely affect the relevant Sub-Fund's ability to meet its investment objective, e.g. when the Investment Manager wishes to purchase a security which is recalled from the scope of Stock Connect.

#### *Beneficial owner of the SSE/SZSE Shares*

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

Because HKSCC is only a nominee holder and not the beneficial owner of SSE/SZSE Shares, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, investors should note that SSE/SZSE Shares will not be regarded as part of the general assets of HKSCC available for distribution to creditors even under Mainland China law. However, HKSCC will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in SSE/SZSE Shares in Mainland China. Foreign Investors like the concerned Sub-Fund investing through the Stock Connect holding the SSE/SZSE Shares through HKSCC are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

#### *Not protected by Investor Compensation Fund*

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

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

#### *Pre-trade checking*

Mainland China law provides that SSE and SZSE may reject a sell order if an investor (including the relevant Sub-Fund) does not have sufficient available China A shares in its account. SEHK will apply similar checking

on all sell orders of China connect securities on the Northbound link at the level of SEHK's registered exchange participants ("Exchange Participants") to ensure there is no overselling by any individual Exchange Participant ("Pre-Trade Checking").

#### *Quota limitations*

Trading under Stock Connect will be subject to a maximum daily quota ("Daily Quota"). The Northbound link will be subject to a separate set of Daily Quota, which is monitored by SEHK. The Daily Quota limits the maximum net buy value of cross-border trades via the Northbound link under Stock Connect each day. The applicable quota may change from time to time without prior notice and consequently affect the buy trades on the Northbound link.

In particular, once the remaining balance of the Daily Quota applicable to the Northbound link drops to zero or such Daily Quota is exceeded, new buy orders will be rejected (though investors will be allowed to sell their China connect securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Sub-Funds' ability to invest in China connect securities through Stock Connect on a timely basis.

#### *Difference in trading day and trading hours*

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

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

#### *Order Priority*

Where a broker provides the Stock Connect trading services to its clients, proprietary trades of the broker or its affiliates may be submitted to the trading system independently and without the traders having information on the status of orders received from clients. There is no guarantee that brokers will observe client order priority (as applicable under relevant laws and regulations).

#### *Best Execution Risk*

China connect securities trades may, pursuant to the applicable rules in relation to Stock Connect, be executed through one or multiple brokers that may be appointed for the relevant Sub-Fund for trading via the Northbound Trading Link. In order to satisfy the Pre-Trade checking requirements, the Sub-Fund may determine that they can only execute China connect



securities trades through certain specific broker(s) or Exchange Participant(s) and accordingly such trades may not be executed on a best execution basis.

In addition, the broker may aggregate investment orders with its and its affiliates' own orders and those of its other clients, including the relevant Sub-Fund. In some cases, aggregation may operate to the Sub-Funds disadvantage and in other cases aggregation may operate to the Sub-Funds advantage.

#### *Limited off-exchange trading and transfers*

"Non-trade" transfers (i.e. off-exchange trading and transfers) through Stock Connect are generally not permitted except in limited circumstances provided under Stock Connect rules.

#### *Recalling of eligible stocks and trading restrictions*

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

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

#### *Trading costs*

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

#### *Currency risks*

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

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

#### 4.3 CRS

Capitalized terms used in this section should have the meaning as set forth in the CRS Law (as defined below), unless provided otherwise herein.

The Company may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters and its Common Reporting Standard (“CRS”) as set out in the Luxembourg law dated 18 December 2015, as amended or supplemented from time to time (the “CRS Law”) implementing Council Directive 2014/107/EU which provides for an automatic exchange of financial account information between member States of the European Union as well as the OECD’s multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.

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

The Company’s ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Company with the Information, along with the required supporting documentary evidence. In this context, the Shareholders are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS Law. The Shareholders qualifying as passive NFEs undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

Additionally, the Company is responsible for the processing of personal data and each Shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection laws.

The Shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law. The LTA will, under their own responsibility, eventually exchange the reported information to the competent authority of the Reportable Jurisdiction(s). In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

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

Although the Company will attempt to satisfy any obligation imposed on it to avoid any fines or penalties imposed by the CRS Law, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a fine or penalty as a result of the CRS Law, the value of the Shares held by the Shareholders may suffer material losses.

Any Shareholder that fails to comply with the Company's Information or documentation requests may be held liable for penalties imposed on the Company or the Manager and attributable to such investor's failure to provide the Information or subject to disclosure of the Information by the Company to the LTA and the Company may, in its sole discretion, redeem the Shares of such Shareholders.

#### 4.4 US Foreign Account Tax Compliance Requirements

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

Under the terms of FATCA, the Company will be treated as a Foreign Financial Institution (within the meaning of FATCA). As such, the Company may require all Shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations.

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

Furthermore, the Company may also be required to withhold tax on certain payments to its Shareholders who would not be compliant with FATCA (i.e. the so-called foreign passthru payments withholding tax obligation). Despite anything else herein contained and as far as permitted by Luxembourg law, the Company shall have the right to:

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

#### 4.5 Operational Risks

Operational risk means the risk of loss for the Company resulting from inadequate internal processes and failures in relation to people and systems of the Company, the Management Company and/or its agents and service providers, or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the Company.

#### 4.6 Country risk linked to the custody

The investment managers may decide from time to time to invest in a country where the Depositary has no correspondent. In such a case, the Depositary will have to identify and appoint a local custodian following a respective due diligence. This process may take time and deprive in the meantime the investment manager of investment opportunities.

The Depositary will assess on an ongoing basis the custody risk of the country where the Sub-Fund's assets are safekept. In many emerging markets, local custody and settlement services remain underdeveloped and there is a custody and transaction risk involved in dealing in such markets. In certain circumstances, the Sub-Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, to secure the investment, the investment manager may be required to sell the assets immediately at a less attractive price than the Sub-Fund would have received under normal circumstances, potentially affecting the performance of the Sub-Fund.

In accordance with the UCITS Directive, entrusting the custody of the Sub-Fund's assets to the operator of a securities settlement system ("SSS") is not considered as a delegation by the Depositary and the Depositary is exempted from the strict liability of restitution of assets. A central securities depositary ("CSD") being a legal person that operates a SSS and provides in addition other core services, should not be considered as a delegate of the Depositary irrespective the fact that the custody of the Sub-Fund's assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

In certain circumstances, the Depositary may be required by local law to delegate safekeeping duties to local custodians subject to weaker legal and regulatory requirements or who might not be subject to effective prudential supervision, increasing thus the risk of a loss of the Sub-Fund's assets held by such local custodians through fraud, negligence or mere oversight of such local custodians. The costs borne by the Sub-Fund in investing and holding investments in such markets will generally be higher than in organised security markets.

#### 4.7 Pledge

As a continuing security for the payment of its duties under the Depositary Agreement (like the fees to be paid to the Depositary for its services or also overdraft facilities offered by the Depositary), the Depositary shall have a first priority pledge granted by the Company over the assets the Depositary or any third party may from time to time hold directly for the account of the Company, in any currency.

#### 4.8 Cash

Under the UCITS Directive, cash is to be considered as a third category of assets beside financial instruments that can be held in custody and other assets. The UCITS Directive imposes specific cash flow monitoring obligations. Depending on their maturity, term deposits could be considered as an investment and consequently would be considered as other assets and not as cash.

## **5 THE SHARES**

The assets of its various Sub-Funds represent the Company's capital. Subscription proceeds by investors are invested in assets of the relevant Sub-Fund.

The Shares of each Sub-Fund may, as the Board of Directors shall so determine from time to time, be issued in one or more classes of Shares (each such class being referred to herein as a "Class"), whose assets shall be commonly invested pursuant to a specific investment policy of the respective Sub-Fund, but where a specific sales and redemption charge structure, fee structure, dividend policy, hedging policy, or Reference Currency is applied to each such Class, or which may only be subscribed by certain types of investors.

For each Sub-Fund, the Board of Directors may elect to issue Shares in either registered and/or bearer form.

The Appendices to this Prospectus provide additional information as to what form of Shares is offered to investors for a given Sub-Fund.

In the absence of a request for Shares to be issued in any particular form, subscribers will be deemed to have requested that their Shares be issued in registered form without share certificates and that a confirmation of shareholding will be issued and delivered instead. Registered Shares may be issued with fractions up to three decimals.

If bearer Shares are issued, share certificates may be issued, as decided by the Board of Directors, in denominations of 1, 10, 100 and 1,000 Shares. For the time being, bearer Shares will no longer be available for any of the Company's Sub-Funds. Existing bearer Shares may be retained, exchanged for Registered Shares or Global Certificates without charge, or redeemed according to the terms of this Prospectus.

Delivery of share certificates to Shareholders, if specifically requested, is made at the risk and at the expense of those Shareholders. Unless instructions have been received to the contrary, share certificates are delivered to the address quoted by the applicant(s) on the application form, or to the first-named applicant in the case of joint applicants.

The Company however recommends that subscribers hold the Shares in registered form for the purposes of security and ease of dealing. The Shares so issued may be redeemed, converted or transferred upon written instruction to the Company. If share certificates have been issued, any request for redemption or conversion must be accompanied by the respective certificates, and, if coupon sheets have been issued, by the entire set of associated coupons as at the date of the request for conversion or redemption.

The ownership of Shares is evidenced by possession of the share certificate(s), including the associated coupons (if any), or by an entry in the Company's register of Shareholders. The Company shall consider the person in whose name the Shares are registered as their full owner.

Each Share includes the right to a participation in the profits and results of the respective Sub-Fund or Class.

Each entire Share entitles its owner to a vote, which he may exercise at the general meeting of Shareholders or at other meetings of the respective Sub-Fund, either in person or through

a proxy. The Shares do not include rights of priority or subscription rights. Nor are they now or will they in the future be associated with any outstanding options or special rights.

In the case of joint applicants, the Company is authorised to accept instructions relating to voting rights, transfers, conversions and redemptions from the first-named applicant in the application unless it receives instructions to the contrary.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the UCITS, notably the right to participate in general shareholders' meetings if the investor is registered himself and in his own name in the shareholders' register of the 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 directly against the UCITS. Investors are advised to take advice on their rights.

The Shares are transferable without restriction unless the Board of Directors has restricted ownership of the Shares to specific persons or organisations.

## **6 HOW TO APPLY FOR SHARES**

### **6.1 General**

Applications for subscriptions of Shares should be made directly to the Company and/or the Transfer Agent of the Company in Luxembourg.

The Company reserves the right to reject any application for subscription in full or in part.

In case of joint applicants, the application must include the signatures of all applicants.

No Shares of any Sub-Fund will be issued during any period when the calculation of the Net Asset Value of the relevant Sub-Fund is suspended by the Company as described in section 10.2 "Suspension of the determination of the Net Asset Value".

Prospective investors should complete the Application Form attached to this Prospectus. Application for subscription may also be made in writing, provided that all information required in the Application Form is provided.

### **6.2 Procedure**

Shares are issued according to this Prospectus and the respective appendix, at a price equal to the Net Asset Value per Share of the relevant Sub-Fund or Class, plus a subscription fee of maximum 5% (the "Subscription Price") in favor of the Distributor or Sub-Distributors, as detailed for each Sub-Fund in the appendix to this Prospectus.

Unless otherwise provided for in the relevant appendix to this Prospectus, applications received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before the Cut-off Time, as defined for each Sub-Fund in the relevant appendix to this Prospectus, shall be dealt with on the same Valuation Day at the Subscription Price of the relevant Sub-Fund or Class prevailing on that Valuation Day. Any applications received thereafter will be processed on the next Valuation Day.

### **6.3 Payments**

The Subscription Price is payable in the Reference Currency of the relevant Sub-Fund or Class according to the instructions as detailed in the appendix to this Prospectus. However, the Board of Directors may, for each Sub-Fund or Class, determine additional currencies (hereinafter the “Payment Currencies”) in which the Subscription Price may be paid. Such Payment Currencies are indicated for each Sub-Fund in the relevant appendix to this Prospectus. Payments must be made either by cheque or by bank transfer to the bank account of the Company with the Depositary, as indicated in the Application Form. Any payment must clearly identify the name of the respective Sub-Fund or Class, the investor wishes to invest in.

Transfer of funds should be made under arrangements giving the Company notice of the amount transferred and the value date at which it will be available. When payment is made by cheque, Shares will not be issued until cleared funds are received.

#### 6.4 Contribution in Kind

The Board of Directors may agree to issue Shares as consideration for a contribution in kind of transferable securities, in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Company and provided that such transferable securities comply with the investment objective and policy of the relevant Sub-Fund. Any costs incurred in connection with a contribution in kind of transferable securities shall be borne by the relevant Shareholders.

#### 6.5 Data Protection

The Company, the Management Company, the Registrar and Transfer Agent or any other agent used by them agree to keep all information concerning the investor(s) confidential unless required to disclose such information to third parties by applicable law or by formal instruction of the investor(s) or as further described in this section.

In accordance with the provisions of the applicable Luxembourg data protection law and the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“**Data Protection Law**”), the Company acting as data controller (the “**Data Controller**”), collects, stores and processes, by electronic or other means, the data supplied by investors for the purpose of fulfilling the services required by the investors and complying with its legal obligations.

The personal data processed includes in particular the name, contact details (including postal or email address), banking details, invested amount and holdings in the Company of investors (and, if the investor is a legal person, of any natural person related to it such as its contact person(s) and/or beneficial owner(s)) (“**Personal Data**”).

The investor may at his/her/its discretion refuse to communicate Personal Data to the Data Controller. In this case, however, it may reject a request for Shares in the Company.

Personal Data supplied by investors is processed to enter into and perform the subscription in the Company (i.e. for the performance of a contract), for the legitimate interests of the Data Controller and to comply with the legal obligations imposed on the Data Controller (notably laws and regulations relating to FATCA or CRS). In particular, the Personal Data is processed for the purposes of (i) processing subscriptions, redemptions and conversions of Shares and payments of

dividends to investors, (ii) performing controls on excessive trading and market timing practices, and (iii) complying with applicable anti-money laundering rules. Personal Data supplied by investors is also processed for the purpose of (iv) maintaining the register of shareholders of the Company.

The “legitimate interests” referred to above are:

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

The Personal Data may also be processed by the Data Controller’s data processors (the “**Recipients**”) which, in the context of the above mentioned purposes, refer to the Management Company, Depositary and paying agent, the Central Administration, domiciliary agent, Registrar and Transfer Agent, the distributors, the auditor and the legal adviser.

The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates (the “**Sub-Recipients**”), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Data Controller and/or assisting the Recipients in fulfilling their own legal obligations.

Recipients and Sub-Recipients may be located in countries outside of the European Economic Area (the “EEA”) whose data protection laws may not offer an adequate level of protection to personal data. In such latter case the Data Controller will contractually ensure with such Recipients that the Personal Data relating to investors is protected in a manner which is equivalent to the protection offered pursuant to the Data Protection Law, which may take the form of EU Commission approved “Model Clauses”. In this respect, the investor has a right to request copies of the relevant document for enabling the Personal Data transfer(s) towards such countries by writing to the Company at its registered office.

The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data upon instructions of the Data Controller), or as distinct data controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations).

The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the Luxembourg tax authorities which in turn may, acting as data controller, disclose the same to foreign tax authorities (including for compliance with the FATCA/CRS obligations).

In accordance with the conditions laid down by the Data Protection Law, the investor acknowledges his/her/its right to:

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



The investor also acknowledges the existence of his/her/its right to lodge a complaint with the National Commission for Data Protection (“CNPD”).

The investor may exercise the above rights by writing to the Data Controller at the following address: 11-13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg.

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

## **7 HOW TO REDEEM SHARES**

### **7.1 General**

Any Shareholder has the right at any time to have all or part of its Shares redeemed by the Company.

Redemption requests shall be made directly to the Company and/or the Transfer Agent of the Company in Luxembourg.

Any request for redemption shall be irrevocable except during any period during which the determination of the Net Asset Value of the relevant Sub-Fund is suspended by the Company, as described in section 10.2 “Suspension of the determination of the Net Asset Value”. In the absence of revocation, redemptions will be effected on the first applicable Valuation Day following the end of the suspension.

The Redemption Price of Shares may be higher or lower than the Subscription Price initially paid by the Shareholder at the time of subscription, depending on whether the Net Asset Value of the Sub-Fund has appreciated or depreciated.

If, as a result of any request for redemption, the investment held by any Shareholder in a class or Sub-Fund would fall below the minimum holding amount indicated in the relevant appendix to this Prospectus, the Company may treat such request as a request to redeem the entire shareholding of such Shareholder.

### **7.2 Procedure**

Redemption requests must state the number of Shares, their form, the Class and the name of the Sub-Fund, as well as necessary references enabling the payment of the redemption proceeds. For redemption payments, the Transfer Agent will take into account the currency in which the relevant Sub-Fund is denominated. No redemption fee will be charged.

If share certificates have been issued, redemption requests must be accompanied by the share certificates, the appropriate coupons (if any), and the documents that evidence a transfer of Shares (if any).

Unless otherwise provided for in the relevant appendix to this Prospectus, redemption requests received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before the cut-off time as defined for each Sub-Fund in the relevant appendix to this Prospectus shall be dealt with on the same Valuation Day at the Redemption Price of the relevant Sub-Fund prevailing on that Valuation Day. Any redemption requests received thereafter will be processed on the next Valuation Day.

### 7.3 Payments

The Redemption Price is payable in the Reference Currency of the relevant Sub-Fund or Class, provided that all the documents evidencing the redemption as mentioned here above have been received by the Transfer Agent of the Company.

The settlement period for payments of redemption proceeds is set out for each Sub-Fund in the relevant appendix.

### 7.4 Deferral of Redemptions

The Company shall not be bound to redeem and convert on any Valuation Day more than 10% of the number of Shares of a specific Sub-Fund outstanding on such Valuation Day. Redemptions and conversions may accordingly be deferred by the Company on a pro rata basis and will be dealt with on the next Valuation Day (but subject always to the foregoing limit). For this purpose, requests for redemption and conversion so deferred will be given priority to subsequently received requests.

### 7.5 Redemption in Kind

The Company shall have the right, subject to agreement by the relevant Shareholder, to satisfy payment of the Redemption Price, partly or entirely, in the form of assets by allocating to the redeeming Shareholder assets out of the relevant Sub-Fund's portfolio.

Such redemption in kind must be equal in value, as of the relevant Valuation Day on which the Redemption Price is calculated, to the value of the Shares to be redeemed.

The nature and type of assets to be transferred to the redeeming Shareholder in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders of the relevant Sub-Fund, and the valuation used for such redemption in kind shall be confirmed by a special report of the auditor of the Company.

The costs of any such redemption in kind shall be born exclusively by the redeeming Shareholder.

## 8 HOW TO CONVERT SHARES

### 8.1 General

Any Shareholder may request the conversion of all or part of his Shares of any Sub-Fund and/or Class (the "Initial EDM Sub-Fund") into Shares of any other existing Sub-Fund and/or Class (the "New EDM Sub-Fund") on any Valuation Day that is common to the Initial and the New EDM Sub-Fund (the "Common Valuation Day") Restrictions about conversion between Sub-Funds may be found in the relevant Appendices of the respective Sub-Funds.

Further, retail Shares may not be converted into institutional Shares and vice versa.

In converting Shares of a class or Initial EDM Sub-Fund for Shares of another class or New EDM Sub-Fund, a Shareholder must meet the applicable minimum initial investment requirements imposed by the acquired New EDM Sub-Fund.

If, as a result of any request for conversion, the investment held by any Shareholder in a class or Initial EDM Sub-Fund would fall below the minimum holding amount, if any, indicated in the relevant appendix to this Prospectus in the section "Offering of

Shares”, the Company may treat such request as a request to convert the entire shareholding of such Shareholder.

Conversion requests shall be made directly to the Company and/or the Transfer Agent of the Company in Luxembourg.

Any request for conversions shall be irrevocable except during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended by the Company, as described in section 10.2 “Suspension of the determination of the Net Asset Value”. In the absence of revocation, conversions will occur as of the first applicable Common Valuation Day after the end of suspension.

## 8.2 Procedure

Conversion requests must state the number of Shares, their form, the Class and the Sub-Fund, to be converted as well as the form and Class of Shares to be issued in the New EDM Sub-Fund. If more than one New EDM Sub-Fund is selected, the proportion or, alternatively, amount or number of Shares to be converted out of the Initial EDM Sub-Fund must also be indicated.

If Share certificates have been issued, conversion requests must be accompanied by the Share certificates, the appropriate coupons (if any) and the documents that evidence a transfer of Shares (if any).

Unless otherwise provided for in the relevant appendix to this Prospectus, conversion requests received by the Transfer Agent of the Company in Luxembourg on a Common Valuation Day before the Cut-off Time as defined for each Sub-Fund in the relevant appendix to this Prospectus, shall be dealt with at the applicable Net Asset Value per Share of the same Common Valuation Day. Any conversion requests received thereafter will be processed on the next Common Valuation Day. The Board of Directors reserves the right to reject conversion requests at its sole discretion.

A conversion order may require the conversion of currency from one Sub-Fund to another. In such event, the number of Shares of the New EDM Sub-Fund obtained on a conversion will be affected by the foreign currency exchange rate, if any, applied to the conversion. The Company has established the following formula to determine the number of Shares of the New EDM Sub-Fund into which the Shares of the Initial EDM Sub-Fund will be converted:

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

with

- A being the number of Shares of the Initial EDM Sub-Fund (or Class) to be converted;
- B being the Net Asset Value per Share of the Initial EDM Sub-Fund (or Class) as applicable on the Common Valuation Day;
- C being the conversion fee as described above;
- D being the Net Asset Value per Share of the New EDM Sub-Fund (or Class) as applicable on the Common Valuation Day;

- E being the exchange rate between the Reference Currency of the Initial EDM Sub-Fund (or Class) and the Reference Currency of the New EDM Sub-Fund (or Class). If both Reference currencies are the same E will be equal to 1;
- F being the number of Shares of the New EDM Sub-Fund obtained in the conversion.

Fractions of Shares of the New EDM Sub-Fund will only be issued to registered Shareholders.

The Board of Directors reserves the right to levy a conversion fee of maximum 0.50% in favor of the Initial EDM Sub-Fund. Such a fee, if any, is detailed for each Sub-Fund in the relevant appendix.

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

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

### **9.1 Market Timing**

In general, *Market Timing* is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts Shares of the same investment 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 investment fund.

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

### **9.2 Late Trading**

In general, *Late Trading* is to be understood as the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the Net Asset Value applicable to such same day.

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

## **10 NET ASSET VALUE**

### **10.1 Determination of the Net Asset Value**

The Net Asset Value per Share will be calculated, except in circumstances of suspensions as described hereafter, for each Sub-Fund on each Valuation Day, at least twice a month, as determined in the relevant appendix to this Prospectus. If such a Valuation Day is not a Luxembourg bank business day ("Business Day"), the Net Asset Value per Share will be calculated on the next Business Day.

The Net Asset Value shall be expressed in the Reference Currency of the relevant Sub-Fund or Class as a per Share figure. It shall be determined as being the total

value of the assets of a Sub-Fund less its liabilities, divided by the total number of Shares outstanding in the relevant Sub-Fund.

However the Board of Directors may determine, for each Sub-Fund, other currencies in which the Net Asset Value per Share may be expressed. Such currencies, as the case may be, are indicated in the relevant appendix.

The basic accounting principles for determining the Net Asset Value of the Sub-Funds are set forth in the Articles of Incorporation, the material provisions of which provide 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 Directors may consider appropriate in such case to reflect the true value thereof;
- (2) the value of securities which are quoted or dealt in on any stock exchange shall be in respect of each security, the last known price, and where appropriate, the middle market price on the stock exchange which is normally the principle market for such security;
- (3) securities dealt in on another regulated market are valued in a manner as near as possible to that described in the preceding paragraph;
- (4) in the event that any of the securities held in any portfolio on the relevant Valuation Day are not quoted or dealt in on a stock exchange or another regulated market or, for any of the securities, no price quotation is available, or if the price as determined pursuant to sub-paragraphs 2) and/or 3) is not in the opinion of the Board of Directors representative of the fair market value of the relevant securities, the value of such securities will be determined based on the reasonably foreseeable sales price determined prudently and in good faith;
- (5) all other assets will be valued at their respective fair values as determined in good faith by the Directors in accordance with generally accepted valuation principles and procedures.

If since the last Valuation Day there has been a material change in the quotations on the markets on which a substantial portion of the investments of the Company attributable to a particular Sub-Fund is listed or dealt in, the Directors may, in order to safeguard the interests of the Shareholders and the Company, cancel the first valuation and carry out a second valuation.

The Directors may also adopt, when circumstances so require, other valuation methods in accordance with generally accepted procedures.

The value of the assets denominated in a currency other than the currency of the relevant Sub-Fund will be converted at the rates of exchange prevailing in Luxembourg at the time of the determination of the corresponding Net Asset Value.

The total Net Asset Value of the Company is equal to the sum of the net assets of the various activated Sub-Funds translated into EUR at the rates of exchange prevailing in Luxembourg on the relevant Valuation Day.

The capital of the Company shall at any time be equal to the total Net Asset Value of the Company. The minimum capital of the Company, as required by the law of 2010, shall be EUR 1,250,000.-.

#### 10.2 Suspension of the determination of the Net Asset Value

The Company may suspend the determination of the Net Asset Value of Shares of any particular Sub-Fund and the issue and redemption of the Shares in such Sub-Fund as well as the conversion from and to Shares of such Sub-Fund during:

- (a) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of any Sub-Fund of the Company from time to time is quoted, is closed otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by any Sub-Fund of the Company would be impracticable;
- (c) any breakdown in the means of communication normally employed in determining the price or value of any of the investments attributable to any Sub-Fund or the current prices or values on any market or stock exchange;
- (d) any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of any Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of any Sub-Fund cannot in the opinion of the Directors be effected at normal prices or rates of exchange;
- (e) any period when the Company is being liquidated or as from the date on which notice is given of a meeting of Shareholders at which a resolution to liquidate the Company is proposed;
- (f) following the suspension of the calculation of the net asset value per unit, the issue, redemption and/or the conversion at the level of a master fund in which a Sub-Fund invests in its quality as feeder fund of such master fund.

Any such suspension shall be published by the Company and shall be notified to Shareholders requesting subscription, redemption or conversion of their Shares by the Company at the time of the filing of their request for such subscription, redemption or conversion.

Such suspension as to any Sub-Fund shall have no effect on the determination of the Net Asset Value, the issue, redemption and conversion of the Shares of any other Sub-Fund if the circumstances referred to above do not exist in respect of the other Sub-Funds.

## 11 DIVIDENDS

The dividend policy of each Sub-Fund is described in the relevant appendix to this Prospectus.

## 12 CHARGES AND EXPENSES

### 12.1 Setting-up Costs

The fees and costs incurred in connection with the establishment and launch of any additional Sub-Fund shall be borne by the relevant Sub-Fund and shall be amortised over the first five (5) Financial Years following the launch of that Sub-Fund.

## 12.2 Management Company

Under the Management Company Agreement, the Management Company is entitled to a variable fee based on the net assets of the relevant Sub-Fund, calculated at a maximum rate of 0.06 % per annum but subject to a minimum fee of up to EUR 15,000 per annum per Sub-Fund. The variable fees shall be calculated quarterly on the average of the month-end Net Asset Value of the previous quarter and paid quarterly in arrears. In addition, the Management Company is entitled to a fee of EUR 11,000 per annum per Sub-Fund using the commitment approach for the additional performance of risk management and investment compliance services.

Additional fees and other costs charged to the relevant Sub-Fund in relation to any other additional services, as may be agreed from time to time, allowing the Company to comply with any new regulatory requirements impacting the Company. In addition, the Management Company shall be entitled to receive from the Company reimbursement for its reasonable disbursements, included but not limited to reasonable out-of-pocket expenses, incurred in the performance of its duties.

In addition, where applicable, any value added tax ("VAT") associated with the above fees and reimbursements will be charged to the Sub-Fund.

For the avoidance of doubt, the Management Company Fee does not cover portfolio management, marketing and distribution services performed by the Investment Managers and the Distributor and/or their delegates. The Company pays separate fees to the Investment Managers, the Sub-Investment Managers and the Distributor as described below or in the respective appendix to this Prospectus.

## 12.3 Investment Managers

As remuneration for their services, the Investment Managers will receive from the Company a monthly fee ("Investment Management Fee") at a maximum annual rate applicable on the average monthly net assets (as determined according to section 10 "Net Asset Value") of each Sub-Fund. Such Investment Management Fee will be computed and paid as indicated in the relevant appendix to this Prospectus. Any distribution fees, if imposed, are included in the Investment Management Fee which is disclosed in the relevant appendix to this Prospectus.

In addition, to assist the Company in the pursuit of the investment strategies and objectives of the Sub-Funds, the relevant Investment Manager may charge research costs which are payable by the Company. Shareholders may receive further information concerning the amount of research costs applicable to the relevant Sub-Fund in which they are invested at the registered office of the Company.

## 12.4 Sub-Investment Managers

As remuneration for their services, the Sub-Investment Managers will receive from the Company a monthly fee ("Sub-Investment Management Fee") at a maximum annual rate applicable on the average monthly net assets (as determined according to section 10 "Net Asset Value") of each Sub-Fund. Such Sub-Investment Management Fee will be computed and paid as indicated in the relevant appendix to this Prospectus.

## 12.5 Central Administration, Depositary and Registrar and Transfer Agent

The Company will pay to the Depositary, Central Administration and Registrar and Transfer Agent annual fees which will amount to a maximum percentage of 2% of the net asset value per sub-fund, depending on the total net assets of the Company with a minimum fee per sub-fund of EUR 25,000.-. These fees are payable on a monthly basis and do not include any transaction related fees and costs of sub-depositary's or similar agents. The Depositary, Central Administration and Registrar and Transfer Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

#### 12.6 Other Expenses

The Company bears all its operating expenses, including without limitation the expenses associated with the offering and sale of its Shares, the costs of buying and selling securities and prime brokerage expenses, governmental charges, legal and auditing fees, director fees, expenses of its Board of Directors and Shareholder meetings, interest, printing, reporting and publication expenses, paying agency fees, postage, telephone, telex and facsimile, etc.

#### 12.7 Allocation of Liabilities

The assets of each Sub-Fund shall be invested for the exclusive benefit of the shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

Any charges and costs attributable to a specific Sub-Fund will be allocated directly to that Sub-Fund.

The fees and charges that cannot be directly attributed to a specific Sub-Fund shall be charged to the various Sub-Funds in equal parts or shall be allocated equally to

the various Sub-Funds in proportion to their respective Net Asset Value, if the amounts in question so require.

#### 12.8 Single Legal Entity

Notwithstanding the fact that, under current law and practice, each Sub-Fund constitutes a separate body of assets and liabilities, the Company is a single legal entity.

Unless otherwise agreed upon with the Company's creditors, each Sub-Fund shall be exclusively responsible for the debts, liabilities and obligations attributable to it.

#### 12.9 Master/Feeder

Should a Sub-Fund qualify as a master fund of another UCITS, such other UCITS fund will not be charged any subscription fees, redemption fees or contingent deferred sales charges, conversion fees, from the master.

### 13 INVESTMENT RESTRICTIONS

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

By making use of its power to determine the investment policy of each Sub-Fund, the Board of Directors has resolved the following investment restrictions that apply, in principle, for



each Sub-Fund, provided that it is not decided and indicated otherwise in respect of any particular Sub-Fund in the relevant appendix to this Prospectus.

In order to comply with the laws and regulations of the countries where the Shares are offered or placed, the Board of Directors may from time to time impose further investment restrictions to all or several Sub-Funds as shall be compatible with or be in the interest of the Shareholders. Such investment restrictions, if any, will be set out for each Sub-Fund in the relevant appendix to this Prospectus.

The Board of Directors has resolved that:

**(1)(a)** Each Sub-Fund may invest solely in:

- (i) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (a “Regulated Market”);
- (ii) transferable securities and money market instruments dealt in on another market in a Member State of the European Union which is regulated, operates regularly and is recognised and open to the public;
- (iii) in transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union, which is regulated, operates regularly and is recognized and open to the public, provided that the choice of the stock exchange or market has been provided for in the instruments of incorporation of the Company;
- (iv) recently issued transferable securities and money market instruments, provided that:
  - (a) the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on another regulated market as described under (i) to (iii) above;
  - (b) such admission is secured within one year of issue;
- (v) in securities of other undertakings in transferable securities (“UCITS”), authorised according to the Directive 2009/65/EC as amended, and/or other undertakings for collective investments (“UCI”) within the meaning of Article 1, paragraph (2), points a) and b) of Directive 2009/65/EC, should they be situated in a Member State of the European Union or not, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF (the Luxembourg Supervisory Authority) equivalent to that laid down in Community law and that they ensure sufficient cooperation between supervisory authorities;
  - the level of guaranteed protection for investors in such other UCIs is equivalent to that provided for investors in a UCITS;
  - the business of the other UCI is reported in at least half-yearly and annual reports;
  - no more than 10% of the UCITS or other UCI assets can be invested in aggregate in shares or units of other UCITS or other UCIs;
- (vi) in 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 equivalent to that laid down in Community law;

(vii) in financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market or other market referred to in (i) to (iii) above, and/or financial derivative instruments dealt in over-the-counter provided that:

- the underlying consists of instruments described in this Article 13 paragraph (1) (a), financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest;
- the counter-parties to over-the-counter derivative transactions are first class institutions specialised in this type of transactions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
- the over-the-counter derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

(viii) money market instruments other than those dealt in on a Regulated Market as referred above, which fall under Article 1 of the law of 2010, if the issue or issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or central bank of a Member State of the European Union, the European Central Bank, the European Union or the European Investment Bank, a non-Member State of the European Union or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States of the European Union belong; or
- issued by an undertaking any securities of which are dealt in on regulated markets referred to in items (i) to (iii) above; or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community Law; or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second and the third indents and provided that the issuer is a company whose capital and reserves amount to at least ten million euros (EUR 10,000,000.-) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line;

(ix) and acquire securities issued by one or several other Sub-Funds of the Company (the "Target Sub-Fund(s)"), under the following conditions:

- the Target Sub-Fund does not, in turn, invest in the Sub-Fund invested in the Target Sub-Fund;
- not more than 10% of the assets of the Target Sub-Fund may be invested in aggregate in shares of other Sub-Funds of the Company;

- the voting rights linked to the securities of the Target Sub-Fund are suspended during the period of investment;
- in any event, for as long as these securities are held by the Company, their value will not be taken into consideration for the calculation of the Net Asset Value for the purposes of verifying the minimum threshold of the net assets imposed by the law of 2010; and

there is no duplication of management/subscription or repurchase fees between those at the level of the Sub-Fund having invested in the Target Sub-Fund and those of the Target Sub-Fund; or

- (x) in any other securities, money market instruments, instruments or other assets within the restrictions as shall be set forth by the Board of Directors in compliance with applicable laws and regulations.

(1)(b) In addition the Company may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under (1) (a) above.

(2) The Company may hold ancillary liquid assets.

(3) The Company will comply in respect of the net assets of each Sub-Fund with the following investment restrictions:

**(a) Risk diversification rules**

- (i) A Sub-Fund may invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuing body.
- (ii) The Company 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 (1) (a) (vi) above or 5% of its net assets in other cases.
- (iii) Moreover, where the Company 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.

- (iv) Notwithstanding the individual limits laid down in paragraph (3)(a) (i) and (ii), the Company may not combine, where this would lead to investing more than 20% of its assets in a single body, for each Sub-Fund:

- investments in transferable securities or money market instruments issued by that body;
- deposits made with that body; or
- exposure arising from OTC derivative transactions undertaken with that body.

- (v) The limit of 10% laid down in paragraph (3) (a) (i) above may be a maximum of 35% in respect to the transferable securities or money market instruments which are issued or guaranteed by a member State of the European Union (a "Member State"), its local authorities, by another eligible state or by public international bodies of which one or more Member States are members. This limit may be a maximum of 25% for certain bonds

when they are issued by a credit institution which has its registered office in a Member State of the European Union 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 subparagraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the sub-fund.

The transferable securities and money market instruments referred to in paragraph (v) shall not be included in the calculation of the limit of 40% in paragraph (iii).

- (vi) The limits set out in paragraphs (i), (ii), (iii), (iv) and (v) 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 made with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (3).

The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.

- (vii) **Notwithstanding the above clauses, where a Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities, money market instruments issued or guaranteed by a Member State, by its local authorities, or by another member State of the OECD or by public international bodies of which one or more Member States are members, such Sub-Fund is authorized to invest up to 100% of its net assets in such securities, provided that the Sub-Fund holds securities from at least six different issues and securities from any one issue do not account for more than 30% of its total net assets.**

- (viii) Without prejudice to the limits laid down in paragraph 3 (b), the limits provided in the above clauses [ie 3 (a) (i) to 3 (a) (vii)] are raised to a maximum of 20% for investments in shares and/or debt securities 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 debt securities 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.

The 20% limit 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.

- (ix) The Company may acquire units of the UCITS and/or other UCIs referred to in paragraph 1) (a) (v). **Unless otherwise provided in the relevant appendix to this Prospectus, a Sub-Fund may invest no more than 10% of its net assets in units of those UCITS and/or other UCIs.**

The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under clauses 3) (a) (i) to 3) (a) (vi) above.

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

If the Company shall decide to invest in respect to a particular Sub-Fund a substantial proportion of its assets in other UCITS and/or UCIs the maximum level of management fees that may be charged to both the Sub-Fund and to the UCITS and/or UCI in which it intends to invest will be disclosed in the appendices to this Prospectus under the detailed information regarding the concerned Sub-Fund.

Based on the exemption rule provided for in Article 77 of the law of 2010 from Article 2(2), first clause of the law of 2010, a sub-fund of the Company may act as a feeder UCITS or master UCITS within the scope of the law of 2010. A feeder UCITS is a UCITS or one of its sub-funds, which invests at least 85% of its assets in units of another UCITS or sub-fund of another UCITS ("master UCITS").

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

- liquid assets held in accordance with Article 41 (2), second sub-paragraph of the law of 2010;
- derivative financial instruments in accordance with Article 41 (1), point g) and Article 42(2) and (3) of the law of 2010 which may only be used for hedging purposes;
- if the feeder UCITS is an investment company, moveable and immovable assets essential for the direct exercise of its operations.

For the purpose of compliance with Article 42(3) of the law of 2010, the feeder UCITS calculates its aggregate risk in connection with derivative financial instruments by reference to a combination of its own direct risk,

- either with the actual risk of the master UCITS in respect of derivative financial instruments in proportion to the investments by the feeder UCITS in the master UCITS, or
- with the potential total maximum risk of the master UCITS with regard to derivatives in accordance with the terms of the contract or articles of association of the master UCITS in proportion to the investments by the feeder UCITS in the master UCITS.

A master UCITS is a UCITS or one of its sub-funds which

- has at least one feeder UCITS among its shareholders,
- is not itself a feeder UCITS, and
- does not hold units in a feeder UCITS.

The following derogations apply in the case of a master UCITS:

- when a master UCITS has at least two feeder UCITS as shareholders, the first indent of Article 2(2) and the second indent of Article 3 of the law of 2010 do not apply, and the master UCITS has the opportunity to acquire capital from other investors,

- if a master UCITS does not procure any capital from public subscription in another Member state than that in which it is domiciled and in which it has only one or more feeder UCITS, the provisions of Chapter XI and Article 108(1), sub-par. 2 of Directive 2009/65/EC do not apply.

The investment of a feeder UCITS domiciled in Luxembourg in a particular master UCITS which exceeds the limit applicable under Article 46 (1) law of 2010 for investments in other UCITS is subject to prior approval from the CSSF.

- (x) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of a Sub-Fund's net assets when the counterparty is a credit institution referred to in 1) (a) (vi) above or 5% of its net assets in other cases.
- (xi) The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

**(b) Rules with regard to control**

The Company may not acquire

- (i) any Shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body;
- (ii) 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 any single issuer;
  - 25% of the units of the same UCITS or other UCI within the meaning of Article 2 (2) of the law of 2010.

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

The provisions of this paragraph 3 (b) shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other eligible state, or issued by public international bodies of which one or more Member States are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph 3 (a) (i) to 3 (a) (vi); 3 (a) (ix), 3 (a) (x) and 3 (b).

**(c) The Company shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

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

- (iii) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
  - (iv) The Company may not make investments in or enter into transactions involving precious metals, commodities or certificates representing these.
  - (v) The Company may not acquire movable or immovable property.
- (4) The Company needs not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs 3 (a) (i) to 3) (a) (ix) included for a period of six months following the date of their creation.

If the limitations in the above paragraphs are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, the Board of Directors must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.

## 14 ESG RELATED DISCLOSURES

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR”), the Company is required to disclose the manner in which Sustainability Risks (as defined in the definitions section) are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on the returns of the Company.

The Company does not actively promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors, however it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

Such assessment of the likely impact must therefore be conducted at Sub-Fund level, further detail and specific information is given in the relevant appendix to the Prospectus for each Sub-Fund.

For the time being, except as may be otherwise disclosed at a later stage on its website, Waystone Management Company (Lux) S.A. does not consider adverse impacts of investment decisions on sustainability factors. The main reason is the lack of information and data available to adequately assess such principal adverse impacts.

Notwithstanding the above, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities which are determined by the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, as amended from time to time.

## 15 RISK MANAGEMENT

In accordance with Luxembourg laws and regulations, the Management Company has adopted and implemented a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund. Global exposure is calculated, at least on a daily basis, using either the commitment approach or the value-at-risk or "VaR" approach, as further explained below. Global exposure is a measure designed to limit either the incremental exposure and leverage generated by a Sub-Fund through the use of financial derivative instruments and efficient portfolio management techniques (where the Sub-Fund uses the commitment approach) or the market risk of the Sub-Fund's portfolio (where the Sub-Fund uses the VaR approach).

As part of the risk management process each Sub-Fund of the Company uses the commitment approach to monitor and measure the global exposure. This approach measures the global exposure related to positions on financial derivative instruments which may not exceed the total net asset value of the portfolio of the relevant Sub-Fund.

The Company may also employ financial derivatives instruments which are intended to provide cover against currency exchange risks in the context of the management of its assets and liabilities, as well as in order to enhance return on investments.

There can be no guarantee that the Company will achieve the objective sought from the use of the financial derivatives instruments as described here below.

### 15.1 Financial Derivatives Instruments

#### 15.1.1 Options on Transferable Securities

The Company may purchase and sell call and put options on securities provided that these contracts are traded on a regulated market.

The total of premiums paid for the acquisition of call and put options on securities may not exceed 15% of the Net Asset Value of the relevant Sub-Fund.

When selling call options on securities, the relevant Sub-Fund must hold either the underlying securities or matching call options or other instruments which provide sufficient coverage of the commitments resulting from the contracts in question (such as warrants). The underlying securities of all call options sold may not be disposed of as long as these options exist, unless they are covered in turn by matching options or by other instruments which can be used for the same purpose. The same applies also to matching call options or other instruments that the relevant Sub-Fund must hold when it does not have the underlying securities at the time of the sale of the relevant options.

Notwithstanding the foregoing rule, a Sub-Fund may sell uncovered call options on securities that it does not own if, at the time of such sale, the following conditions are met:

- the exercise price of such call options does not exceed 25% of the Net Asset Value of the relevant Sub-Fund;
- the relevant Sub-Fund must at all times be able to cover the positions taken on these sales.



When selling put options, the relevant Sub-Fund must be covered for the full duration of the option contract by liquid resources sufficient to pay for the securities deliverable to it on the exercise of the options.

The total commitment arising on the sale of call and put options (excluding the sale of call options for which the Sub-Fund has adequate coverage) may at no time exceed the total Net Asset Value of that Sub-Fund.

#### **15.1.2 Transactions relating to Futures and Options on Financial Instruments**

Except for transactions by mutual agreement which are described in item (b) below, the transactions described hereunder may only relate to contracts which are dealt in on a regulated market.

Subject to the conditions defined here below, such transactions may be undertaken for hedging or other purposes.

- (a) hedging operations relating to the risks attached to the general movement of stock markets

As a global hedge against the risk of unfavorable stock market movements, a Sub-Fund may sell futures on stock market indices. For the same purpose, a Sub-Fund may also sell call options or buy put options on stock market indices. The use of these operations assumes that a sufficient correlation exists between the composition of the index used and the corresponding Sub-Fund's portfolio.

In principle, the total commitment relating to futures and option contracts on stock market indices may not exceed the global valuation of securities held by the relevant Sub-Fund in the market corresponding to each index.

- (b) transactions relating to interest rate hedging

As a global hedge against interest rate fluctuations, a Sub-Fund may sell interest rate futures contracts.

For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of transaction.

In principle, the total commitment on financial futures contracts, option contracts and interest rate swaps may not exceed the global valuation of the assets to be hedged held by the Sub-Fund concerned in the currency corresponding to these contracts.

- (c) transactions undertaken for purposes other than hedging

Apart from option contracts on securities and contracts relating to currencies, a Sub-Fund may, for a purpose other than hedging, buy and sell futures contracts and option contracts on any type of financial instrument, provided that the total commitment resulting from these purchase and sale transactions together with the total commitment resulting from the sale of call and put options on securities at no time exceeds the total Net Asset Value of the relevant Sub-Fund.

In this context, the concept of the commitments relating to transactions other than options on transferable securities is defined as follows:

- the commitment arising from futures contracts is deemed equal to the value of the underlying net positions payable on those contracts which relate to identical financial instruments (after setting off all sale positions against purchase positions), without taking into account the respective maturity dates and
- the commitment deriving from options purchased and written is equal to the aggregate of the exercise (strike) prices of net uncovered sales positions which relate to single underlying assets without taking into account respective maturity dates.

Sales of call options on securities for which the Sub-Fund has sufficient coverage are not included in the calculation of the total commitment referred to above.

(d) General

The total of the premiums paid to acquire call and put options on securities, together with the total of the premiums paid to acquire options on financial instruments undertaken for purposes other than hedging, may not exceed 15% of the Net Asset Value of the relevant Sub-Fund.

#### 15.1.3 Derivatives Financial Instruments to Hedge Exchange Risks to which the SICAV is Exposed in the Management of its Assets and Liabilities

In order to protect its assets against the fluctuation of currencies, a Sub-Fund may enter into transactions the purpose of which is the sale of future as well as forward foreign exchange contracts, the sale of call options or the purchase of put options in respect of currencies.

These transactions may only be entered into via contracts which are dealt in on a regulated market.

For the same purpose, a Sub-Fund may also sell currencies forward or exchange currencies on a mutual agreement basis with first class financial institutions specialising in this type of transaction.

Provided that it is not decided and indicated otherwise in respect of any particular sub fund in the relevant appendix to this Prospectus, the objective of these transactions presupposes the existence of a direct relationship between these transactions and the assets which are being hedged and implies that, in principle, transactions in a given currency cannot exceed the total valuation of assets denominated in that currency nor may the duration of these transactions exceed the period for which the respective assets are held.

#### 15.2 Collateral and Reinvestment of Collateral

The Company will not receive any collateral.

As the Company has decided to not accept collateral in order to reduce its counterparty risk, the Company will comply with the limits of 10%, respectively 5% as regards the risk exposure to a counterparty, as set out in article 43 of the law of 2010.

## 16 TAXATION

The following is given on a general tax perspective and is based on the Company's understanding of, and advice received on, certain aspects of the law and practice currently in force in Luxembourg as of the date of the Prospectus. It does not purport to be a complete analysis of all possible tax situations that may be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended

to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Shares and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to Shareholders. This summary is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Prospective investors should consult their own professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and a solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

#### 16.1 The Company

##### Income tax and net worth tax

Under current law and practice, the Company is not liable to any Luxembourg income tax or net worth tax in Luxembourg.

##### Withholding tax

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

##### Subscription tax

The Sub-Funds of the Company are liable in Luxembourg to an annual subscription tax ("taxe d'abonnement") of 0.05% of their net assets, payable quarterly and calculated on the basis of the net assets of the Sub-Funds at the end of the relevant quarter.

Such tax rate is reduced to a rate of 0.01% in respect of the assets attributable to such Sub-Funds that are reserved for institutional investors within the meaning of, and as provided for in, Article 174 of the amended law of 2010. The tax is payable quarterly and calculated on the Net Asset Value of the relevant Sub-Fund at the end of the relevant quarter.

No tax d'abonnement is paid on the part of the assets of any Sub-Fund invested in other Luxembourg undertakings for collective investment that are subject to the subscription tax under the amended law of 2010 or under the amended law of 2007 on specialized investment funds.

### Other taxes

No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Company except for fixed registration duty of EUR 75.00.- which was paid upon incorporation or upon any amendments to its articles of incorporation.

The Company may be subject to withholding tax on dividends and interest and to tax on capital gains in the country of origin of its investments. As the Company itself is exempt from income tax, withholding tax levied at source, if any, is not refundable in Luxembourg.

### Value added tax

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

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

## 16.2 Tax implication of the investment into a master fund

To the extent a withholding tax would be levied in the country of origin of a master fund on distributions made by such master fund to a feeder Sub-Fund or capital gains realized by such feeder Sub-Fund with regard to its investment in a master fund, such foreign withholding tax would however not be credited against any corporate income tax ("CIT") liability in Luxembourg, given the Company is not subject to such CIT. There are no other specific Luxembourg tax implications for a Luxembourg feeder Sub-Fund in relation to its investment into a master fund.

## 16.3 CRS

Capitalised terms used in this section should have the meaning as set forth in the CRS Law unless provided otherwise herein.

The Company may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "Standard") and its Common Reporting Standard (CRS) as set out in the CRS Law implementing Directive 2014/107/EU which provides for an automatic exchange of financial account information between member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.

Under the terms of the CRS Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Company documentation, the Company will be required to annually report to the Luxembourg tax authority (*administration des contributions directes*) personal and financial information related, inter alia, to the identification of, holdings by and

payments made to (i) certain Shareholders qualifying as Reportable Persons as per the CRS Law and (ii) Controlling Persons of certain non-financial entities ("NFEs") which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the "Information"), will include personal data related to the Reportable Persons.

The Company's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Company with the Information, along with the required supporting documentary evidence. In this context, the Shareholders are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS Law. The Shareholders qualifying as passive NFEs undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

Additionally, the Company is responsible for the processing of personal data and each Shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection laws.

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

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

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

#### 16.4 FATCA

Capitalised terms used in this section should have the meaning as set forth in the FATCA Law, unless provided otherwise

The Company may be subject to the so-called FATCA legislation which generally requires reporting to the U.S. Internal Revenue Service of non-U.S. financial institutions that do not comply with FATCA and direct or indirect ownership by U.S. persons of non-U.S. entities. As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements with certain foreign jurisdictions which are intended to streamline reporting and compliance requirements for entities established in such foreign jurisdictions and subject to FATCA.

Luxembourg has entered into a Model I Intergovernmental Agreement (“IGA”) implemented by the FATCA Law which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by Specified U.S. Persons if any, to the Luxembourg tax authorities (*administration des contributions directes*).

Under the terms of the FATCA Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution.

This status imposes on the Company the obligation to regularly obtain and verify information on all of its Shareholders. On the request of the Company, each Shareholder shall agree to provide certain information, including, in the case of a Non-Financial Foreign Entity (“NFFE”) information on the Controlling Persons of such NFFE, along with the required supporting documentation. Similarly, each investor shall agree to actively provide to the Company within thirty (30) days any information that would affect its status, as for instance a new mailing address or a new residency address.

FATCA may require the Company to disclose the names, addresses and taxpayer identification numbers (if available) of Shareholders as well as information such as account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities for the purposes set out in the FATCA Law. Such information will be relayed by the Luxembourg tax authorities to the US Internal Revenue Service.

Additionally, the Company is responsible for the processing of personal data and each Shareholder has the right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection laws.

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

Any Shareholder that fails to comply with the Company’s documentation requests may be charged with any taxes and/or penalties imposed on the Company as a result of such Shareholder’s failure to provide the information and the Company may, in its sole discretion, redeem the Shares of such Shareholder.

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

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

## **17 MEETINGS AND REPORTS**

The annual general meeting of Shareholders of the Company is held at the registered office of the Company or at such other place in Luxembourg as indicated in the convening notice

on the fourth Tuesday of the month of May of each year at 9.00 a.m., or if any such day is not a bank Business Day in Luxembourg, on the next following bank Business Day in Luxembourg.

Notices of all general meetings will be published in the *Recueil électronique des sociétés et associations* (RESA), of Luxembourg and in at least one Luxembourg newspaper (to the extent required by Luxembourg law), and in such other newspapers as the Board of Directors may decide on, and will be sent by mail to the holders of registered Shares at least 8 days prior to the meeting at their addresses in the register of Shareholders. When registered Shares only have been issued, the notices to Shareholders may be made by registered mail only. Such notices will include the agenda and specify the time and place of the meeting and the conditions of admission, and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities required for the meeting. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in Articles 67 and 67-1 of the law of 10<sup>th</sup> August, 1915 (as amended) of the Grand Duchy of Luxembourg and in the Articles of Incorporation of the Company.

Each Share is entitled to one vote.

Resolutions of meetings of Shareholders will apply to the Company as a whole and to all Shareholders of the Company, provided that any amendment affecting the rights attached to the Shares of any Sub-Fund(s) and the rights of the holders of such Shares may further be submitted to a prior vote of the Shareholders of the relevant Sub-Fund(s) as far as the Shareholders of the Fund(s) in question are present or represented.

Except as otherwise required by law or as otherwise provided in the Articles of Incorporation of the Company, resolutions at a meeting of Shareholders duly convened will be passed by a simple majority of those present or represented and voting.

The Board of Directors may determine all other conditions that must be fulfilled by the Shareholders in order for them to take part in any Shareholder's meeting.

The Financial Year-end of the Company shall be the last day of December of each year.

The audited annual reports will be published within four months after the end of the Financial Year and the unaudited semi-annual reports will be published within two months after the end of the relevant period. Such reports will be made available at the registered office of the Company during normal business hours.

## **18 LIQUIDATION AND MERGER**

### **18.1 Liquidation - Dissolution of the Company**

If the capital of the Company falls below two-thirds of the minimum capital required by the law of 2010, the Directors must submit the question of the dissolution of the Company to a general meeting of Shareholders for which no quorum shall be prescribed and which shall decide on the matter by a simple majority of the Shares present or represented at the meeting.

If the capital of the Company falls below one-fourth of minimum capital required, the Directors must submit the question of the dissolution of the Company to a general meeting of Shareholders for which no quorum shall be prescribed; dissolution may be resolved by Shareholders holding one-fourth of the Shares present or represented at the meeting.

The meeting must be convened so that it is held within a period of forty days from the ascertainment that the total Net Asset Value of the Company has fallen below two-thirds or one-fourth of the minimum capital, as the case may be.

In the event of voluntary liquidation, the operations shall be conducted by one or several liquidators, who shall be appointed by extraordinary general meeting of Shareholders which shall also determine their powers and compensation.

The net product of the liquidation (or also "liquidation proceeds") relating to each Sub-Fund shall be distributed to the Shareholders in the relevant Sub-Fund in the proportion of the number of Shares which they hold in such Sub-Fund.

Should the Company be voluntarily or compulsorily liquidated, its liquidation shall then be carried out in accordance with the provisions of the law which specifies the steps and measures to be taken to enable Shareholders to participate in the liquidation distribution(s) and in this connection provides for deposit in escrow at the Caisse de Consignations of any such amounts which have not been claimed by any Shareholder as at the close of the liquidation.

Amounts not claimed from escrow within the prescription period are liable to be forfeited in accordance with the provisions of Luxembourg law.

## 18.2 Liquidation of Sub-Funds

The Board of Directors may decide to liquidate one or several Sub-Fund(s) or Class(es) by cancellation of the relevant Shares and refunding to the Shareholders of such Sub-Fund(s) the full Net Asset Value of their Shares.

Such decisions may be taken

- (a) if the net assets of a given Sub-Fund have not reached, or fallen below EUR 5 million or the equivalent in the reference currency of such Sub-Fund, or
- (b) in such cases where substantial unfavorable changes of the social, political or economical situation in countries where investments for the relevant Sub-Fund(s) are made, or Shares of the relevant Sub-Fund(s) are distributed.

Notices of such decisions will be published according to section 18 "Publications" and sent to the holders of registered Shares by mail to their address in the register of Shareholders.

In case of the liquidation of a Sub-Fund or Class by decision of the Directors, the Shareholders of the Sub-Fund(s) or Class(es) to be liquidated may continue to ask for the redemption of their Shares until the effective date of the liquidation. For redemptions made under these circumstances, the Company will apply a Net Asset Value taking into consideration the liquidation fees and will not charge any other fees. The liquidation proceeds not claimed by the Shareholders entitled thereto as at the close of the operations of liquidation will be deposited with the Caisse des Consignations in Luxembourg.

Liquidation or Reorganization of a master fund

In accordance with the provisions of the law of 2010 governing feeder UCITS, a feeder fund shall be dissolved and liquidated if the relevant master fund is liquidated, divided into two or more UCITS or merged with another UCITS, except to the extent



permitted, and in compliance with the conditions set out under the law of 2010 and the CSSF Regulation 10-05.

### 18.3 Merger

#### 18.3.1 Mergers decided by the Directors

The Directors may decide to proceed with a merger (within the meaning of the law of 2010) of the Company or of one of the Sub-Funds, either as receiving or absorbed UCITS or Sub-Fund, subject to the conditions and procedures imposed by the law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders, as follows:

##### a) Merger of the Company

The Directors may decide to proceed with a merger of the Company, either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the “**New UCITS**”), or
- a sub-fund thereof,

and, as appropriate, to redesignate the Shares of the Company as Shares of this New UCITS, or of the relevant sub-fund thereof as applicable.

In case the Company is the receiving UCITS (within the meaning of the law of 2010), solely the Directors will decide on the merger and effective date thereof.

In case the Company is the absorbed UCITS (within the meaning of the law of 2010), and hence ceases to exist, the general meeting of the Shareholders has to approve, and decide on the effective date of such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes cast at such meeting.

##### b) Merger of Sub-Funds

The Directors may decide to proceed with a merger of any Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- another existing Sub-Fund within the Company or another sub-fund within a New UCITS (the “**New Sub-Fund**”), or
- a New UCITS,

and, as appropriate, to redesignate the Shares of the Sub-Fund concerned as Shares of the New UCITS, or of the New Sub-Fund as applicable.

#### 18.3.2 Merger decided by the Shareholders

Notwithstanding the provisions under section 17.3.1 “Mergers decided by the Directors”, the general meeting of Shareholders may decide to proceed with a merger (within the meaning of the law of 2010) of the Company or of one of the Sub-Funds, either as receiving or absorbed UCITS or Sub-Fund, subject to the conditions and procedures imposed by the law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders, as follows:

##### a) Merger of the Company

The general meeting of the Shareholders may decide to proceed with a merger of the Company, either as receiving or absorbed UCITS, with:

- a New UCITS, or
- a new sub-fund thereof.

The merger decision shall be adopted by the general meeting of Shareholders with no quorum requirement at a simple majority of the votes validly cast.

**b) Merger of the Sub-Funds**

The general meeting of the Shareholders of a Sub-Fund may also decide to proceed with a merger of the relevant Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- any New UCITS, or
- a New Sub-Fund,

by a resolution adopted with no quorum requirement at a simple majority of the votes validly cast.

In all the merger cases under 17.3 above, the Shareholders will in any case be entitled to request, without any charge other than those retained by the Company or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the law of 2010.

## **19 PUBLICATIONS**

The Net Asset Values and the Issue, Conversion and Redemption Prices of the Shares in any Sub-Fund will be made public and available at the registered office of the Company. The Company will further arrange for regular publication of the Net Asset Values in such newspapers as the Board of Directors may decide on.

## **20 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles of Incorporation of the Company and of the material contracts referred to above are available for inspection during usual business hours at the registered office of the Company in Luxembourg.

A copy of the Articles of Incorporation of the Company, of this Prospectus, of the applicable KIID and of its most recent financial reports and statements may be obtained free of charge upon request at the registered office of the Company.

Any Shareholder having a complaint to make about the operations of the Company may file a complaint by writing to the Management Company. Details on the complaints handling procedure may be obtained from the Management Company upon request.

The Management Company has and each Investment Manager have adopted a “best execution” policy with the objective of obtaining the best possible result for the Company when executing decisions to deal on behalf of the Company or placing orders to deal on behalf of the Company with other entities for execution. Further information on the best execution policy of the Management Company may be obtained from the Management Company upon request.

Procedures relating to the Management Company which Luxembourg regulation requires to be made available to investors for consultation are published on the following website: [www.mdo-manco.com](http://www.mdo-manco.com).

The KIIDs, Articles of Incorporation, the Prospectus and the most recent annual and semi-annual financial statements of the SICAV are available to investors for consultation on the following website: [www.mdo-manco.com](http://www.mdo-manco.com).

The prospectuses of the Master Fund I and the Master Fund II are available on the website [www.edm.es](http://www.edm.es).

A paper copy of the prospectus and the annual and semi-annual reports of the Master Fund I and Master Fund II may be obtained free of charge upon request at the registered office of the Company.

Further information on the Master Fund I and Master Fund II and the respective information sharing agreements between the Company and the respective Master Fund according to article 79 (1) of the law of 2010 may be obtained at the registered office of the Company.

#### **OFFICIAL LANGUAGE**

The official language of the present Prospectus and of the Articles of Incorporation is the English language; the Board of Directors of the Company however may consider that translation into the languages of the countries where the Shares of the Company are offered and sold shall be mandatory. In the case of any discrepancy between the English original and a foreign language version into which the Prospectus is translated, the English version shall prevail.

## **Appendices to the Prospectus**

### **EDM INTERNATIONAL - STRATEGY FUND**

#### **1 Investment Policy**

The Sub-Fund seeks capital growth by investing its portfolio mainly but not exclusively in a diversified portfolio of equity securities publicly traded on European regulated markets.

The Sub-Fund may hold ancillary liquid assets or cash equivalent transferable debt securities and money market instruments with a residual maturity of less than 12 months.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The Sub-Fund will at all times comply with the investment restrictions as detailed in section 13 of the Prospectus.

For hedging purposes the Sub-Fund may use financial derivatives instruments as set out in section 14 “Risk Management” of the Prospectus.

The investments within the Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The potential effect of the use of financial derivative instruments on the risk profile is to diminish the risk of currency fluctuation.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

#### **2 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek long-term appreciation, but that are prepared to suffer eventual temporary losses.

#### **3 Investment Manager**

As from 11 January 2016 the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C..

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

## 4 Share Classes

The Sub-Fund offers eight different classes of Shares:

- Class I EUR Shares, denominated in Euro which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class L EUR Shares, denominated in Euro is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
  - (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,
- Class R EUR Shares, denominated in Euro which are not restricted as to the type of investors,
- Class Z EUR Shares, denominated in Euro which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group,
- Class I USD Shares, denominated in US Dollar which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class L USD Shares, denominated in US Dollar is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
  - (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,
- Class R USD Shares, denominated in US Dollar which are not restricted as to the type of investors,
- Class Z USD Shares, denominated in US Dollar which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group.

## 5 Reference Currency

The reference currency of the Sub-Fund is Euro (EUR).

The Net Asset Value per Class I EUR, Class L EUR, Class R EUR and Class Z EUR Share of this Sub-Fund will be calculated in Euro (EUR).

The Net Asset Value per Class I USD, Class L USD, Class R USD and Class Z USD Share of this Sub-Fund will be calculated in US Dollar (USD).

The currency risk of Class I USD, Class L USD, Class R USD and Class Z USD Shares will be hedged.

## **6 Offering of Shares**

- 6.1** The initial subscription price for Class Z EUR Shares will be EUR 100.- plus a subscription fee ("Initial Subscription Price Z EUR") at a rate as set out in section 9.1 hereafter.

The initial subscription price for Class Z USD Shares will be USD 100.- plus a subscription fee ("Initial Subscription Price Z USD") at a rate as set out in section 9.1 hereafter.

- 6.2** The minimum holding amount for Class I EUR Shares is EUR 1,000,000.-. The minimum holding amount for Class I USD Shares is USD 1,000,000.-. The minimum holding amount for Class Z EUR Shares is EUR 10,000,000.-. The minimum holding amount for Class Z USD Shares is USD 10,000,000.-.

- 6.3** After the initial subscription period Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee ("Subscription Price"), if applicable at a rate set out in section 9.1 of this appendix.

## **7 Form of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **8 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **9 Fees**

- 9.1** Subscription fee

For Class R EUR, Class R USD, Class L EUR, Class L USD, Class Z EUR and Class Z USD Shares a subscription fee of maximum 2.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

- 9.2** Redemption fee

No redemption fee will be charged.

- 9.3** Conversion fee

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the Initial EDM Sub-Fund.

- 9.4** Investment Management Fee

As remuneration for their services, the Investment Manager shall receive from the Company a total fee of 2.50% p.a. for Class R EUR as well as for Class R USD Shares respectively 1.10% p.a. for Class I EUR as well as for Class I USD Shares and 1.10% p.a. for Class L EUR, Class L USD as well as for Class Z EUR and Class Z USD Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **10 Valuation Day, Cut-off Time and Settlement Periods**

- 10.1** Valuation Day

The Net Asset Value per Share is calculated on each day, which is a bank Business Day in Luxembourg ("Valuation Day").

#### **10.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time ("Cut-off Time"), shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the same Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the next Valuation Day.

#### **10.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within three Business Days following the applicable Valuation Day

## **EDM INTERNATIONAL – CREDIT PORTFOLIO**

### **1 Investment Policy**

The objective of this Sub-Fund is to achieve capital growth through investment in a portfolio of government and corporate bonds. The Sub-Fund could invest in all types of fixed income securities, including convertible bonds, preferred shares and other instruments. Ordinary shares could be held when they come from the conversion of convertible bonds.

The Investment Manager of the Sub-Fund may at its sole discretion and based on its own credit analysis and appraisal of the market and economic situation take the decision to make predominantly investments in non-investment grade securities with a large diversification.

The Sub-Fund may hold ancillary liquid assets or cash equivalent transferable debt securities and money market instruments with a residual maturity of less than 12 months.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The Sub-Fund will at all times comply with the investment restrictions as detailed in section 13 of the Prospectus.

For hedging purposes the Sub-Fund may use financial derivatives instruments as set out in section 14 “Risk Management” of the Prospectus.

The Sub-Fund may acquire units of UCITS and UCIs with the limits set out in section 13 of the Prospectus.

The Sub-Fund may invest in collective schemes managed by companies of the EDM Group.

The investments within the Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The potential effect of the use of financial derivative instruments on the risk profile is to diminish the risk of currency fluctuation.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

### **2 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek capital appreciation, with little probability of suffering losses in a period of over one year.

### **3 Investment Manager**

As from 11 January 2016 the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C..



EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

As from 10 November 2019, EDM Gestion, S.A.U., S.G.I.I.C. has, with the consent of the Company, concluded an agreement with Muzinich & Co. Inc. as Sub-Investment Manager of the Sub-Fund.

Muzinich & Co. Inc., a company registered and authorized by the SEC (SEC registration n° 8/40102), having its registered office at 450 Park Avenue, New York, NY 10022 USA as sub-investment manager of the Sub-Fund. Muzinich & Co. Inc is a specialist in corporate credit its purpose is to deliver a risk adjusted return in a variety of market conditions, relying on their own credit analysis rather than public ratings and to invest in existing funds of negotiable securities and other assets in conformity with the law, while diversifying risks to permit its shareholders to benefit from the results of its asset management.

#### **4 Share Classes**

The Sub-Fund offers four different classes of Shares:

Class R EUR Shares, denominated in Euro (EUR) which are not restricted as to the type of investors;

Class R USD Shares, denominated in US-Dollar (USD) which are not restricted as to the type of investors;

Class L EUR Shares, denominated in Euro is directed to

- (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
- (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements.

Class L USD Shares, denominated in US Dollar is directed to

- (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
- (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements.

#### **5 Reference Currency**

The Reference Currency of the Sub-Fund is Euro (EUR).

The Net Asset Value per Class R EUR and Class L EUR Share of this Sub-Fund will be calculated in Euro (EUR) and the Net Asset Value per Class R USD and Class L USD Share of this Sub-Fund will be calculated in US-Dollar (USD). The currency strategy is applied in such a way that irrespective of share class currency, each share class will obtain local currency return of the underlying assets.

## **6 Offering of Shares**

**6.1** The initial subscription price for Class L EUR Shares will be EUR 100.- (“Initial Subscription Price L EUR”).

The initial subscription price for Class L USD Shares will be USD 100.- (“Initial Subscription Price L USD”).

**6.2** Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee (“Subscription Price”) at a rate set out in section 9.1 hereafter.

## **7 Form and Classes of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **8 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **9 Fees**

### **9.1 Subscription fee**

For Class R EUR, Class R USD, Class L EUR and Class L USD Shares a subscription fee of maximum 1.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

### **9.2 Redemption fee**

No redemption fee will be charged.

### **9.3 Conversion fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the Initial EDM Sub-Fund.

### **9.4 Investment Management and Sub-Investment Management Fee**

As remuneration for their services, the Investment Manager and Sub-Investment Manager shall receive from the Company a total fee of 1.50% p.a. for Class R EUR and Class R USD Shares and of 0.95% p.a. for Class L EUR and for Class L USD Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **10 Valuation Day, Cut-off Time and Settlement Periods**

### **10.1 Valuation Day**

The Net Asset Value per Share is calculated on each day which is a bank Business Day in Luxembourg (“Valuation Day”).

### **10.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund and/or applications for conversion of Shares within the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time (“Cut-off Time”) shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the same Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on

the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the next Valuation Day.

### **10.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within three Business Days following the applicable Valuation Day

## EDM INTERNATIONAL – EMERGING MARKETS

### 1 Investment Policy

The Sub-Fund seeks to achieve capital appreciation by investing principally in equity securities including common stocks (which will represent at least 66% of net assets), convertible bonds and warrants on transferable securities listed on regulated markets in developing countries including countries from the Pacific Basin, Latin America, Emerging Europe, Africa.

At all times, at least 90% of the Sub-Fund's net assets will be invested directly or indirectly through investment funds as indicated above, in securities issued by companies whose registered or headquarter offices are located in one of the countries indicated above or whose main activities (in terms of revenue or profit or assets) are based in one of the countries indicated above.

The Sub-Fund may invest in accordance with the limitations set up in Article 41 (2) a) of the law of 2010 in clone notes. Such investments grant access to underlying securities on domestic markets that are not usually open to foreign investors.

The portfolio will have to be managed with the following principles: predominantly mid & large caps, growth style, pure stock picking, investment in firms that could benefit from the development of this part of the world. The Investment Manager will have to focus on very high quality firms in comparison with the market, presenting solid financial statements and benefiting from a stronger potential growth than the market.

Using a pure stock picking process across a universe represented by emerging markets, the portfolio has to be concentrated (less than 70 stocks).

In these conditions, the management of the portfolio will correspond to a growth at reasonable price style approach. It is intended that the portfolio turnover will be moderate.

The Sub-Fund may hold ancillary liquid assets or cash equivalent transferable debt securities and money market instruments with a residual maturity of less than 12 months.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The Sub-Fund will at all times comply with the investment restrictions as detailed in section 13 of the Prospectus.

For hedging purposes the Sub-Fund may use financial derivatives instruments as set out in section 14 "Risk Management" of the Prospectus.

The investments within the Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The potential effect of the use of financial derivative instruments on the risk profile is to diminish the risk of currency fluctuation.

The Sub-Fund is allowed to purchase to a minor degree, not exceeding 10% of its net assets, certain listed eligible China A shares via Stock Connect.

Risks related to dealing in securities via Stock Connect are described in section 4.2 "Investment Risks" of the Prospectus.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks.

Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

## **2 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek long term appreciation, but that are prepared to suffer eventual temporary losses and high volatility.

## **3 Investment Manager**

As from 11 January 2016 the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C. as Investment Manager of the Sub-Fund.

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

EDM Gestion, S.A.U., S.G.I.I.C. has, with the consent of the Company, concluded an agreement with Comgest S.A. as Sub-Investment Manager of the Sub-Fund.

Comgest S.A. was incorporated in Paris in 1985. Its main activity is the management of financial portfolios of securities.

## **4 Share Classes**

The Sub-Fund offers two different classes of Shares:

- Class R EUR Shares, denominated in Euro which are not restricted as to the type of investors

Class L EUR Shares, denominated in Euro which is directed to

- (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
- (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,

## **5 Reference Currency**

The Net Asset Value per Share of this Sub-Fund will be calculated in Euro (EUR).

## **6 Offering of Shares**

The initial subscription price for Class L EUR Shares will be EUR 100.- ("Initial Subscription Price L EUR").

Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee ("Subscription Price") at a rate as set out in Section 9.1 of this appendix.

## **7 Form of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **8 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **9 Fees**

### **9.1 Subscription fee**

For Class R EUR and Class L EUR Shares a subscription fee of maximum 3.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

### **9.2 Redemption fee**

No redemption fee will be charged.

### **9.3 Conversion fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the Initial EDM Sub-Fund.

### **9.4 Investment Management and Sub-Investment Management Fee**

As remuneration for their services, the Investment Manager and Sub-Investment Manager shall receive from the Company for Class R EUR Shares a total fee of 2.50% p.a. and of 1.65% p.a. for Class L EUR Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **10 Valuation Day, Cut-off Time and Settlement Periods**

### **10.1 Valuation Day**

The Net Asset Value per Share is calculated on each day, which is a bank Business Day in Luxembourg ("Valuation Day").

### **10.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time ("Cut-off Time") shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the Valuation Day following the next Valuation Day.

### **10.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day

- Payment of Redemption Price: within three Business Days following the applicable Valuation Day

## **EDM INTERNATIONAL – AMERICAN GROWTH**

### **1 Investment Policy**

The Sub-Fund seeks capital growth by investing its portfolio mainly but not exclusively in a diversified portfolio of equity securities publicly traded on US regulated markets.

The Sub-Fund may hold ancillary liquid assets or cash equivalent transferable debt securities and money market instruments with a residual maturity of less than 12 months.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The Sub-Fund will at all times comply with the investment restrictions as detailed in section 13 of the Prospectus.

For hedging purposes the Sub-Fund may use financial derivatives instruments as set out in section 14 “Risk Management” of the Prospectus.

The Sub-Fund may acquire units of UCITS and UCIs with the limits set out in the section 13 of the Prospectus.

The Sub-Fund may invest in collective schemes managed by companies of the EDM Group.

The investments within the Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The potential effect of the use of financial derivative instruments on the risk profile is to diminish the risk of currency fluctuation.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

### **2 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek long-term appreciation in USD, but that are prepared to suffer eventual temporary losses.

### **3 Investment Manager**

As from 11 January 2016 the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C. as Investment Manager of the Sub-Fund.

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion,



S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

EDM Gestion, S.A.U., S.G.I.I.C. has, with the consent of the Company, concluded an agreement with Edgewood Management Llc. as Sub-Investment Manager of the Sub-Fund.

Edgewood Management Llc having its registered office at 350 Park Avenue, New York, NY 10022 USA. Its main activity is to preserve and increase the wealth entrusted to them by investing in a selected group of businesses for predictable, long-term growth.

Consistent with the best execution policy, the Sub-Investment Manager may pay a broker-dealer that provides brokerage and research services an amount of commission for effecting a securities transaction for the Sub-Fund in excess of the commission that another broker-dealer would have charged for effecting that transaction if the amount is believed by the Sub-Investment Manager to be reasonable in relation to the value of the overall quality of the brokerage and research services provided. Other clients of the Sub-Investment Manager may indirectly benefit from the provision of these services to the Sub-Investment Manager, and the Sub-Fund may indirectly benefit from services provided to the Sub-Investment Manager as a result of transactions for other clients. Soft commission arrangements are subject to the following conditions: (i) the Sub-Investment Manager will act at all times in the best interest of the Sub-Fund when entering into soft commission arrangements; (ii) the services provided will be in direct relationship to the activities of the Sub-Investment Manager for the Sub-Fund; (iii) brokerage commissions on portfolio transactions for the Sub-Fund will be directed by the Sub-Investment Manager to broker-dealers that are entities and not to individuals; and (iv) the Sub-Investment Manager will provide periodic reports to the Company with respect to soft commission arrangements, including the nature of the services and the relevant agreements with broker-dealers.

#### **4 Share Classes**

The Sub-Fund offers five different classes of Shares:

- Class R USD Shares, denominated in US Dollar which are not restricted as to the type of investors, and
- Class R EUR Shares, denominated in Euro which are not restricted as to the type of investors.
- Class I EUR Shares, denominated in Euro which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class L EUR Shares, denominated in Euro which is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
  - (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,
- Class L USD Shares, denominated in USD is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or

- (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,

## **5 Reference Currency**

The reference currency of the Sub-Fund is US Dollar (USD).

The Net Asset Value per Class L USD and Class R USD Shares of this Sub-Fund will be calculated in US Dollar (USD).

The Net Asset Value per Class I EUR, Class L EUR and Class R EUR Shares of this Sub-Fund will be calculated in Euro (EUR).

The currency risk of Class I EUR, Class L EUR and Class R EUR Shares will be hedged. This exposure may vary, as is linked to the “Portfolio Hedging at Sub-Fund Level” of the underlying securities. At all times, the exposure to USD will be hedged between 95% and 105% of the net asset value of the relevant share class.

## **6 Offering of Shares**

The initial subscription price for Class L USD Shares will be USD 100.- (“Initial Subscription Price L USD”).

The initial subscription price for Class I EUR Shares will be EUR 100.- (“Initial Subscription Price I EUR”).

The initial subscription price for Class L EUR Shares will be EUR 100.- (“Initial Subscription Price L EUR”).

After the initial subscription period, Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee (“Subscription Price”) at a rate as set out in section 9.1 hereafter. Unless special acceptance of the Board of Directors Class I EUR Shares will only be issued to new investors of the Sub-Fund (i.e. investors holding at the time of an application for subscription no Shares of the respective Share Class they are subscribing for) if such subscriptions of such new investors amount at least to the equivalent of EUR 1,000,000.- in case of Class I EUR Shares. Investors not considered as new investors may only subscribe additional Class I EUR Shares if the following conditions are met:

For additional subscriptions in Class I EUR Shares the respective investor must hold including such additional subscription Class I EUR Shares valued at least EUR 1,000,000.-;

The Board of Directors may resolve to derogate from such rule if the principle of equal treatment of Shareholders will be respected.

## **7 Form of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **8 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **9 Fees**

### **9.1 Subscription fee**

For Class R USD, Class R EUR, Class L USD and Class L EUR Shares, a subscription fee of maximum 2.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

No subscription fee will be charged for Class I EUR Shares.

### **9.2 Redemption fee**

No redemption fee will be charged.

### **9.3 Conversion Fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the Initial EDM Sub-Fund.

### **9.4 Investment Management and Sub-Investment Management Fee**

As remuneration for its services, the Investment Manager shall receive from the Company a total fee of 2.50% p.a. for Class R USD and Class R EUR Shares and of 1.65% for Class I EUR, Class L EUR and Class L USD Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **10 Valuation Day, Cut-off Time and Settlement Periods**

### **10.1 Valuation Day**

The Net Asset Value per Share is calculated on each day, which is a bank Business Day in Luxembourg and in the United States of America ("Valuation Day").

A business day in Luxembourg and in the United States of America on which a relevant market or stock exchange is closed and on which at least 10% of the investments of the Sub-Fund are quoted, is not considered as a Valuation Day. In that respect the Company will however ensure that the Net Asset Value per Share is calculated at least once a week.

### **10.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time ("Cut-off Time") shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the same Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the next Valuation Day.

### **10.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within three Business Days following the applicable Valuation Day

## **EDM INTERNATIONAL – EDM HIGH YIELD SHORT DURATION**

### **1 Investment Policy**

The Sub-Fund seeks to achieve capital growth through investment in a portfolio of investment grade securities and non-investment grade with a minimum BB/B rated companies bonds.

The Sub-Fund will invest in

(i) bonds of BB/B rated companies with relatively short durations, specifically investing in select short maturity and callable high yield issues and floating rate instruments as well as in

(ii) investment grade securities such as corporate bonds rated BBB-/Baa3 or better, by Moody's (or as deemed equivalent by the investment manager of the Sub-Fund) US treasury bonds and US and European agency bonds which are listed or traded on a recognised exchange with a regulatory and supervisory regime which is up to the standards of established stock exchanges in OECD member states.

The Investment Manager of the Sub-Fund may at its sole discretion and based on its own credit analysis and appraisal of the market and economic situation take the decision to make predominantly investments in non-investment grade bonds.

The Sub-Fund's investments will be well diversified across a broad variety of issuers and industries.

The maximum average duration to worst will be two years, but may increase to two years and three months as a result of market price movement.

Investments in a single corporate issuer will not exceed 3% of the Net Asset Value of the Sub-Fund. The Sub-Fund will invest in both fixed and floating rate instruments. The Sub-Fund may also invest up to 10% of its Net Asset Value in UCITS and/or Non-UCITS collective investment schemes which may invest in bank loans and/or short duration securities.

The Sub-Fund may hold on an ancillary basis liquid assets or cash equivalent transferable debt securities and money market instruments with a residual maturity of less than 12 months. The Sub-Fund will at all times comply with the investment restrictions as detailed in section 13 of the Prospectus.

For hedging purposes the sub-fund may use financial derivatives instruments as set out in section 14 "Risk Management" of the Prospectus.

The Sub-fund may invest in collective schemes managed by companies of the EDM Group.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The investments within the Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The potential effect of the use of financial derivative instruments on the risk profile is to diminish the risk of currency fluctuation.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

## **2 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek long-term appreciation.

## **3 Investment Manager**

As from 11 January 2016 the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C. as investment manager of the Sub-Fund.

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

EDM Gestion, S.A.U., S.G.I.I.C., has appointed, with the consent of the Company, Muzinich & Co. Inc, as Sub-Investment Manager of the Sub-Fund.

Muzinich & Co. Inc., a company registered and authorized by the SEC (SEC registration n° 8/40102), having its registered office at 450 Park Avenue, New York, NY 10022 USA as sub-investment manager of the Sub-Fund. Muzinich & Co. Inc is a specialist in corporate credit its purpose is to deliver a risk adjusted return in a variety of market conditions, relying on their own credit analysis rather than public ratings and to invest in existing funds of negotiable securities and other assets in conformity with the law, while diversifying risks to permit its shareholders to benefit from the results of its asset management.

## **4 Share Classes**

The Sub-Fund offers two different classes of Shares:

- Class R EUR Shares, denominated in Euro which are not restricted as to the type of investors
- Class L EUR Shares, denominated in Euro which is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
  - (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,

## **5 Reference Currency**

The Net Asset Value per Share of this Sub-Fund will be calculated in Euro (EUR).

## **6 Offering of Shares**

The initial subscription price for Class L EUR Shares will be EUR 100.- ("Initial Subscription Price L EUR").

After the Initial Offering, Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund, plus a subscription fee ("Subscription Price") at a rate as set out in section 9.1 of this appendix.

## **7 Form and Classes of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **8 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **9 Fees**

### **9.1 Subscription fee**

For Class R EUR and Class L EUR Shares a subscription fee of maximum 1.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

### **9.2 Redemption fee**

No redemption fee will be charged.

### **9.3 Conversion fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the Initial EDM Sub-Fund.

### **9.4 Investment Management and Sub-Investment Management Fee**

The Investment Manager and Sub-Investment Managers shall receive a total fee of 1.50% p.a. for Class R EUR Shares and of 0.95% p.a. for Class L EUR Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **10 Valuation Day, Cut-off Time and Settlement Periods**

### **10.1 Valuation Day**

The Net Asset Value per Share is calculated on each day, which is a bank Business Day in Luxembourg ("Valuation Day").

### **10.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time ("Cut-off Time") shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the same Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the next Valuation Day.

### **10.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within three Business Days following the applicable Valuation Day

## EDM INTERNATIONAL- SPANISH EQUITY

### 1 Investment Policy

This Sub-Fund is a feeder sub-fund pursuant to article 77 (1) of the law of 2010 ("Feeder UCITS") and will as such at all times invest at least 85% of its assets in units of the Master Fund I (EDM INVERSION, FI) which qualifies as a "master UCITS" within the meaning of Directive 2009/65/EC.

The Sub-Fund may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The objective of this Sub-Fund is to achieve capital appreciation through investment in the Master Fund I.

The Sub-Fund intends to realise its investment objective by investing substantially all of its assets into the units of the Master Fund I. The Master Fund I will invest in Euro equities. The investment objective and policy of the Master Fund I, its organisation and risk profile are summarised in the section "Master Fund I" below.

The residual assets of the Sub-Fund will consist in ancillary liquid assets, as described above, as may be required from time to time for dealing liquidity purposes and payment of costs and expenses of the Sub-Fund. The Sub-Fund intends to minimize the level of ancillary liquid assets held for these purposes. The Sub-Fund will not enter into financial derivative instruments other than FX forwards.

If and to the extent that voting rights attached to units of the Master Fund I will be exercised on behalf of the Sub-Fund, a summary description of the strategies followed in the exercise of such rights, as well as the actions taken on the basis of those strategies, will be made available to Shareholders upon their specific request addressed to the Company.

It is expected that the performance of the Sub-Fund will be broadly in line with that of the Master Fund I subject to its level of investment in the Master Fund I and safe for additional fund expenses at the level of the Sub-Fund which will affect its performance.

Investors should note that investment in the Sub-Fund is not suitable for UCITS since the Sub-Fund invests at least 85% of its assets in the Master Fund I.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.



## **2 Master Fund I**

The Master Fund I is a collective investment institution structured as separate capital with no legal personality, established and existing under the laws of Spain, registered with the Spanish supervisory authority *Comisión Nacional del Mercado de Valores (CNMV)* under registration number 46. It was established on 21 January 1987 and is regulated and authorised by the CNMV as a UCITS fund.

The Master Fund I has been authorised by the CNMV as a “master UCITS” within the meaning of the relevant provisions of Directive 2009/65/EC. As a consequence, the Master Fund I must, at all times, (i) have at least one feeder UCITS among its unitholders, (ii) not itself become a feeder UCITS, and (iii) not hold shares or units of a feeder UCITS.

### **2.1 Investment objective and policy of the Master Fund I:**

Management uses the Ibex 35 as a benchmark index.

A minimum of 75% of the Master Fund's I total exposure and 90% of the equity will be equity listed in Spanish markets and assets from Spanish companies listed in other markets, of mainly high capitalisation, without discarding those of low capitalisation. The remainder will be invested in fixed-income assets, specifically public or private fixed income, excluding deposits and money market instruments, listed or otherwise, with a maximum exposure of 25% of the total Master Fund I. The average term of the fixed-income portfolio is not predetermined. Issues will be required to have a minimum average credit rating (minimum BBB-). However, up to 100% may always be invested in assets with a rating equal to or greater than that of the Kingdom of Spain at all times. The exposure to currency risk will not exceed 30%. The Master Fund I will not invest more than 10% of its equity in units of financial collective investment undertakings (CIU) which are qualifying assets, harmonised or otherwise, belonging or otherwise to the manager's group, with an investment policy consistent with that of the Master Fund I.

The maximum exposure to market risk through derivatives is the amount of the equity.

More than 35% of the equity may be invested in securities issued or guaranteed by a Member State of the European Union, an autonomous community, a local territory, the international bodies in which Spain is a member and states whose solvency ratio is not lower than that of the Kingdom of Spain.

The Master Fund I may operate with derivative financial instruments traded in organised derivative markets for hedging and investment purposes and with OTC derivatives for hedging purposes. This operation entails risks due to the possibility that the hedging is not perfect, the leverage involved and the lack of a clearing house.

### **2.2 Profile of the typical investor of the Master Fund I**

The Master Fund I may be appropriate for investors who want to be exposed to equities listed on Spanish markets and assets issued by Spanish companies listed on other markets, mainly high capitalisation, without discarding those of low capitalisation.

### **2.3 Management company of the Master Fund I**

The Master Fund I is managed by its management company, EDM Gestion, S.A.U., S.G.I.I.C., Paseo de la Castellana, 78, E-28046 Madrid. The management company is regulated by the CNMV and registered with registration number 49.

### **2.4 Interaction between the Master Fund I and the Company**

Each dealing day, which means a business day on which Shares may be subscribed or redeemed will correspond to the respective dealing days for units of the Master Fund I.

The Cut-off Time for accepting orders for subscription or redemption in each of the Sub-Fund and the Master Fund I are also synchronised. This means that valid subscription or redemption orders for Shares of the Sub-Fund placed before the Cut-off Time for the Sub-Fund will be reflected by a same day purchase of units in the Master Fund I by the Company.

Valuation points for the Sub-Fund and the Master Fund I are also coordinated, as the Sub-Fund's investment into the Master Fund I will be valued at the latest available net asset value per unit as published by the Master Fund I.

The following documents and agreements are in place for the purpose of facilitating proper coordination between the Sub-Fund and the Master Fund I in accordance with the relevant provisions of the law of 2010:

- (A) EDM Gestion, S.A.U., S.G.I.I.C., acting on behalf of the Master Fund I has entered into an agreement with the Company in respect of the Sub-Fund pursuant to which EDM Gestion, S.A.U., S.G.I.I.C. will provide the Company with all documents and information necessary for the latter to meet the requirements laid down in the Directive 2009/65/EC. EDM Gestion, S.A.U., S.G.I.I.C. and the Company have further agreed appropriate measures to coordinate the timing of their net asset value determination and publication to avoid market timing in their shares and preventing arbitrage opportunities. Further, appropriate measures have been agreed between EDM Gestion, S.A.U., S.G.I.I.C. and the Company to address the following: mitigate conflicts of interest that may arise between EDM Gestion, S.A.U., S.G.I.I.C. and the Company, the basis of investment and divestment by the Company, standard dealing arrangements, events affecting dealing arrangements and standard arrangements for the audit report.
- (B) The Depositary and the depositary bank of the Master Fund I have entered into an agreement in order to share information regarding the Master Fund I. This agreement sets out the documents and categories of information to be provided between the depositaries on a regular basis or upon request, the method and timing of transmission of information, the coordination duties of each depositary in operational matters in accordance with Luxembourg law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund I, the procedure for ad hoc requests for assistance, and specific contingent events reportable on an ad hoc basis.
- (C) The auditor of the Company and the auditor of the Master Fund I have entered into an agreement in order to share information regarding the Master Fund I. This agreement describes, especially, the documents and categories of information to be routinely shared between auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Company and the Master Fund I, reportable irregularities identified in the Master Fund I and standard arrangements for ad hoc requests for assistance.

## **2.5 Costs and expenses of the Master Fund I**

At the level of the Master Fund I, the fees, charges and expenses associated with the Sub-Fund's investment into the Master Fund I are (i) an annual management charge paid to the management company of the Master I at an annual rate of up to 2.25%, and (ii) other expenses of the Master Fund I, as described in its prospectus. Details on the actual charges and expenses incurred at the level of the Master Fund I, including the TER for units of the Master Fund I, are available on the website [www.edm.es](http://www.edm.es). With regard to the equity invested in the collective investment undertakings of the group, the accumulated fees applied to the Master Fund I and to its investees shall not exceed 2.25% of the equity in the case of the management fee and 0.20% in the case of the depository agent fee. The payment of subscription and redemption fees are excluded from the Master Fund I as a result of investing in a collective investment undertaking of the group.

Regardless of these fees, the Master Fund I may have the following expenses: CNMV and audit fees.

## **3 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek long-term appreciation, but that are prepared to suffer eventual temporary losses.

## **4 Investment Manager**

On 11 January 2016, the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C. as investment manager of the Sub-Fund.

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

## **5 Share Classes**

The Sub-Fund offers eight different classes of Shares:

- Class I EUR Shares, denominated in Euro which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class L EUR Shares, denominated in Euro is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract with third parties other than EDM Group; or
  - (ii) natural as well as legal persons, other than EDM Group, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,

- Class R EUR Shares, denominated in Euro which are not restricted as to the type of investors,
- Class Z EUR Shares denominated in Euro which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group,
- Class I USD Shares, denominated in US Dollar which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class L USD Shares, denominated in US Dollar is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract with third parties other than EDM Group; or
  - (ii) natural as well as legal persons, other than EDM Group, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,
- Class R USD Shares, denominated in US Dollar which are not restricted as to the type of investors,
- Class Z USD Shares denominated in US Dollar which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group.

The currency risk of Class I USD Shares, Class L USD Shares, Class R USD and Class Z USD Shares will be hedged.

## **6 Reference Currency**

The Net Asset Value per Share of this Sub-Fund will be calculated in Euro (EUR).

The Net Asset Value per Class I EUR, Class L EUR, Class R EUR and Class Z EUR Shares of this Sub-Fund will be calculated in Euro (EUR).

The Net Asset Value per Class I USD, Class L USD, Class R USD and Class Z USD Shares of this Sub-Fund will be calculated in US Dollar (USD).

## **7 Offering of Shares**

**7.1** The initial subscription price for Class Z EUR Shares of the Sub-Fund will be EUR 100.- plus a subscription fee ("Initial Subscription Price Z EUR"), if applicable, at a rate as set out in section 10.1 hereafter.

The initial subscription price for Class Z USD Shares of the Sub-Fund will be USD 100.- plus a subscription fee ("Initial Subscription Price Z USD"), if applicable, at a rate as set out in section 10.1 hereafter.

The minimum initial subscription for Class I EUR Shares of the Sub-Fund will be EUR 1,000,000.-. The Board of Directors may, in its absolute discretion, accept a subscription which is below EUR 1,000,000.-.

The minimum initial subscription for Class Z EUR Shares of the Sub-Fund will be EUR 10,000,000.-. The Board of Directors may, in its absolute discretion, accept a subscription which is below EUR 10,000,000.-.

The minimum initial subscription for Class I USD Shares of the Sub-Fund will be USD 1.000.000.-. The Board of Directors may, in its absolute discretion, accept a subscription which is below USD 1.000.000.-.

The minimum initial subscription for Class Z USD Shares of the Sub-Fund will be USD 10,000,000.-. The Board of Directors may, in its absolute discretion, accept a subscription which is below USD 10,000,000.-.

- 7.2** After the initial subscription period, Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee ("Subscription Price") at a rate as set out in section 10.1 hereafter.

## **8 Form of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **9 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **10 Fees**

### **10.1 Subscription fee**

For Class R EUR, Class R USD, Class Z EUR and Class Z USD Shares a subscription fee of maximum 2.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

### **10.2 Redemption fee**

No redemption fee will be charged.

### **10.3 Conversion fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the initial EDM Sub-Fund.

### **10.4 Investment Management Fee**

As remuneration for their services, the Investment Manager shall receive from the Company a total fee of 1.25% p.a. for Class R EUR and for Class R USD Shares, of 0.25% for Class I EUR, Class I USD, Class L EUR, Class L USD, Class Z EUR and Class Z USD Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **11 Valuation Day, Cut-off Time and Settlement Periods**

### **11.1 Valuation Day**

The Net Asset Value per Share is calculated on each day, which is a bank business day in Luxembourg and in Catalonia (Spain) ("Valuation Day").

A business day in Luxembourg and in Catalonia (Spain) on which a relevant market or stock exchange is closed and on which at least 5% of the investments of the Master Fund I are quoted, is not considered as a Valuation Day.

### **11.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time ("Cut-off Time") shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on

the same Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the next Valuation Day.

### **11.3 Settlement Periods**

- The settlement periods are the following:
- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within a maximum period of seven Business Days following the applicable Valuation Day.

## **12 Risks of Investing in the Master Fund I**

The ability of the Sub-Fund to accept and process orders for subscription and redemption is dependent on the Master Fund I. In the event that the Master Fund I fails or refuses to process an order for subscription or redemption, or fails to settle an order for redemption, the Sub-Fund shall not be able to process an investor's subscription or redemption order, or pay redemption monies.

In the event that the Master Fund I is closed to subscriptions and/or redemptions, or during any period in which the calculation of the net asset value of the Master Fund I has been suspended, the Sub-Fund shall not be able to process any orders for subscription or redemptions it receives and the Board of Directors is likely to resolve to suspend the Net Asset Value calculation in those circumstances, in accordance with Section 10.2 "Suspension of the determination of the Net Asset Value".

Investors should review the prospectus of the Master Fund I for a full description of the circumstances in which subscriptions and/or redemptions of the Master Fund I may be suspended or may otherwise refuse to accept orders for subscription or redemption.

As a feeder fund of the Master Fund I, the Sub-Fund will be subject to specific risks associated with its investment into the Master Fund I as well as specific risks incurred at the level of the Master Fund I and its investments. If the Master Fund I invests in a particular asset category, investment strategy or financial or economic market, the Sub-Fund will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular asset category, investment strategy or financial or economic market.

Therefore, before investing in Shares of the Sub-Fund, prospective investors should carefully read the description of the risk factors relating to an investment in the Master Fund I, as disclosed in the prospectus of the Master Fund I which is available free of charge from the Company as well as on the website [www.edm.es](http://www.edm.es).

In addition to the above risk factors, prospective investors in Shares of the Sub-Fund should consider the following risks associated with the Sub-Fund's investment in the Master Fund I.

### **Liquidity and Valuation Risk**

It is intended that the Sub-Fund will invest substantially all of its assets in the Master Fund I, save for a residual cash amount which may be required from time to time for dealing liquidity purposes and payment of costs and expenses of the Sub-Fund.

The Net Asset Value of the Sub-Fund will mainly depend on the net asset value of the Master Fund I.

Consequently, the Net Asset Value per Share of the Sub-Fund may be determined only after the net asset value of the Master Fund I has been determined, and the number of Shares to be issued to, exchanged or redeemed from, an investor in the Sub-Fund may not be determined until the net asset value per unit of the Master Fund I is determined.

The rules applied to calculate the Net Asset Value per Share of the Sub-Fund, as described above under the section 10 “Net Asset Value”, presume the Sub-Fund’s ability to value its investment in the Master Fund I. In valuing such investment holdings, the Sub-Fund may rely on financial information provided by the management company of the Master Fund I. Independent valuation sources such as exchange listing may not be available for the Master Fund I.

#### Operational and Legal Risks

The main operational and legal risks associated with the Sub-Fund's investment in the Master Fund I include, without being limited to, the Sub-Fund's access to information on the Master Fund I, coordination of dealing arrangements between the Company and the Master Fund I, the occurrence of events affecting such dealing arrangements, the communication of documents from and to the Master Fund I to and from the Sub-Fund, the coordination of the involvement of the respective depositary and auditor of the Sub-Fund and the Master Fund I and the identification and reporting of investment breaches and irregularities by the Master Fund I.

Such operational and legal risks will be mitigated and managed by the Depositary and the auditor of the Company, as applicable, in coordination with the management company of the Master Fund I, the depositary, and the auditor of the Master Fund I. A number of documents and/or agreements are in place to that effect, including (1) information sharing agreement between the Company and the Master Fund I, (2) an information sharing agreement between the Depositary and the depositary of the Master Fund I, and (3) an information sharing agreement between the auditor of the Company and the auditor of the Master Fund I.

#### Concentration Risk and Market Risk

Given the feeder nature of the Sub-Fund it will naturally be concentrated in the Master Fund I. Therefore, concentration risks and market risks will mainly occur at the level of the Master Fund I. In this respect, investors should carefully read the risks associated with an investment in the Master Fund I, as described in the prospectus of the Master Fund I.

#### Investment Management Risk

The investment performance of the Sub-Fund is substantially dependent on the investment performance of the Master Fund I and, therefore, on the services provided by certain individuals to the Master Fund I. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Master Fund I and, consequently, the Sub-Fund, may be adversely affected.

# EDM INTERNATIONAL – LATIN AMERICAN EQUITY FUND

## 1 Investment Policy

The investment objective of the Sub-Fund is to provide investors with an investment vehicle to achieve long-term capital appreciation by investing in a portfolio of Latin American securities diversified both by geographic and economic sector. The Sub-Fund will maintain at least 70% of its assets in equity and equity linked securities issued by companies having their headquarters in Latin America or carrying out their predominant activities within this region. The Sub-Fund may on an ancillary basis invest in shares or equity linked securities which are convertible into equity securities, other types of transferable securities, including debt (investment grade fixed or variable, certificates of deposit and short and long term obligations) issued or guaranteed by the government of a country of Latin America, the US, European Union or any Member State (where it is deemed in the best interest of the Sub-Fund).

Latin America includes, but is not limited to, Argentina, Belice, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Peru, Panama, Uruguay, Paraguay and Venezuela.

The Sub-Fund may invest in units of other UCITS and collective investment schemes, including other Sub-Funds of EDM Group.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The Sub-Fund may hold ancillary liquid assets or cash equivalent transferable debt securities and money market instruments with a residual maturity of less than 12 months.

The Sub-Fund will at all times comply with the investment restrictions as detailed in section 13 of the Prospectus.

For hedging purposes the Sub-Fund may use financial derivatives instruments as set out in section 14 “Risk Management” of the Prospectus. The investments within the Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The potential effect of the use of financial derivative instruments on the risk profile is to diminish the risk of currency fluctuation.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

## 2 Profile of the Typical Investor

Shares of this Sub-Fund are addressed to investors that seek long-term appreciation, but that are prepared to suffer eventual temporary losses.



### 3 Investment Manager

On 11 January 2016, the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C. as investment manager of the Sub-Fund.

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and addition has expanded its activity with individual portfolio management and marketing of UCITS.

### 4 Share Classes

The Sub-Fund offers eight different classes of Shares:

- Class I EUR Shares, denominated in Euro which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class I USD Shares, denominated in USD which shall be restricted only for entities that are Eligible Counterparties and professional clients per se,
- Class L EUR Shares, denominated in Euro which is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
  - (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements,
- Class L USD Shares, denominated in USD is directed to
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or
  - (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements.
- Class R EUR Shares, denominated in Euro which are not restricted as to the type of investors,
- Class R USD Shares, denominated in USD which are not restricted as to the type of investors,
- Class Z EUR Shares, denominated in Euro which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group and
- Class Z USD Shares, denominated in USD which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group.

## 5 Reference Currency

The reference currency of the Sub-Fund is US Dollar (USD).

The Net Asset Value per Class I USD, Class L USD, Class R USD and Class Z USD Shares of this Sub-Fund will be calculated in US Dollar (USD).

The Net Asset Value per Class I EUR, Class L EUR, Class R EUR and Class Z EUR Shares of this Sub-Fund will be calculated in Euro (EUR).

The currency risk of Class I EUR, Class L EUR, Class R EUR and Class Z EUR Shares will be hedged. This exposure may vary, as is linked to the "Portfolio Hedging at Sub-Fund Level" of the underlying securities. At all times, the exposure to USD will be hedged between 95% and 105% of the net asset value of the relevant share class.

## 6 Offering of Shares

**6.1** The initial subscription price for Class Z EUR Shares will be EUR 100.- plus a subscription fee ("Initial Subscription Price Z EUR") at a rate as set out in section 9.1 hereafter.

The initial subscription price for Class Z USD Shares will be USD 100.- plus a subscription fee ("Initial Subscription Price Z USD") at a rate as set out in section 9.1 hereafter.

**6.2** After the initial subscription period, Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee ("Subscription Price") at a rate as set out in section 9.1 hereafter.

Unless special acceptance of the Board of Directors Class I EUR Shares, and Class I USD Shares will only be issued to new investors of the Sub-Fund (i.e. investors holding at the time of an application for subscription no Shares of the respective Share Class they are subscribing for) if such subscriptions of such new investors amount at least to the equivalent of EUR 1,000,000.- in case of Class I EUR Shares **or** USD 1,000,000.- in case of Class I USD Shares. Investors not considered as new investors may only subscribe additional Class I EUR Shares and Class I USD Shares if the following conditions are met:

(i) For additional subscriptions in Class I EUR Shares the respective investor must hold including such additional subscription Class I EUR Shares valued at least EUR 1,000,000.-;

(ii) For additional subscriptions in Class I USD Shares the respective investor must hold including such additional subscription Class I USD Shares valued at least USD 1,000,000.-.

Unless special acceptance of the Board of Directors Class Z EUR and Class Z USD Shares will only be issued to new investors of the Sub-Fund (i.e. investors holding at the time of an application for subscription no Shares of the respective Share Class they are subscribing for) if such subscriptions of such new investors amount at least to the equivalent of EUR 10,000,000.- in case of Class Z EUR Shares **or** USD 10,000,000.- in case of Class Z USD Shares. Investors not considered as new investors may only subscribe additional Class Z EUR and Class Z USD Shares if the following conditions are met:

(i) For additional subscriptions in Class Z EUR Shares the respective investor must hold including such additional subscription Class Z EUR Shares valued at least EUR 10,000,000.-,

- (ii) For additional subscriptions in Class Z USD Shares the respective investor must hold including such additional subscription Class Z USD Shares valued at least USD 10,000,000.-.

The Board of Directors may resolve to derogate from such rule if the principle of equal treatment of Shareholders will be respected.

## **7 Form of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **8 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **9 Fees**

### **9.1 Subscription fee**

For Class R USD, Class R EUR, Class L USD, Class L EUR, Class Z EUR and Class Z USD Shares, a subscription fee of maximum 2.00% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors.

No subscription fee will be charged for Class I USD and Class I EUR Shares.

### **9.2 Redemption fee**

No redemption fee will be charged.

### **9.3 Conversion fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the Initial EDM Sub-Fund.

### **9.4 Investment Management Fee**

As remuneration for its services, the Investment Manager shall receive from the Company a total fee of 2.50% p.a. for Class R USD and Class R EUR Shares, of 1.10% p.a. for Class I EUR, Class I USD, Class L EUR, Class L USD, Class Z EUR and Class Z USD Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears.

## **10 Valuation Day, Cut-off Time and Settlement Periods**

### **10.1 Valuation Day**

The Net Asset Value per Share is calculated on each day, which is a bank Business Day in Luxembourg and in the United States of America ("Valuation Day").

A business day in Luxembourg and in the United States of America on which a relevant market or stock exchange is closed and on which at least 10% of the investments of the Sub-Fund are quoted, is not considered as a Valuation Day. In that respect the Company will however ensure that the Net Asset Value per Share is calculated at least once a week.

### **10.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 noon, Luxembourg time ("Cut-off Time") shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the same Valuation Day. Any application received on any day which is not a

Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 noon on a Valuation Day will be processed on the next Valuation Day.

### **10.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within three Business Days following the applicable Valuation Day

## EDM INTERNATIONAL - EUROPEAN FLEXIBLE BOND FUND

### 1 Investment Policy

This Sub-Fund is a feeder sub-fund pursuant to article 77 (1) of the law of 2010 ("Feeder UCITS") and will as such at all times invest at least 85% of its assets in units of the Master Fund II (EDM AHORRO, FI) which qualifies as a "master UCITS" within the meaning of Directive 2009/65/EC.

The Sub-Fund may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits.

The Sub-Fund is actively managed without replicating any benchmark and without reference to any benchmark.

The objective of this Sub-Fund is to achieve capital appreciation through investment in the Master Fund II.

The Sub-Fund intends to realise its investment objective by investing substantially all of its assets into the units of the Master Fund II. The Master Fund II will invest in public and private fixed income. The investment objective and policy of the Master Fund II, its organisation and risk profile are summarised in the section "Master Fund II" below.

The residual assets of the Sub-Fund will consist in ancillary liquid assets, as described above, as may be required from time to time for dealing liquidity purposes and payment of costs and expenses of the Sub-Fund. The Sub-Fund intends to minimize the level of ancillary liquid assets held for these purposes. The Sub-Fund will not enter into financial derivative instruments.

If and to the extent that voting rights attached to units of the Master Fund II will be exercised on behalf of the Sub-Fund, a summary description of the strategies followed in the exercise of such rights, as well as the actions taken on the basis of those strategies, will be made available to Shareholders upon their specific request which has to be addressed to the Company.

It is expected that the performance of the Sub-Fund will be broadly in line with that of the Master Fund II, subject to its level of investment in the Master Fund II and safe for additional fund expenses at the level of the Sub-Fund which will affect its performance.

Investors should note that investment in the Sub-Fund is not suitable for UCITS since the Sub-Fund invests at least 85% of its assets in the Master Fund II.

The Sub-Fund does not promote Sustainability Factors and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

This Sub-Fund is highly diversified. Therefore, it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

## 2 Master Fund II

The Master Fund II is a collective investment institution structured as separate capital with no legal personality, established and existing under the laws of Spain, registered with the Spanish supervisory authority *Comisión Nacional del Mercado de Valores (CNMV)* under registration number 47. It was established on 21 January 1987 and is regulated and authorised by the CNMV as a UCITS fund.

The Master Fund II has been authorised by the CNMV as a “master UCITS” within the meaning of the relevant provisions of Directive 2009/65/EC. As a consequence, the Master Fund II must, at all times, (i) have at least one feeder UCITS among its unitholders, (ii) not itself become a feeder UCITS, and (iii) not hold shares or units of a feeder UCITS.

### 2.1 Investment objective and policy of the Master Fund II:

The Master Fund II does not follow any reference index.

The investment committee of the Master Fund II revises the investment criteria on a quarterly basis. The management company of the Master Fund II will report on any possible changes of the criteria that may occur in the quarterly reports.

The Master Fund II will invest all of its equity in public and private fixed income, without any limit as to the term and without requiring a minimum credit rating. The Master Fund II will invest mainly in securities issued in countries that belong to the European Economic and Monetary Union; however, it does not exclude itself to invest, to a lesser extent, in other countries belonging to the OECD, mainly the United States, Canada and Japan, as well as in emerging markets without any specific limit.

Exposure to currency risk for currencies other than the EUR will not be greater than 10%.

Fixed income also includes deposits and money market instruments that are not traded, provided they are liquid.

The Master Fund II will not invest more than 10% of its equity in financial collective investment undertakings, which are qualifying assets, harmonised or otherwise, belonging or otherwise to its management companies group, with an investment policy consistent with that of the Master Fund II.

The maximum exposure to market risk through derivatives is the amount of the equity.

The Master Fund II actively manages its risk, which does not necessarily imply a high turnover of its portfolio or an increase in expenses.

More than 35% of the equity may be invested in securities issued or guaranteed by a Member State of the European Union, an autonomous community, a local territory, the international bodies of which Spain is a member and states with a solvency rating at least equal to that of Spain.

The Master Fund II may operate with derivative financial instruments traded in organised derivative markets for hedging purposes. This operation entails risks due to the possibility that the hedging is not perfect and the leverage involved.

### 2.2 Profile of the typical investor of the Master Fund II

The Master Fund may be appropriate for investors who seek long-term appreciation through investment in fixed income securities.

## **2.3 Management company of the Master Fund II**

The Master Fund II is managed by its management company, EDM Gestion, S.A.U., S.G.I.I.C., Paseo de la Castellana 78, E-28046 Madrid. The management company of the Master Fund II is regulated by the CNMV and registered with registration number 49.

## **2.4 Interaction between the Master Fund II and the Company**

Each dealing day, which is a business day on which Shares may be subscribed or redeemed will correspond to the respective dealing days for the units of the Master Fund II.

The Cut-off Time for accepting orders for subscription or redemption in each of the Sub-Fund and the Master Fund II are also synchronised. This means that valid subscription or redemption orders for Shares of the Sub-Fund placed before the Cut-off Time for the Sub-Fund will be reflected by a same day purchase of units in the Master Fund II by the Company.

Valuation points for the Sub-Fund and the Master Fund II are also coordinated, as the Sub-Fund's investment into the Master Fund II will be valued at the latest available net asset value per unit as published by the Master Fund II.

The following documents and agreements are in place for the purpose of facilitating proper coordination between the Sub-Fund and the Master Fund II in accordance with the relevant provisions of the law of 2010:

- (A) EDM Gestion, S.A.U., S.G.I.I.C., acting on behalf of the Master Fund II has entered into an agreement with the Company on behalf of the Sub-Fund which has been acknowledged by the Management Company and pursuant to which EDM Gestion, S.A.U., S.G.I.I.C. will provide the Company with all documents and information necessary for the latter to meet the requirements laid down in the Directive 2009/65/EC. EDM Gestion, S.A.U., S.G.I.I.C. and the Company have further agreed appropriate measures to coordinate the timing of their net asset value determination and publication to avoid market timing in their shares and preventing arbitrage opportunities. Further, appropriate measures have been agreed between EDM Gestion, S.A.U., S.G.I.I.C. and the Company to address the following: the basis of investment and divestment by the Company, standard dealing arrangements, events affecting dealing arrangements, changes to standing arrangements and standard arrangements for the audit report.
- (B) The Depositary and the depositary bank of the Master Fund II have entered into an agreement in order to share information regarding the Master Fund II. This agreement sets out the documents and categories of information to be provided between the depositaries on a regular basis or upon request, the method and timing of transmission of information, the coordination duties of each depositary in operational matters in accordance with Luxembourg law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund II, the procedure for ad hoc requests for assistance, and specific contingent events reportable on an ad hoc basis.
- (C) The auditor of the Company and the auditor of the Master Fund II have entered into an agreement in order to share information regarding the

Master Fund II. This agreement describes, especially, the documents and categories of information to be routinely shared between the auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Company and the Master Fund II, reportable irregularities identified in the Master Fund II and standard arrangements for ad hoc requests for assistance.

## **2.5 Costs and expenses of the Master Fund II**

At the level of the Master Fund II, the fees, charges and expenses associated with the Sub-Fund's investment into the Master Fund II are (i) an annual management charge paid to the management company of the Master Fund II at an annual rate of up to 0.75%, and (ii) other expenses of the Master Fund II, as described in its prospectus. Details on the actual charges and expenses incurred at the level of the Master Fund II, including the TER for units of the Master Fund II, are available on the website [www.edm.es](http://www.edm.es).

With regard to the equity invested in the collective investment undertakings of the group, the accumulated fees applied to the Master Fund II and to its investees shall not exceed 2.25% of the equity in the case of the management fee. The payment of subscription and redemption fees are excluded from the Master Fund II as a result of investing in a collective investment undertaking of the group.

Regardless of these fees, the Master Fund II may have the following expenses: intermediation, liquidation, CNMV fees, audits and finance costs for loans and overdrafts.

## **3 Profile of the Typical Investor**

Shares of this Sub-Fund are addressed to investors that seek long-term appreciation through investment in fixed income securities.

## **4 Investment Manager**

On 11 January 2016, the Management Company has, with the consent of the Company, concluded an agreement with EDM Gestion, S.A.U., S.G.I.I.C. as investment manager. It has been agreed on 1 August 2017 that such agreement will be applicable to the Sub-Fund.

EDM Gestion, S.A.U., S.G.I.I.C. was incorporated on 16 July 1986 in and under the laws of Spain and is registered in the Madrid Trade Register and in the Official Register of the Spanish National Securities Market Commission (CNMV) under number 49. EDM Gestion, S.A.U., S.G.I.I.C. is an asset management firm and its capital is wholly owned by the members of its management team. Since its foundation, EDM Gestion, S.A.U., S.G.I.I.C. has been managing UCITS of varying purposes and in addition has expanded its activity with individual portfolio management and marketing of UCITS.

## **5 Share Classes**

The Sub-Fund offers four different classes of Shares:

- Class L EUR Shares, denominated in Euro is directed to:
  - (i) natural as well as legal persons with a discretionary portfolio management agreement or independent advisory contract; or



- (ii) natural as well as legal persons, providing non-independent advice pursuant to a separate fee arrangement with their clients under which they have agreed not to receive and retain inducements.

- Class R EUR Shares, denominated in Euro which are not restricted to the type of investors,
- Class Z EUR Shares denominated in Euro which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group,
- Class Z USD Shares denominated in US Dollar which shall be restricted to Institutional Investors, which have entered into a specific remuneration agreement with an entity belonging to the EDM Group,

## **6 Reference Currency**

The Net Asset Value per Share of this Sub-Fund will be calculated in Euro (EUR).

The Net Asset Value per Class L EUR, Class R EUR and Class Z EUR Shares of this Sub-Fund will be calculated in Euro (EUR).

The Net Asset Value per Class Z USD Shares of this Sub-Fund will be calculated in US Dollar (USD).

The currency risk of Class Z USD Shares will be hedged.

## **7 Offering of Shares**

**7.1** The initial subscription price for Class Z EUR Shares of the Sub-Fund will be EUR 100.- plus a subscription fee ("Initial Subscription Price EUR") at a rate as set out in section 10.1 hereafter.

The initial subscription price for Class Z USD Shares of the Sub-Fund will be USD 100.- plus a subscription fee ("Initial Subscription Price USD") at a rate as set out in section 10.1 hereafter.

**7.2** After the initial subscription period, Shares in the Sub-Fund are issued at a price corresponding to the Net Asset Value per Share of the Sub-Fund plus a subscription fee ("Subscription Price") at a rate as set out in section 10.1 hereafter below.

## **8 Form of Shares**

The Shares of the Sub-Fund are issued in registered form.

## **9 Dividend Policy**

The Sub-Fund reinvests its revenues and capital gains and does not pay any dividend.

## **10 Fees**

### **10.1 Subscription fee**

A subscription fee of maximum 1% of the applicable Net Asset Value is charged in favor of the Distributor or the Sub-Distributors for Class R EUR, Class L EUR, Class Z EUR and Class Z USD Shares.

### **10.2 Redemption fee**

No redemption fee will be charged.

### **10.3 Conversion fee**

A conversion fee of maximum 0.50% of the applicable Net Asset Value will be charged in favor of the initial EDM Sub-Fund.

#### **10.4 Investment Management Fee**

As remuneration for their services, the Investment Manager shall receive from the Company a total fee of 0.35% p.a. for Class R EUR Shares, calculated on the average monthly net assets of the Sub-Fund, payable monthly in arrears. No remuneration fees to the Investment Manager shall be payable by the Company for Class L EUR, Class Z EUR and Class Z USD Shares.

### **11 Valuation Day, Cut-off Time and Settlement Periods**

#### **11.1 Valuation Day**

The Net Asset Value per Share is calculated on each day, which is a bank business day in Luxembourg and in Catalonia (Spain) ("Valuation Day").

A business day in Luxembourg and in Catalonia (Spain) on which a relevant market or stock exchange is closed and on which at least 5% of the investments of the Master Fund are quoted, is not considered as a Valuation Day.

#### **11.2 Cut-off Time**

Applications for subscription, redemption or conversion of Shares from or into the Sub-Fund received by the Transfer Agent of the Company in Luxembourg on a Valuation Day before 12:00 p.m., Luxembourg time ("Cut-off Time") shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the same Valuation Day. Any application received on any day which is not a Valuation Day shall be dealt with at the respective Subscription, Redemption or Conversion Price prevailing on the next following Valuation Day. Any application received after 12:00 p.m. on a Valuation Day will be processed on the next Valuation Day.

#### **11.3 Settlement Periods**

The settlement periods are the following:

- Payment of Subscription Price: within three Business Days following the applicable Valuation Day
- Payment of Redemption Price: within a maximum period of seven Business Days following the applicable Valuation Day.

### **12 Risks of Investing in the Master Fund II**

The ability of the Sub-Fund to accept and process orders for subscription and redemption is depending on the Master Fund II. In the case that the Master Fund II fails or refuses to process an order for subscription or redemption, or fails to settle an order for redemption, the Sub-Fund shall not be able to process an investor's subscription or redemption order, or pay redemption monies.

In the event that the Master Fund II is closed to subscriptions and/or redemptions, or during any period in which the calculation of the net asset value of the Master Fund II has been suspended, the Sub-Fund shall not be able to process any orders for subscription or redemptions it receives. The Board of Directors is likely to resolve to suspend the Net Asset Value calculation in those circumstances, in accordance with section 10.2 "Suspension of the determination of the Net Asset Value".

Investors should review the prospectus of the Master Fund II for a full description of the circumstances in which subscriptions and/or redemptions of the Master Fund II may be suspended or may otherwise be refused to accept orders for subscription or redemption.

As a feeder fund of the Master Fund II, the Sub-Fund will be subject to specific risks associated with its investment into the Master Fund II as well as specific risks incurred at the level of the Master Fund II and its investments. If the Master Fund II invests in a particular asset category, investment strategy or financial or economic market, the Sub-Fund will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular asset category, investment strategy or financial or economic market.

Therefore, before investing in Shares of the Sub-Fund, prospective investors should carefully read the description of the risk factors relating to an investment in the Master Fund II, as disclosed in the prospectus of the Master Fund II which is available free of charge from the Company as well as on the website [www.edm.es](http://www.edm.es).

In addition to the above risk factors, prospective investors in Shares of the Sub-Fund should consider the following risks associated with the Sub-Fund's investment in the Master Fund II.

#### Liquidity and Valuation Risk

It is intended that the Sub-Fund will invest substantially all of its assets in the Master Fund II, except for a residual cash amount which may be required from time to time for dealing liquidity purposes and payment of costs and expenses of the Sub-Fund.

The Net Asset Value of the Sub-Fund will mainly depend on the net asset value of the Master Fund II.

Consequently, the Net Asset Value per Share of the Sub-Fund may only be determined after the net asset value of the Master Fund II has been evaluated. The number of Shares to be issued to, exchanged or redeemed from an investor in the Sub-Fund may not be determined until the net asset value per unit of the Master Fund II is assessed.

The rules applicable to calculate the Net Asset Value per Share of the Sub-Fund, as described above under the section 10 "Net Asset Value", presume the Sub-Fund's ability to value its investment in the Master Fund II. In valuing such investment holdings, the Sub-Fund may rely on financial information provided by the management company of the Master Fund II. Independent valuation sources such as exchange listing may not be available for the Master Fund II.

#### Operational and Legal Risks

The main operational and legal risks associated with the Sub-Fund's investment in the Master Fund II include, without being limited to, the Sub-Fund's access to information on the Master Fund II, coordination of dealing arrangements between the Company and the Master Fund II, the occurrence of events affecting such dealing arrangements, the exchange of documents or the communication of information from the Master Fund II to the Sub-Fund (and vice versa), the coordination of the involvement of the respective depositary and auditor of the Sub-Fund and the Master Fund II and the identification and reporting of investment breaches and irregularities by the Master Fund II.

Such operational and legal risks will be mitigated and managed by the Management Company, the Depositary and the auditor of the Company, as applicable, in coordination with the management company of the Master Fund II, the depositary, and the auditor of the Master Fund II. A number of documents and/or agreements are in place to that effect,

including (1) information sharing agreement between the Company and the Master Fund II, (2) an information sharing agreement between the Depositary and the depositary of the Master Fund II, and (3) an information sharing agreement between the auditor of the Company and the auditor of the Master Fund II.

#### Concentration Risk and Market Risk

Given the feeder nature of the Sub-Fund it will naturally be concentrated in the Master Fund II. Therefore, concentration risks and market risks will mainly occur at the level of the Master Fund II. In this respect, investors should carefully read the risks associated with an investment in the Master Fund II, as described in the prospectus of the Master Fund II.

#### Investment Management Risk

The investment performance of the Sub-Fund is substantially dependent on the investment performance of the Master Fund II and, therefore, on the services provided by certain individuals to the Master Fund II. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Master Fund II and, consequently, the Sub-Fund, may be adversely affected.