



# WELZIA INTERNATIONAL SICAV

An undertaking for collective investment  
organized under the laws of the Grand  
Duchy of Luxembourg

**Prospectus**  
**March 2021**

*WELZIA INTERNATIONAL SICAV draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the UCITS, if the investor is registered himself and in his own name in the shareholders' register. 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.*

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## PART A

### **IMPORTANT INFORMATION**

**WELZIA INTERNATIONAL SICAV** (the “Fund”) is a Luxembourg open-ended investment company established as a *société d’investissement à capital variable* (investment company with variable capital) formed as a *société anonyme* (public limited company) in accordance with the Luxembourg law of 17 December 2010 concerning undertakings for collective investment as may be amended from time to time (the “Law of 2010”).

The Fund is subject, in particular, to the provisions of Part I of the Law of 2010 which relate specifically to undertakings for collective investment in transferable securities as defined by the European Directive of 13 July 2009 amended by the Law of 2016 (the “Law of 2016”) implementing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions.

The Fund is registered on the official list of undertakings for collective investment pursuant to the Law of 2010. However, such registration shall not, under any circumstances, be described in any way whatsoever as a positive assessment made by the Luxembourg supervisory authority, the *Commission de Surveillance du Secteur Financier* (the “CSSF”), of the quality of the shares offered for sale by the Fund (the “Shares”).

The Fund is offering Shares of one or several separate sub-funds (individually a “Sub-Fund”, collectively the “Sub-Funds”) on the basis of the information contained in this prospectus (the “Prospectus”) and in the documents referred to herein. No person is authorised to give any information nor to make any representations concerning the Fund other than as contained in the Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Prospectus shall be solely at the risk of the purchaser. Neither the delivery of the Prospectus nor the offer, sale or issue of Shares shall under any circumstances constitute a representation that the information given in the Prospectus is correct as at any time subsequent to the date hereof. An Addendum or updated Prospectus shall be provided, if necessary, to reflect material changes to the information contained herein.

The distribution of the Prospectus is not authorised unless it is accompanied by the most recent annual and semi-annual reports of the Fund, if any. Such report or reports are deemed to be an integral part of the Prospectus.

The Shares to be issued hereunder may be of several different classes or categories which relate to several separate Sub-Funds. For each Sub-Fund, the board of directors

of the Fund (the “Board of Directors”) may decide at any time to issue different classes of Shares (individually a “Class”, collectively the “Classes”) or categories of Shares (individually a “Category”, collectively the “Categories”) whose assets will be invested jointly according to the Sub-Fund’s specific investment policy, but with specific features applicable to each Class or Category. Shares of the different Sub-Funds may be issued, redeemed and converted at prices computed on the basis of the net asset value per Share (the “Net Asset Value” or “NAV”) of the relevant Class, Category or Sub-Fund, as defined in the Articles of Incorporation of the Fund (the “Articles”).

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Fund is an “umbrella fund” enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose which Sub-Fund best suits their specific risk and return expectations as well as their diversification needs.

The Fund currently offers two Sub-Funds:

- WELZIA INTERNATIONAL SICAV - K7
- WELZIA INTERNATIONAL SICAV – GLOBAL FLEXIBLE

The Board of Directors may, at any time, create additional Sub-Funds, whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly. The same applies in case of creation of Classes or Categories.

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

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

The Shares have not been registered under the United States Securities Act of 1933, as amended (the “1933 Act”); they may therefore not be publicly offered or sold in the USA, or in any of its territories subject to its jurisdiction or to or for the benefit of a US Person as such expression is defined by Article 10 of the Articles and hereinafter and by the Intergovernmental Agreement (“IGA”) entered into by and between Luxembourg and the United States in relation to FATCA.. The Shares are not being offered in the USA, and may be so offered only pursuant to an exemption from

registration under the 1933 Act, and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Fund been registered under the Investment Company Act of 1940, as amended (the "1940 Act"). No transfer or sale of the Shares shall be made unless, among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws or is made pursuant to an effective registration statement under the 1933 Act and such state securities laws and would not result in the Fund becoming subject to registration or regulation under the 1940 Act. Shares may furthermore not be sold or held either directly by nor to the benefit of, among others, a citizen or resident of the USA, a partnership organized or existing in any state, territory or possession of the USA or other areas subject to its jurisdiction, an estate or trust the income of which is subject to United States federal income tax regardless of its source, or any corporation or other entity organized under the laws of or existing in the USA or any state, territory or possession thereof or other areas subject to its jurisdiction (a "US Person"). All purchasers must certify that the beneficial owner of such Shares is not a US Person and is purchasing such Shares for its own account, for investment purposes only and not with a view towards resale thereof.

The Prospectus may not be delivered to "US Persons" or to any person who may not legally be able to receive it or in respect of whom a sales solicitation is unlawful (the "unauthorised persons").

The Board of Directors will demand the immediate refunding of the Shares bought or held by an unauthorised person, including by investors who would have become unauthorised persons after the acquisition of the Shares.

Shareholders shall notify the Fund and/or the Registrar and Transfer Agent i) if they become unauthorised persons or ii) if they hold Shares in the Fund in breach of the applicable laws and regulations, the Prospectus or the Articles, or iii) in any circumstances which may affect the taxation of and/or have legal and/or regulatory consequences for the Fund or the shareholders or which may otherwise have a negative impact on the Fund or the other shareholders.

The value of the Shares may fall as well as rise and a shareholder on transfer or redemption of Shares may not get back the amount he or she initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and reliefs from, taxation may change. There can be no assurance that the investment objectives of the Fund will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, 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, purchase, holding, conversion, redemption or disposal of the Shares.

All references in the Prospectus to:

- “EUR”, “Euro” or “euros” or “€” refer to the currency of the European Union Member States;
- “CHF” refers to the currency of Switzerland;
- “Business Day” refers to any full day on which banks and the stock exchange are open for business in Luxembourg.

Copies of the Prospectus can be obtained on the conditions indicated above from the Fund’s registered office or from the Management Company’s registered office.

### **Data protection**

In accordance with 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, as may be amended or supplemented from time to time (the “Data Protection Regulation”), the Fund, acting as data controller (the “Controller”), collects, stores and processes, by electronic or other means, the data supplied by the investors at the time of its/her/its subscription for the purpose of fulfilling the services required by the investor and for complying with applicable legal obligations.

The data processed may include the name, contact details (including postal and/or e-mail address and/or telephone number), ID card number (and any photos that may be contained therein), tax identification numbers, banking details and invested amounts (“Personal Data”) of the investor and other related natural persons (or, when the investor is a legal entity, of its contact person(s) and/or beneficial owner(s)) (“Data Subjects”).

The Data Subjects may, at his/her/its discretion, refuse to communicate the Personal Data to the Fund. However, in this event, the investor’s subscription in the Fund may fail to be processed and, if such refusal is made once the investor has already become a Shareholder, may result in the blocking of his/her/its account and, if not remedied, may result in the compulsory redemption of his/her/its Shares.

Personal Data supplied by the Data Subjects is for the legitimate interests of the Fund to carry out its functions and to comply with the legal obligations imposed on the Management Company and the Fund, particularly by the Law of 2010, the applicable laws and regulations on the fight against money laundering and counter-terrorist financing and applicable FATCA and CRS laws and regulations. In particular, the Personal Data supplied by the Data Subjects is processed for the purposes of (i) subscribing in the Fund, (ii) maintaining the register of Shares; (iii) processing subscriptions, redemptions and conversions of Shares; (iv) account administration and (v) complying with applicable anti-money laundering and terrorism financing rules and other legal obligations, such as applying due diligence measures and, if applicable, reporting in respect of CRS/FATCA obligations.

The Personal Data may also be processed by service providers acting on behalf of the Controller (the “Processors”) which, in the context of the above mentioned purposes,

refer to (i) the Management Company, (ii) the Depositary Bank and Principal Paying Agent, (iii) the Register and Transfer Agent, (iv) the Investment Manager or Investment Advisor for the relevant Sub-Fund (v) any Distributor(s), (vi) the auditor of the Fund, and (vii) any legal or tax advisor(s) of the Fund. In certain circumstances, the Processors may also process Personal Data of Data Subjects as controllers, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or order of any competent jurisdiction, court, governmental, supervisory or regulatory bodies, including tax authorities.

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.

In the event that Personal Data is not provided by the Data Subjects themselves, the Shareholders represent that they have authority to provide such Personal Data of other Data Subjects. If the Shareholders are not natural persons, they undertake and warrant to (i) adequately inform any such other Data Subject about the processing of their Personal Data and their related rights as described above and in the subscription form and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of the Personal Data.

In accordance with the conditions set forth by the Data Protection Regulation, the Data Subjects acknowledge his/her/its right to:

- g) • access his/her/its Personal Data;
- h) • correct his/her/its Personal Data where it is inaccurate or incomplete;
- i) • object to or restrict the processing of his/her/its Personal Data;
- j) • request for erasure of his/her/its Personal Data;
- k) • request for Personal Data portability.

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

The Data Subjects may exercise the above rights by writing to the Fund at the following address: 6A, rue Gabriel Lippmann, L-5365 Munsbach (Grand Duchy of Luxembourg), Fax: (+352) 26898051.

Personal Data shall not be retained for periods longer than those required for their processing subject to any limitation periods imposed by applicable laws, i.e. the processing will continue until the later of:

- the full redemption of the Shares by the Shareholder; and

- the processing no longer being subject to an applicable legal or regulatory requirement to continue to store the Personal Data.

### **Register of Effective Beneficial Owners**

In addition, Luxembourg entities are required to collect, update, maintain and file with the Luxembourg register of beneficial owners ("RBO"), information on their ultimate beneficial owner(s) ("UBOs"), in compliance with the Luxembourg law of 13 January 2019 establishing the RBO (the "RBO Law"). The Management Company may thus require the investors to provide information in relation to their own identity and residence (if the Investors are individuals) or the identity and residence of their ultimate UBO(s) in order to report such information to the RBO, where applicable.

The Management Company reserves the right to refuse any application for shares if the information provided or not provided does not satisfy the requirements under the RBO Law.

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

### **Sustainability related disclosures**

As at the date of the current Prospectus, none of the Sub-Funds of the Fund integrate sustainability risks, as defined in Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"), into their investment decisions. Therefore, the Management Company does not deem sustainability factors to have any likely impact on the returns of the Shares. In case any of the Sub-Funds follows a strategy in line with sustainable investment objectives or integrate sustainability factors into their investment decisions, the Prospectus will be updated according to the requirements of the SFDR and the investors will be duly informed and notified in advance.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The Management Company has updated its ESG (Environmental, Social and Governance) policy, in accordance with SFDR, which is available on its website at <http://www.adepa.com/third-party-fund-management-company/regulatory-section/>.

## DIRECTORY

### **Registered Office:**

6A, rue Gabriel Lippmann  
L-5365 Munsbach  
Grand Duchy of Luxembourg

### **Board of Directors:**

Javier Portillo Aguirre  
External Independent Advisor  
in WELZIA MANAGEMENT SGIIC S.A.  
23, rue de Canach  
5368 SCHUTTRANGE  
Grand Duchy of Luxembourg

**Carlos González Carreira**  
Managing Director in WELZIA  
MANAGEMENT SGIIC S.A.  
Conde de Aranda 24 -4<sup>o</sup>  
28001 MADRID  
SPAIN

**José Madina Loidi**  
Director in WELZIA  
MANAGEMENT SGIIC S.A.  
Conde de Aranda 24 -4<sup>o</sup>  
28001 MADRID  
SPAIN

**Management Company** (management,  
administration and domiciliation):

**Adepa Asset Management S.A.**  
6A, rue Gabriel Lippmann  
L-5365 Munsbach  
Grand Duchy of Luxembourg

### **Depositary and Paying Agent:**

**QUINTET PRIVATE BANK (EUROPE) S.A.**  
43, boulevard Royal  
L-2955 Luxembourg  
Grand Duchy of Luxembourg

### **Registrar and Transfer Agent:**

**European Fund Administration, S.A.**  
2, rue d'Alsace  
L-1017 Luxembourg  
Grand Duchy of Luxembourg

### **Auditors:**

**KPMG Luxembourg**  
39, avenue John F. Kennedy  
L - 1855 Luxembourg  
Grand-Duchy of Luxembourg

## **I. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS**

### **A. GENERAL PROVISIONS**

#### **1. The Fund's objectives**

The Fund intends to offer its shareholders investments in a selection of negotiable securities and other eligible financial assets combining high growth potential and a high degree of liquidity. The choice of assets will not be limited either geographically or as regards either the types of negotiable securities and other eligible financial assets or the currencies in which they are expressed, except for any applicable investment restrictions. The investment policy and more particularly the duration of investments will be adjusted in line with the current political, economic, financial and monetary outlook at any given time.

#### **2. The Fund's investment policy**

The Fund intends to achieve the above objectives mainly by the active management of portfolios of eligible financial assets. In accordance with the conditions and limits set out in Sections B to D below, and in compliance with the investment policy of each Sub-Fund as defined in Part B of the Prospectus, the eligible financial assets may consist of transferable securities, money market instruments, units of UCITS and/or UCIs, bank deposits and/or financial derivative instruments.

Each Sub-Fund may (a) use financial derivative instruments for investment, hedging and efficient portfolio management purposes, and (b) exploit the techniques and instruments relating to transferable securities and money market instruments for the purpose of efficient portfolio management, under the conditions and within the limits laid down by law, regulation and administrative practice, as well as under Part B of the Prospectus and the relevant Sections B to D below.

Each Sub-Fund shall ensure that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio. Global exposure is a measure designed to limit the leverage generated by each Sub-Fund through the use of financial derivative instruments. The method retained by the Management Company in order to determine the global risk exposure of each Sub-Fund is set out for each Sub-Fund in Part B of the Prospectus.

Each Sub-Fund has a different investment policy in terms of the type and proportion of eligible financial assets and/or in terms of geographical, industrial or sector diversification.

The investment policies and structure applicable to the various Sub-Funds created by the Board of Directors are described hereinafter in Part B of the Prospectus.

As at the date of the current Prospectus, the Fund and each of its Sub-Funds do not intend to enter in any kind of Securities Financing Transactions ("SFT" meaning a repurchase transaction, securities or commodities lending and securities or

commodities borrowing, a buy-sell back transaction or sell-buy back transaction and a margin lending transaction under the scope of the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse, as may be amended from time to time) or Total Return Swaps (“TRS”). In case the Fund or any of its Sub-Funds may enter into SFT or TRS, the shareholders will be duly informed and the Prospectus will be updated accordingly.

### **3. The Fund’s risk profile**

Each Sub-Fund’s assets are subject to market fluctuations and the risks inherent in any investment in financial assets.

No guarantee can be given that the Fund’s objectives will be achieved and that investors will recover the amount of their initial investment.

The conditions and limits laid down in Sections B to D below are intended however to ensure a certain portfolio diversification so as to reduce such risks.

### **4. The Fund’s risk management**

The Management Company will employ a risk-management process which will enable it to monitor and measure at any time the risk of the positions of the Sub-Funds and their contribution to the overall risk profile of the Sub-Funds.

The method retained by the Management Company in order to determine the global risk exposure of each Sub-Fund is set out for each Sub-Fund in Part B of the Prospectus.

## **5. RISK CONSIDERATIONS**

Despite the possibility for the Fund to use option, futures and swap contracts and to enter into forward foreign exchange transactions with the aim to hedge exchange rate risks, all Sub-Funds are subject to market or currency fluctuations, and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.

### **5.1 *Currency Exchange Risk***

The currency in which the Classes or Categories of Shares of each Sub-Fund is denominated is not necessarily the Reference Currency of the relevant Sub-Fund or the investment currency of the Sub-Fund concerned. Investments are made in those currencies that best benefit the performance of the Sub-Funds in the view of the Investment Manager.

Changes in foreign currency exchange rates may affect the value of shares held in the Sub-Funds.

Shareholders investing in a Sub-Fund other than in the currency in which the relevant Classes or Categories of Shares is denominated should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

## 5.2 *Financial Markets Risk*

The value of a Sub-Fund is affected by the movements in financial market prices and changes in factors that affect these movements and thus represent a risk of loss. Withal, conditions as recessions or economic slowdowns impact financial markets and may decrease the value of a Sub-Fund. Market risk is declined following to major asset classes.

### **5.2.1 Equity Securities**

The value of a Sub-Fund that invests in equity securities is affected by changes in the stock markets and changes in the value of individual portfolio securities. At times, stock markets and individual securities can be volatile and prices can change substantially in short periods of time. The equity securities of smaller companies are more sensitive to these changes than those of larger companies. This risk will affect the value of such Sub-Fund, which will fluctuate as the value of the underlying equity securities fluctuates.

### **5.2.2 Fixed Income Securities**

The value of a Sub-Fund that invests in fixed income securities is affected by the capacity of a borrower to meet its financial obligations, for instance timely payment of interest or principal. Various credit events may qualify as default and thus affect significantly the value of the corresponding assets as the amount, nature and timing of recovery may be uncertain.

Credit events include but are not limited to bankruptcy, insolvency, court-ordered reorganisation/liquidation, rescheduling of debts or non-payment of debts payable. WATERLOO SICAV

### **5.2.3 Interest Rates**

The value of fixed income securities held by a Sub-Fund generally will vary inversely with changes in interest rates and such variation may affect Share prices accordingly.

### **5.2.4 Investments in other UCI and/or UCITS**

The value of an investment represented by a UCI in which the Fund invests, may be affected by fluctuations in the currency of the country where such UCI invests, or by foreign exchange rules, the application of the various tax laws of the relevant countries, including withholding taxes, government changes or variations of the monetary and economic policy of the relevant countries. Furthermore, it is to be noted that the Net Asset Value per Share will fluctuate mainly in light of the net asset value of the targeted UCIs.

### **5.2.5 Emerging Markets**

Potential investors should note that investments in emerging markets carry risks additional to those inherent in other investments. In particular, potential investors should note that investment in any emerging market carries a higher risk than investment in a developed market; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards

and auditing practices which do not necessarily conform with internationally accepted accounting principles.

### *5.3 Risk of Duplication of Fees*

There shall be duplication of management fees and other operating fund related expenses, each time the Fund invests in other UCIs and/or UCITS. When a Sub-Fund invests a substantial proportion of its assets in other UCIs and/or UCITS, its Appendix in Part B of the current Prospectus will state the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or UCIs in which it invests. The maximum proportion of management fees charges both to the Fund itself and to the UCIs and/or UCITS in which the Fund invests shall be disclosed in the annual report of the Fund.

There will be no subscription and redemption fees on account of the Fund's investment in the shares of such other UCIs and/or UCITS when the Fund invests in shares of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Company is linked by common management or control, or by a substantial direct or indirect holding.

### *5.4 Asset Liquidity Risk*

Such risk results from the inability to sell an asset or liquidate a position within a defined timeframe without a significant loss in value. This is caused by a lack of established market for such asset or lack of demand for this one which does occur in relatively undeveloped markets or in some countries. Thus, the Investment Manager may be unable to sell such asset at a favourable price or time.

### *5.5 Risks inherent to the use of Options, Futures and Swaps*

Each of the Sub-Funds may use options, futures and swap contracts and enter into forward foreign exchanges in accordance with the Investment Restrictions, hedging and efficient portfolio management purposes and the investment policy of the Sub-Funds. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the Sub-Funds would not be subject if they did not use these strategies. If the Sub-Funds Investment Manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-Fund may leave the Sub-Fund in a less favourable position than if such strategies were not used.

Risks inherent in the use of options, foreign currency, swaps and futures contracts and options on futures contracts include, but are not limited to (a) dependence on the Investment Manager's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation

between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time; and (e) the possible inability of a Sub-Fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Sub-Fund to sell a portfolio security at a disadvantageous time.

Where a Sub-Fund enters into swap transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap counterparty, such event would affect the assets of the Sub-Fund.

Any Fund's assets entering into a total return swap or in similar derivative instruments will comply with the diversification limits set out in articles 43, 44, 45, 46 and 48 of the Law of 2010. The corresponding underlying exposures of such instruments are taken into account to calculate the investment limits laid down in the before mentioned article 43.

#### *5.6 Use of contingent convertibles instruments*

Some of the Sub-Funds may invest in so called contingent convertibles instruments (CoCos). CoCos are debt instruments convertible into equity or subject to temporary or permanent write down if a pre-specified trigger event occurs. Many of the larger financial institutions have lately embraced the use of CoCos as a cost effective way of meeting the level of going-concern capital required by Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (the Credit Requirement Regulation or CRR) in addition to the Common Equity Tier 1 capital (as defined in the CRR; CET1). The CRR allows a financial institution to issue Additional Tier 1 (AT1) securities in non-CET1 capital but in the form of CoCos. To qualify as AT1s the CoCos need to be able to be written down or converted into equity when a certain trigger CET1 is reached or when the relevant regulatory authority deems the issuer being non-viable under the Bank Recovery and Resolution Directive.

Investors should fully understand and consider the risks of CoCos.

CoCos entail a valuation risk. To correctly value the instruments the Company needs to evaluate the probability of activating the trigger, the extent and probability of any losses upon trigger conversion (not only from write-downs of their principal value but also from unfavourably timed conversion to equity) and the likelihood of cancellation of coupons. These risks may be highly challenging to model. Though certain risk factors are transparent, e.g., trigger level, coupon frequency, leverage, credit spread of the issuer, and rating of instrument, if any, other factors are discretionary or difficult to estimate, e.g. individual regulatory requirements relating to the capital buffer, the issuers' future capital position, issuers' behaviour in relation to coupon payments on AT1 CoCos, and any risks of contagion. Importantly, as one descends down the capital structure to subinvestment grade where the majority of

CoCos sit, the level of precision in estimating value when compared to more highly rated instruments, deteriorates.

Investors should also take into account that the trigger levels differ and determine exposure to conversion risk depending on the CET1 distance to the trigger level. Furthermore, coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not. AT1 CoCos are issued as perpetual instruments, callable at predetermined levels only with the approval of the competent authority. The structure of CoCo instruments is innovative yet untested.

CoCos may entail a liquidity risk, meaning that under certain conditions it may be difficult to sell them. If the relevant market for a specific CoCo is illiquid, it may not be possible to liquidate a position at all or at an acceptable price. This risk generally increases the more likely it gets that the pre-specified trigger event of a given CoCo occurs.

Finally, when CoCos are written down, the NAV of the relevant Sub-Fund may significantly decrease.

## **B. Eligible Financial Assets**

The various Sub-Funds must invest exclusively in:

### Transferable securities and money market instruments

- a) transferable securities and money market instruments admitted to or dealt in on a regulated market as recognised by its home Member State and registered on the list of regulated markets published in the Official Journal of the European Union (“EU”) or on its official website (“Regulated Market”);
- b) transferable securities and money market instruments dealt in on another market in an EU Member State, which is regulated, operates regularly and is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt in on another Regulated Market in a non-EU Member State;
- d) recently issued transferable securities and money market instruments, provided that (i) the issue terms and conditions include an undertaking that application will be made for admission to official listing on a stock exchange or on another Regulated Market and that (ii) such admission is secured within one year of issue at the latest;

- e) money market instruments other than those dealt in on a Regulated Market, provided that the issue or the issuer of these instruments is itself subject to regulations intended to protect investors and savings and that these instruments are:
- issued or guaranteed by a central, regional or local authority, by a central bank of an EU Member State, by the European Central Bank, by the EU or by the European Investment Bank, by a third State or, in the case of a Federal State, by one of the members composing the federation, or by an international public organisation to which one or more EU Member States belong; or
  - issued by a company any securities of which are dealt in on the Regulated Markets referred to under points a), b) or c) above; or
  - issued or guaranteed by an establishment subject to prudential supervision in accordance with the 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 entities belonging to the categories approved by the CSSF provided that the investments in these instruments are subject to investor protection rules which are equivalent to those set out in the first, second or third indents, and that the issuer is a company which has capital and reserves of at least ten million euros (EUR 10,000,000.-) and which draws up and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies including one or several listed companies, is dedicated to financing the group or is an entity which is dedicated to financing securitisation vehicles benefiting from a bank credit line.

Moreover, any Sub-Fund may invest its net assets up to 10% maximum in transferable securities and money market instruments other than those indicated under a) to e) above.

#### Units of undertakings for collective investment

- f) units of undertakings for collective investment in transferable securities ("UCITS") authorised according to the Directive 2009/65/EC and UCITS V Directive, and/or other undertakings for collective investment ("UCIs") within the meaning of article 1(2), first and second indents of the Directive 2009/65/EC, whether or not established in an EU Member State, provided that:
- such other UCIs are authorised in accordance with legislation stipulating that these undertakings are subject to a supervision that the CSSF considers as equivalent to that provided for by Community law and that there are sufficient guarantees of cooperation between the authorities;

- the level of protection guaranteed to unitholders of such other UCIs is equivalent to that provided for UCITS unitholders and, in particular, that the rules relating to the segregation of assets, borrowing, loans and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive 2009/65/EC;
- the activities of such other UCIs are reported in half-yearly and annual reports, which enable investors to assess their assets and liabilities, as well as the income and transactions for the period under review;
- the proportion of assets of the UCITS or these other UCIs, which it is planned to acquire which, in accordance with their instruments of incorporation, can be invested overall in units of other UCITS or other UCIs does not exceed 10%.

#### Deposits with credit institutions

- g) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down by Community law.

#### Financial derivative instruments

- h) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market of the type referred to under points a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments described under points a) to g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to the investment objectives and policies applicable to the relevant Sub-Fund;
  - the counterparties to OTC derivatives transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

The Fund may hold liquidities on an ancillary basis.

### **C. Investment Restrictions**

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund in Part B of the Prospectus, the investment policy of the Sub-Funds shall comply with the rules and restrictions laid down hereafter.

#### Transferable securities and money market instruments

1. The Fund shall not invest its net assets in transferable securities and money market instruments of the same issuer in a proportion which exceeds the limits set out below, it being understood that (i) these limits are to be respected within each Sub-Fund and that (ii) companies that are grouped together for account consolidation purposes are to be considered as a single entity for the purpose of calculating the limits described under points a) to e) below.

a) A Sub-Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same entity.

In addition, the total value of the transferable securities and money market instruments held by the Sub-Fund in issuers in which it invests more than 5% of its net assets shall not exceed 40% of the value of its net assets. This limit does not apply to deposits and OTC derivatives transactions made with financial institutions subject to prudential supervision.

b) A Sub-Fund may invest cumulatively up to 20% of its net assets in transferable securities and money market instruments within the same group.

c) The 10% limit referred to under point a) above may be increased to a maximum of 35% when the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its public local authorities, by a non-EU Member State or by public international bodies of which one or more EU Member States belong.

d) The 10% limit referred to under point a) above may be increased to a maximum of 25% for certain bonds where they are issued by a credit institution having its registered office in an EU Member State and being subject by law, to specific public supervision intended to protect bondholders. In particular, the sums raised from the issue of those bonds must be invested, in accordance with the law, in assets which adequately cover, throughout the life of the bonds, the resultant obligations and allocated in priority to the repayment of the capital and the payment of accrued interest in the event of the issuer's bankruptcy. If a Sub-Fund invests more than 5% of its net assets in these bonds which are issued by the same issuer, the total value of these investments may not exceed 80% of the value of its net assets.

- e) The transferable securities and money market instruments referred to under points c) and d) above shall not be taken into consideration for the application of the 40% limit stipulated under point a) above.
- f) By way of derogation, each Sub-Fund is authorised to invest, according to the principle of risk-spreading, up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities, by a State which is a member of the OECD or by public international bodies of which one or more EU Member States are members.

If a Sub-Fund avails itself of this last possibility, it must then hold securities belonging to at least six different issues and the securities belonging to the same issue may not account for more than 30% of its total assets.

- g) Without prejudice to the limits established under point 8. below, the 10% limit referred to under point a) above is increased to a maximum of 20% for investments in stocks and/or debt securities issued by the same entity, when the Sub-Fund's investment policy is to replicate the composition of a specific stock or debt security index that is recognised by the CSSF, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The 20% limit is increased to 35% when such is justified by exceptional market conditions, in particular in Regulated Markets where certain transferable securities or certain money market instruments are highly dominant. Investment up to this limit is authorised for only one issuer.

#### Deposits with credit institutions

- 2. The Fund may not invest more than 20% of the net assets of each Sub-Fund in deposits made with the same entity. Companies that are grouped together for account consolidation purposes are to be considered as a single entity for the purpose of calculating this limit.

#### Financial derivative instruments

- 3. a) The counterparty risk exposure in an OTC derivative transaction may not exceed 10% of the net assets of the Sub-Fund if the counterparty is one of the credit institutions referred to in Section B point g) above, or 5% of its net assets in all other cases.
- b) Investments in financial derivative instruments are authorised provided that, overall, the risks to which the underlying assets are exposed do not exceed the investment limits laid down under points 1. a) to e), 2., 3. a)

above and 6. and 7. below. When the Fund invests in financial derivative instruments based on an index, such investments are not necessarily combined with the limits set out under points 1. a) to e), 2., 3. a) above and 6. and 7. below.

- c) When a transferable security or a money market instrument includes a financial derivative instrument, the latter must be taken into consideration for the application of the provisions set out under points 3. d) and 7. below, as well as for the assessment of the risks related to transactions in financial derivative instruments, so that the overall risk related to financial derivative instruments does not exceed the total net value of assets.
- d) Each Sub-Fund shall ensure that the overall risk related to financial derivative instruments does not exceed the total net value of its portfolio. The exposure is calculated by taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements, and the time available to liquidate the positions.

Respect of diversification: any Fund's assets entering into a total return swap or in similar derivative instruments will comply with the diversification limits set out in articles 43, 44, 45, 46 and 48 of the Law of 17 December 2010. The corresponding underlying exposures of such instruments are taken into account to calculate the investment limits laid down in the before mentioned article 43.

#### Units of undertakings for collective investment

- 4. a) The Fund may not invest more than 20% of the net assets in each Sub-Fund in units of a single UCITS or other UCI, such as defined in Section B point f) above.
- b) Investments in units of UCIs other than UCITS may not exceed in total 30% of the Sub-Fund's net assets.
- c) When a Sub-Fund invests in the units of other UCITS and/or other UCIs which are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the units of such other UCITS and/or other UCIs.

To the extent that this UCITS or UCI is a legal entity with multiple compartments where the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured, each compartment is to be considered as a separate issuer for the application of the above risk-spreading rules.

When a Sub-Fund has acquired units of UCITS and/or other UCIs, the assets of these latter do not have to be combined for the purposes of the calculation of the investment limits applicable to the Sub-Fund.

#### Shares of Sub-Funds of the Fund

5. Each Sub-Fund may subscribe, acquire and/or hold Shares issued or to be issued by one or more Sub-Funds of the Fund under the conditions however that:
  - The target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
  - No more than 10% of the net assets of the target Sub-Funds may be invested in units of other UCITS or other UCIs; and
  - Voting rights attached to the relevant Shares are suspended for as long as they are held by the relevant Sub-Fund; and
  - In any event, for as long as these Shares are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purpose of verifying the minimum capital imposed by the 2010 Law; and
  - There is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund having invested in the target Sub-Fund, and this target Sub-Fund.

#### Combined limits

6. Notwithstanding the individual limits set under points 1. a), 2. and 3. a) above, a Sub-Fund shall not combine:
  - investments in transferable securities or money market instruments issued by the same entity,
  - deposits made with the same entity, or
  - risks resulting from OTC derivatives transactions undertaken with that single entity,that exceed 20% of its net assets.
7. The limits stipulated under points 1. a), 1. c), 1. d), 2., 3. a) and 6. shall not be combined and, accordingly, investments in the same issuer made in accordance with points 1. a), 1. c), 1. d), 2., 3. a) and 6. may not, in any event, exceed in total 35% of the net assets of the relevant Sub-Fund.

#### Limits on control

8. a) The Fund may not acquire any shares carrying voting rights which would enable it to exercise a significant influence over the management of an issuer.
- b) The Fund shall not acquire more than 10% of the non-voting shares of any single issuer.
- c) The Fund shall not acquire more than 10% of the debt securities of any single issuer.
- d) The Fund shall not acquire more than 10% of the money market instruments of any single issuer.
- e) The Fund shall not acquire more than 25% of the units of any single UCITS or other UCI.

It is accepted that the limits stipulated under points 8. c) to e) above may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or money market instruments, or the net amount of the instruments in issue, cannot be calculated.

The limits stipulated under points 8. a) to e) above do not apply in the case of:

- transferable securities and money market instruments issued or guaranteed by an EU Member State or by its local authorities;
- transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- shares held in the capital of a company incorporated in a non-EU Member State, on condition that (i) the company in question invests its assets mainly in the securities of issuing bodies having their registered office in that State where, (ii) under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State, and (iii) in its investment policy the company from the non-EU Member State complies with the rules on risk diversification, counterparties and control limits laid down in points 1. a), 1. c), 1. d), 2., 3. a), 4. a) and b), 6., 7. and 8. a) to e) above;
- shares held in the capital of subsidiary companies carrying on the business of management, advice or marketing exclusively on the Fund's behalf in the country where the subsidiary is established as regards to the redemption of units at the request of shareholders.

### Borrowing

9. Each Sub-Fund is authorised to borrow up to 10% of its net assets provided that such borrowing is on a temporary basis. Each Sub-Fund may also acquire foreign currency by means of back-to-back loans.

Commitments under options contracts, purchases and sales of forward contracts are not considered as borrowing for the purpose of calculating this investment limit.

Finally, the Fund shall ensure that the investments of each Sub-Fund respect the following rules:

10. The Fund may not grant loans to or act as a guarantor for third parties. This restriction shall not prevent it from acquiring transferable securities, money market instruments or other financial instruments which are not fully paid.
11. The Fund may not carry out short sales on transferable securities, money market instruments, or other financial instruments as mentioned in Section B above.
12. The Fund may not acquire movable and immovable property unless such is essential for the direct pursuit of its activity.
13. The Fund may not acquire commodities, precious metals or even certificates representing them.
14. The Fund may not use its assets to guarantee securities.
15. The Fund may not issue warrants or other instruments entitling the holder to acquire Shares in the Fund.

Notwithstanding all the aforementioned provisions:

16. It is accepted that the limits stipulated previously may not be respected when exercising subscription rights in respect of transferable securities or money market instruments, which are part of the assets of the Sub-Fund concerned.
17. When the maximum percentages above are exceeded for reasons beyond the Fund's control or as a result of the exercise of subscription rights, the Fund must give priority when making sales to regularising the situation taking into account the interests of its shareholders.

While ensuring observance of the principle of risk spreading, each Sub-Fund may derogate to the limits set forth above for a period of six months following the date of its authorisation.

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

**D. Efficient portfolio management - Techniques and Instruments relating to transferable securities and money market instruments**

The Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and other financial liquid assets for efficient portfolio management. All revenues arising from such techniques are fully returned to the Fund, net of direct and indirect operational costs resulting from it.

According to CSSF Circular 14/592, the policy regarding any direct or indirect operational cost/fee arising from the use of efficient portfolio management techniques will be indicated in the Prospectus if applicable. Therefore, the corresponding costs for operations of repurchase/reverse repurchase agreements are up to a maximum of 10% of interest rates in each case and the costs for operations of securities lending agreements are up to a 10% of the amount paid as fee from the value of the loaned securities. The identity of the entity to which the fees are paid will be always disclosed in the Annual Report of the Fund, as well as its relation with the Management Company or the Depositary, if applicable.

When calculating the risk limits stated in article 52 of the UCITS IV Directive for a specific Sub-Fund (list of percentages stated in the Part A of the current Prospectus – section Investment Restrictions –), such calculation will always be combined with the risk exposures to a counterparty arising from efficient portfolio management techniques and OTC financial derivative transactions.

Following Circular 14/592 and if applicable in each Sub-Fund, the management of collateral, for OTC financial derivatives transactions as well as in cases of efficient portfolio management, will comply with the following conditions:

- Liquidity: any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation (conditions under article 56 of the UCITS IV Directive are also applicable).
- Valuation: any collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- Issuer credit quality: any collateral received should be of high quality (list stated further below).
- Correlation: the collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- Collateral diversification: in the use of collaterals, the Sub-Fund will ensure that each collateral should be sufficiently diversified in terms of country, markets and issuers. Sufficient diversification is to be considered as receiving from a counterparty a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value, and in cases of exposure of different

- counterparties, the different baskets of collaterals should be aggregated to calculate the 20% limit of exposure to a single issuer.
- Risks linked to the management of collateral will be covered by the risk management process of the Management Company.
  - Any collateral received will be executed by the Fund without reference to or approval from the counterparty.

As the Fund is managed by Adepa Asset Management, S.A., it adheres to an effective policy to manage conflicts of interest created, implemented and maintained by Adepa Asset Management, S.A. This policy identifies, in relation to the collective portfolio management, the situations which cause, or could cause, a conflict of interest that represents a significant risk affecting the interests of all UCITS/UCIs managed by Adepa Asset Management, S.A.

According to such Circular, the Fund is able to recall any securities and cash amounts lent or that are subject to a repurchase/reverse repurchase agreement, or to terminate any securities lending agreement or repurchase/reverse repurchase agreement into it has entered.

Save as otherwise described in the investment policy of any Sub-Fund as specified in Part B of the Prospectus, the Fund may employ the techniques and instruments available in the context of securities investments for the purpose of efficient asset management such as securities lending and borrowing, repurchase agreements, reverse repurchase agreements and “réméré” transactions, under the conditions and within the limits laid down by law, regulation and administrative practice, and as described hereafter.

#### Securities lending and borrowing

Each Sub-Fund may enter into securities lending and borrowing transactions subject to the following restrictions:

- Each Sub-Fund may only lend securities through a standardised lending system organised by a recognised clearing institution or through a financial institution that are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in this type of transactions.
- Each borrower must also be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement.
- As the Sub-Funds are open-ended, each Sub-Fund must be in a position to terminate outstanding loans and to recall securities lent out at all times. Each Sub-Fund must ensure that securities lending transactions will be maintained at a level such that it is, at all times, able to meet its obligations to redeem Shares.

- Each Sub-Fund must receive, previously or simultaneously to the transfer of securities lent, a guarantee which complies with the requirements expressed under the Collateral Management section below. At maturity of the securities lending transaction, the guarantee will be remitted simultaneously or subsequently to the restitution of the securities lent.
- Each Sub-Fund may borrow securities only under the following specific circumstances in connection with the settlement of a sale transaction: (a) during a period over which the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time; and (c) to avoid a failed settlement when the Depository fails to make delivery.

Repurchase agreements, reverse repurchase agreements and “réméré” transactions

- Each Sub-Fund may enter into “réméré” transactions which consist in the purchase and sale of securities with a clause reserving the seller the right to repurchase from the buyer the securities sold at a price and term specified by the two parties in a contract.
- Each Sub-Fund may enter into repurchase or reverse repurchase agreements which consist in the purchase and sale of securities with a simultaneous agreement to repurchase from the seller/buyer the securities sold at a price and term specified by the two parties in a contract.
- Each Sub-Fund may act either as buyer or seller in “réméré” transactions and repurchase or reverse repurchase agreements.
- Each Sub-Fund may only enter into “réméré” transactions and repurchase or reverse repurchase agreements with financial institutions subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in these types of transactions.
- Securities which are delivered to each Sub-Fund under a “réméré” transaction or a repurchase or reverse repurchase agreement may belong to any of the following categories of eligible assets:
  - a. Short-term bank certificates or money market instruments such as defined within the Directive 2007/16/EC, or
  - b. Bonds issued and/or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings of a community, regional or worldwide nature, or
  - c. Bonds issued by non-governmental issuers offering an adequate liquidity, or

- d. Units of other money-market UCIs, provided that their net asset value is calculated daily and that such investment funds have a triple-A rating or any other form of rating considered as equivalent, or
  - e. Equities admitted to official listing or negotiated on a Regulated Market of a EU Member State or on a stock exchange of a Member State of the OECD on the conditions that these equities are included in a main index.
- During the life of a “réméré” transaction, a repurchase or reverse repurchase agreement, and where the Sub-Fund acts as a buyer, it may not sell or pledge/give as guarantee the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the term of the contract has expired.
  - As the Sub-Funds are open-ended, each Sub-Fund must ensure that the value of purchased securities subject to a repurchase or a reverse repurchase obligation or under a “réméré” transaction will be maintained at a level such that is, at all times, able to meet its obligations to redeem Shares.

### Collateral management

As part of securities lending transactions or when entering into “réméré” transactions or repurchase agreements and reverse repurchase agreements, each Sub-Fund must receive collateral, the value of which must be at least equal to the aggregate of the value of securities lent and of the counterparties’ risk exposure.

The collateral must be blocked in the favour of the Fund and must only be:

- a. placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive;
- b. invested in high-quality government bonds;
- c. used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis;
- d. invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

As previously mentioned, in all cases the level of collateral will be equivalent to the aggregate of the value of securities lent.

The collateral blocked will be held by the Depository of the Fund or, if required, by another regulated entity not linked to the provider of the collateral. Such blocked collateral can always be enforced by the Fund without any conditions.

In cases where collateral is used to mitigate counterparty risk exposure and according to CSSF Circular 14/592, non-cash collateral received will not be sold, reinvested or pledged.

Diversification requirements applicable to non-cash collateral also apply to re-investment of cash collateral (if any). Re-investment of cash collateral is not foreseen for the time being in the Fund. If such re-investment is used in the future, the current Prospectus will reflect all the risks that may arise from that use of cash collateral.

Collateral diversification: the Sub-Fund will ensure that each collateral should be sufficiently diversified in terms of country, markets and issuers. Sufficient diversification is to be considered as receiving from a counterparty a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value, and in cases of exposure of different counterparties, the different baskets of collaterals should be aggregated to calculate the 20% limit of exposure to a single issuer.

As stated in some Sub-Funds in Part B of the Prospectus, a Sub-Fund may use repurchase/reverse repurchase agreements according to the “Investments Restrictions” in order to optimize its cash management and may also enter into securities lending agreements on a limited basis in order to increase and enhance overall returns to the Sub-Fund. The Fund has a haircut policy relating to the following classes of assets received as collateral:

- i. Deposits with entities prescribed in Article 50(f) of the UCITS IV Directive; haircut ranging from 0-1%\*;
- ii. High-quality government bonds: haircut ranging from 1-2%\*;
- iii. Reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis: haircut ranging from 1-7%\*;
- iv. short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds: haircut ranging from 1-10%\*;

\*The ranges from 0 to 10% are to be considered on a case by case basis depending on the characteristics of the collateral (quality, stability in the value, marketability, durability, etc).

Any collateral received will be valued on a daily basis and assets with high price volatility will not be accepted as collateral unless conservative haircuts are in place.

Any received collateral will be issued by an entity independent from the counterparty and may potentially display a low correlation with the performance of this counterparty.

## **II. BOARD OF DIRECTORS**

The Board of Directors has the broadest powers to act in any circumstances on behalf of the Fund, without prejudice of the powers expressly assigned by Luxembourg law to the shareholders' meeting.

The Board of Directors is responsible for the administration and management of the assets of the Fund. It may carry out all acts of management and administration on the Fund's behalf.

### **III. THE SHARES**

The Fund may issue Shares of different Classes or Categories reflecting the various Sub-Funds which the Board of Directors may decide to open. Within a Sub-Fund, Classes or Categories may be defined from time to time by the Board of Directors so as to correspond to (i) a specific distribution policy, such as entitling to distributions or not entitling to distributions, and/or (ii) a specific sales and redemption charge structure, and/or (iii) a specific management, performance or advisory fee structure, and/or (iv) a specific distribution fee structure, and/or (v) specific types of investors entitled to subscribe the relevant Classes/Categories, and/or (vi) a specific currency, and/or (vii) any other specific features applicable to one Class/Category. If Classes or Categories are defined within a Sub-Fund, such Classes or Categories will be described in the specific information relating to the relevant Sub-Fund contained in Part B of the Prospectus.

Shares in any Sub-Fund will be issued in a registered form. The form of Shares authorised in a Sub-Fund/Class or Category will be specified in Part B of the Prospectus.

Registered Shares will be registered in the register of shareholders. Registered shareholders will only receive a written confirmation of registration in the register of shareholders. No registered share certificates will be issued to shareholders.

Fractions of Shares will be issued up to three decimal places. Such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation or of any other distribution attributable to the Shares in the relevant Sub-Fund on a pro rata basis.

All Shares must be fully paid-up in cash or in kind; they are of no par value and carry no preferential or pre-emptive rights. Each Share to whatever Sub-Fund it belongs is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

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

investor to exercise certain shareholders rights directly against the Fund. Investors are advised to take advice on their rights.

If the Shares of a Sub-Fund are listed on the Luxembourg Stock Exchange, it will be specified in Part B of the Prospectus.

#### **IV. SUBSCRIPTION, CONVERSION AND REDEMPTION**

##### **A. SUBSCRIPTION FOR SHARES**

The Board of Directors is authorised to issue Shares of each Sub-Fund and of each Class/Category at any time and without limitation.

After the Initial Subscription Period of any Class/Category within a Sub-Fund, if any, or of any Sub-Fund (as defined in Part B of the Prospectus), the subscription price per Share in the relevant Class/Category or Sub-Fund (the “Subscription Price”) is the total of the Net Asset Value per Share and the sales charge, if any, as stated in Part B of the Prospectus. The Subscription Price is available for inspection at the registered office of the Fund.

Subscriptions in any Class/Category or in any Sub-Fund may be subject to a minimum investment amount and/or a minimum holding requirement as stated in Part B of the Prospectus, as the case may be.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per Share determined as of the Valuation Day (as defined in this Part A) following receipt of the subscription form provided that such application is received by the Registrar and Transfer Agent within the relevant time limit as stated in Part B of the Prospectus. Applications received by the Registrar and Transfer Agent after the relevant time limit will be dealt with on the following Valuation Day.

Investors may be required to complete a subscription form or any other documentation satisfactory to the Fund.

Payments for Shares will be made in the Reference Currency of the relevant Class, Category or Sub-Fund.

Payments for subscriptions must be made within the time limits set out for each Sub-Fund in Part B of the Prospectus. If payment for a subscription request is received after the relevant time limit as stated in Part B of the Prospectus, the Board of Directors or its agent may process the request by (i) applying an increase which notably reflects interest owed at the usual market rates; or (ii) cancelling the Share allotment, as the case may be, accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit.

The Fund may agree to issue Shares as consideration for a contribution in kind of securities or other permitted assets, in compliance with the conditions set forth by

Luxembourg law, in particular the obligation for the Auditors of the Fund to deliver a valuation report and provided that such assets comply with the investment policy and restrictions of the relevant Sub-Fund. Any costs incurred in connection with a contribution in kind of securities or other permitted assets shall be borne by the relevant shareholders.

Written confirmations of shareholding will be sent to shareholders.

No Shares in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per Share in such Sub-Fund is suspended by the Fund, pursuant to the powers reserved to it by Article 12 of the Articles. In the case of suspension of dealings in Shares, the application will be dealt with on the first Valuation Day following the end of such suspension period.

In addition, the Fund qualifies as a "Restricted Fund", as defined in the IGA, for the purposes of FATCA. Accordingly, the Shares may not be offered, sold, transferred or otherwise delivered to (i) a "Specified U.S. Person" as defined in the IGA (ii) a "Nonparticipating Financial Institution" as defined in the IGA, or (iii) a "Passive NFFE" as defined in the IGA with one or more U.S. owners, all considered US Persons.

The holders of Shares in the Fund are required to notify any subsequent change in their FATCA status to the Board of Directors within 60 (sixty) days from the change in their FATCA status.

## **B. MONEY LAUNDERING PREVENTION**

Pursuant to the Luxembourg law of 17 July 2008 on the fight against money laundering and terrorist financing which amends Luxembourg law of 12 November 2004 relating to the prevention of money laundering and terrorist financing, and the CSSF circular 13/556 and the CSSF Regulation 12/02, as amended from time to time, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering purposes and terrorist financing purposes. Within this context some important points have been introduced: a general risk-based approach, specific provisions regarding customer identification which include concepts such as beneficial owner and politically exposed person, detailed description of the customer identification procedure and the use of specific third parties in the customer identification procedure, among others.

This identification procedure must be complied with by the Fund in the case of direct subscriptions to a Sub-Fund, and in the case of subscriptions received by the Sub-Fund from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under Luxembourg laws for the prevention of money laundering and terrorist financing. It is generally accepted that professionals of the financial sector resident in a country that has ratified the conclusions of the Financial Action Task Force (Groupe d'Action

Financière) are deemed to be intermediaries having an identification obligation equivalent to that required under Luxembourg law.

The Fund (and the Transfer Agent acting on behalf of the Fund) reserves the right to request any further documentation as is necessary to verify the identity of an investor in conformity with the abovementioned laws and regulations.

### C. CONVERSION OF SHARES

Unless otherwise stated in Part B of the Prospectus, shareholders have the right, subject to the provisions hereinafter specified, to convert Shares from one Sub-Fund for Shares of another Sub-Fund and to convert Shares of a given Class/Category to Shares of the same Class/Category of another Sub-Fund (if applicable). The Board of Directors may refuse to accept a conversion application if it is detrimental to the interests of the Fund, the Sub-Funds and the Classes/Categories concerned or the relevant shareholders.

The rate at which Shares of a given Class/Category or Sub-Fund (the “original Sub-Fund or Class/Category”) shall be converted into Shares of another Class/Category or Sub-Fund (the “new Sub-Fund or Class/Category”) will be determined as precisely as possible and in accordance with the following formula:

$A = \frac{B \times C \times E}{D}$	
A	being the number of Shares to be allocated in the new Sub-Fund or Class/Category;
B	being the number of Shares of the original Sub-Fund or Class/Category to be converted;
C	being the prevailing Conversion Price (NAV+commissions) of the original Sub-Fund or Class/Category on the Valuation Day in question;
D	being the prevailing Conversion Price (NAV+commissions) of the new Sub-Fund or Class/Category on the Valuation Day in question; and
E	being the exchange rate applicable at the time of the transaction between the Reference Currencies of the two Sub-Funds or Classes/Categories concerned.

Conversions of Shares in any Class/Category or Sub-Fund may be subject to a fee based on the respective Net Asset Value of the relevant Shares as stated in Part B of the Prospectus, as the case may be. However, this amount may be increased if the sales charge applied to the original Class/Category or Sub-Fund was less than the sales charge applied to the Class/Category or Sub-Fund in which the Shares will be converted.

Shares may be tendered for conversion as of any Valuation Day.

All terms and notices regarding the redemption of Shares shall equally apply to the conversion of Shares.

No conversion of Shares will be effected until a duly completed request for conversion of Shares has been received by the Registrar and Transfer Agent.

Fractions of Shares will be issued on conversion up to three decimal places.

Written confirmations of shareholding will be sent to shareholders.

In converting Shares of a Class/Category or Sub-Fund for Shares of the same Class/Category of another Sub-Fund or of another Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the new Sub-Fund, if any.

If, as a result of any request for conversion, the investment held by any shareholder in a Class/Category or Sub-Fund would fall below the minimum amount, if any, indicated in Part B of the Prospectus under the specific information for each Sub-Fund, the Fund may treat such request as a request to convert the entire shareholding of such shareholder.

### **Conversion restrictions**

No Shares shall be converted into a given Sub-Fund, Class or Category throughout the period when the calculation of the Net Asset Value of the Shares of the said Sub-Fund, Class or Category has been temporarily suspended by the Board of Directors pursuant to the powers conferred on the Articles.

In accordance with the Articles, in the case of important conversion applications representing more than 10% of the net assets of a given Sub-Fund, the Board of Directors reserves the right to decide that all or part, on a pro rata basis for each shareholder asking for the conversion of its Shares, of such requests for conversion will be deferred and to convert the Shares only at a price as determined once it has been able to sell the necessary assets as soon as possible in the interests of the shareholders of the Sub-Fund as a whole, and it has received the proceeds of such sales. In such cases, a single price shall be calculated for all the redemption, subscription and conversion applications presented at the same time for the Sub-Fund in question.

### **D. REDEMPTION OF SHARES**

Each shareholder may at any time request the Fund to redeem on any Valuation Day all or any of its Shares in any of the Classes/Categories or Sub-Funds.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the Registrar and Transfer Agent.

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Class/Category or Sub-Fund, the name in which such Shares are registered and details as to whom payment should be made.

Shareholders whose requests for redemption are accepted will have their Shares redeemed as of any Valuation Day provided that the requests have been received by the Registrar and Transfer Agent within the relevant time limit as stated in Part B of the Prospectus. Requests received by the Registrar and Transfer Agent after the relevant time limit will be dealt with on the following Valuation Day.

Shares will be redeemed at a price based on the Net Asset Value per Share in the relevant Class/Category or Sub-Fund determined on the first Valuation Day following receipt of the redemption request, potentially decreased by a redemption fee as stated in Part B of the Prospectus, as the case may be (the "Redemption Price").

The Redemption Price shall be paid within the time limits set out for each Sub-Fund in Part B of the Prospectus.

Payment will be made by transfer bank order to an account indicated by the shareholder, at such shareholder's expense and risk.

Payment of the Redemption Price will be made in the Reference Currency of the relevant Class/Category or Sub-Fund.

The Redemption Price may be higher or lower than the price paid at the time of subscription or purchase.

If as a result of any request for redemption, the investment held by any shareholder in a Class/Category or Sub-Fund would fall below the minimum amount indicated in Part B of the Prospectus, if any, the Fund may treat such request as a request to redeem the entire shareholding of such shareholder in such Class/Category or Sub-Fund.

All redeemed Shares by the Fund will be cancelled.

### **Redemption restrictions**

No Shares shall be redeemed in a given Sub-Fund, Class or Category throughout the period when the calculation of the Net Asset Value of the Shares of the said Sub-Fund, Class or Category has been temporarily suspended by the Fund under the powers conferred on it by Article 12 of the Articles. In accordance with the Articles, in the case of important redemption requests representing more than 10% of the net assets of a given Sub-Fund, the Board of Directors reserves the right to decide that all or part, on a pro rata basis for each shareholder asking for the redemption of its Shares, of such requests for redemption will be deferred and to redeem the Shares only at a Redemption Price as determined once it has been able to sell the necessary assets as soon as possible in the interests of the shareholders of the Sub-Fund as a whole, and it has received the proceeds of such sales. In such cases, a single price shall be calculated for all the redemption, subscription and conversion applications presented at the same time for the Sub-Fund in question.

Under special circumstances including, but not limited to, default or delay in payments due to the relevant Sub-Fund from banks or other entities, the Fund may, in turn, delay all or part of the payment to shareholders requesting redemption of Shares in the Sub-Fund concerned. The right to obtain redemption is contingent upon the Sub-Fund having sufficient liquid assets to honour redemptions.

### **Compulsory redemption**

Redemption of Shares may be carried out in the manner described in this Part A in Chapter XIV “General Information” Section D. “Liquidation, Merger and Split of Sub-Funds, Classes or Categories”.

The Articles contain at Article 10 provisions enabling the Fund to compulsorily redeem Shares held by US persons.

### **E. PROTECTION AGAINST LATE TRADING AND MARKET TIMING PRACTICES**

Late trading: the Fund determines the price of its Shares on a forward basis. This means that it is not possible to know in advance the Net Asset Value per Share at which Shares will be bought or sold (exclusive of any sales charges). Subscription applications have to be received and will be accepted for each Sub-Fund only in accordance with the deadlines set out in the Appendices.

The Board of Directors does not authorise Market Timing activities as defined in CSSF Circular 04/146, nor does it authorise active trading and excessive trading practices (“Active Trading”), defined as the rapid subscription, redemption and conversion of Shares from the same Sub-Fund, as applicable in large amounts, in order to make a short-term profit. Active Trading and Market Timing practices are harmful to other shareholders since they affect the Sub-Fund's performance and disrupt asset management.

The Board of Directors reserves the right to reject all subscription and conversion orders suspected to reflect Active Trading or Market Timing practices. The Board of Directors may take all necessary measures to protect the Fund's other shareholders when such practices are suspected.

The investors do not know the Net Asset Value per Share at the time of their request for subscription, redemption or conversion.

### **F. SUSPENSION AND REJECTION OF SUBSCRIPTIONS**

The Board of Directors may suspend or interrupt, without prior notice, the issue of the Shares in one, several or all of the Sub-Funds, Classes or Categories at any time. It may do so particularly in the circumstances described under Chapter VI. “Determination of the Net Asset Value”, Section B “Temporary Suspension of the Calculation”. Moreover, it reserves the right, without having to give reasons for its decision, to:

- reject any subscription;
- redeem at any time Shares in the Fund that were unlawfully subscribed or are unlawfully held.

When, after a suspension of the issue of Shares of one or more Sub-Funds for any period of time, the Board of Directors decides to resume such issue, all pending subscriptions will be processed on the basis of the same Net Asset Value per Share determined after calculation of the Net Asset Value is resumed.

## **V. DETERMINATION OF THE NET ASSET VALUE**

### **A. CALCULATION AND PUBLICATION**

The Net Asset Value per Share of each Class/Category in respect of each Sub-Fund or of each Sub-Fund (the “NAV” or the “Net Asset Value”) is calculated in Luxembourg by the Management Company. The Net Asset Value of each Class/Category in respect of each Sub-Fund or of each Sub-Fund shall be determined in the Reference Currency of that Class/Category or Sub-Fund as specified in Part B of the Prospectus.

The Net Asset Value is calculated on the day specified for each Sub-Fund in Part B of the Prospectus (“Calculation Day”) on the basis of the prices available on that Valuation Day, as published by the stock exchanges or Regulated Markets concerned and with reference to the value of assets owned on behalf of the relevant Sub-Fund, according to Article 11 of the Articles.

The Net Asset Value per Share shall be determined by dividing the net assets of the Fund attributable to such Class/Category in that Sub-Fund or to such Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such Class/Category or to such Sub-Fund on any such Valuation Day), as determined in accordance with applicable generally accepted Luxembourg accounting principles, by the total number of Shares in the relevant Class/Category in a Sub-Fund or in the relevant Sub-Fund then outstanding.

If, since the time of determination of the Net Asset Value on the relevant Valuation Day, there has been a material change in the quotations in the markets on which a substantial portion of the investments attributable to the relevant Class/Category in respect of a Sub-Fund or to the relevant Sub-Fund are dealt in or quoted, the Fund may, in order to safeguard the interests of the shareholders and the Fund, cancel the first valuation and carry out a second valuation. All subscription, redemption and conversion requests shall be treated on the basis of this second valuation.

The Net Asset Value is determined on the basis of the value of the underlying investments of the relevant Sub-Fund, as follows:

- (a) The value of any cash on hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is 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 is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

- (b) The value of any security or other asset which is quoted or dealt in on a stock exchange will be based on its last available price in Luxembourg on the stock exchange which is normally the principal market for such security.
- (c) The value of any security or other asset which is dealt in on any other Regulated Market will be based on its last available price in Luxembourg.
- (d) In the event that any assets are not listed nor dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange or on any other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not, in the opinion of the Board of Directors, representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- (e) Units of undertakings for collective investment will be valued at their last determined and available net asset value or, if such price is not, in the opinion of the Board of Directors, representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis.
- (f) The liquidating value of futures, spot, forward or options contracts not traded on stock exchanges nor on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, spot, forward or options contracts traded on stock exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on stock exchanges and Regulated Markets on which the particular futures, spot, forward or options contracts are traded by the Fund; provided that if a futures, spot, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps will be valued at their market value.
- (g) The value of money market instruments not traded on stock exchanges nor on other Regulated Markets and with a remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market

instruments with a remaining maturity of 90 days or less will be valued by the amortized cost method, which approximates market value.

- (h) Interest rate swaps will be valued at their market value established by reference to the applicable interest rates' curve.
- (i) All other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The net proceeds from the issue of Shares in the relevant Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund.

The Board of Directors shall maintain for each Sub-Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

As regard relations among the shareholders themselves and between the shareholders and third parties, each Sub-Fund shall be considered as a separate entity and shall only be responsible for the liabilities which are attributable to such Sub-Fund.

The value of all assets and liabilities not expressed in the Reference Currency of a Class/Category or Sub-Fund will be converted into the Reference Currency of such Class/Category or Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion but in accordance with applicable generally accepted Luxembourg accounting principles, may permit some other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets of the Fund.

The Net Asset Value and the issue, redemption and conversion prices for the Shares in each Sub-Fund may be obtained during business hours at the registered office of the Fund, and will be published in such newspapers as determined for each Sub-Fund by the Board of Directors and specified in Part B of the Prospectus, as the case may be.

## **B. TEMPORARY SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND THE ISSUE, REDEMPTION AND CONVERSION OF SHARES**

In each Sub-Fund, the Fund may temporarily suspend the calculation of the Net Asset Value and the issue, redemption and conversion of Shares:

- a) during any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Fund attributable to

the relevant Sub-Fund from time to time are quoted or dealt in, is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or

- b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Fund attributable to the relevant Sub-Fund would be impracticable; or
- c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the relevant Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-Fund; or
- d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- e) when for any other reason beyond the control and responsibility of the Board of Directors the prices of any investments owned by the Fund attributable to such Sub-Fund cannot promptly or accurately be ascertained; or
- f) upon the notification or publication of a notice convening a general meeting of shareholders for the purpose of resolving the winding-up of the Fund; or
- g) during any period when the market of a currency in which a substantial portion of the assets of the Sub-Fund is denominated is closed otherwise than for ordinary holidays, or during which dealings therein are suspended or restricted; or
- h) during any period when political, economic, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Fund prevent the Fund from disposing of the assets, or determining the Net Asset Value of the Sub-Fund in a normal and reasonable manner; or
- i) during any period when the calculation of the net asset value per unit of a substantial part of undertakings for collective investment in which the Sub-Fund is investing in, is suspended and this suspension has a material impact on the Net Asset Value in the Sub-Fund.

Any such suspension shall be notified by the Fund to all the shareholders, if appropriate, and may be notified to shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the Net Asset Value, the issue, redemption and conversion of Shares of any other Sub-Fund not affected by the same circumstances.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the Net Asset Value in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

## **VI. DISTRIBUTION POLICY**

The distribution policy of each Sub-Fund will be described in the specific information contained in Part B of the Prospectus.

However the Board of Directors may at any time and at its own discretion decide to create within a Sub-Fund or within a Class two Categories, one Category entitling the holders thereof to receive a distribution and another Category capitalizing its entire earnings. These Categories will be indicated in the specific information contained in Part B of the Prospectus.

### **A. PRINCIPLE**

The general meeting of shareholders shall decide, upon proposal of the Board of Directors and after closing the annual accounts, whether and to what extent distributions are to be paid out of investment income, realised gains and potentially net assets in the relevant Sub-Fund(s). The payment of distributions shall not result in the Net Asset Value of the Fund falling below the minimum capital amount prescribed by law.

The Board of Directors may, at its discretion, pay interim dividends.

### **B. PAYMENT**

Shareholders shall be paid by bank transfer in accordance with their instructions.

Payment will be made in the Reference Currency of the relevant Sub-Fund and/or Class or Category.

Entitlements to distributions and allocations not claimed within five years of the due date shall be forfeited and the corresponding assets returned to the relevant Sub-Fund(s). If the Sub-Fund in question has already been liquidated, the distributions and allocations will accrue to the remaining Sub-Funds of the Fund in proportion to their respective net assets.

## **VII. CHARGES AND EXPENSES**

### **A. GENERAL**

The Fund pays out of its assets all expenses payable by the Fund which shall include but not be limited to formation expenses, fees payable to the relevant supervisory authorities, fees payable to its Management Company, Investment Managers and Advisors, including performance fees, if any, fees and expenses payable to its Depositary and correspondents, Registrar and Transfer Agent, Listing Agent, any Paying Agent, any permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration (if any) of the Directors and officers of the Fund and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with Board meetings, fees and expenses for legal and auditing services, any expenses incurred in connection with obtaining legal, tax and accounting advice and the advice of other experts and consultants, any expenses incurred in connection with legal proceedings involving the Fund, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, translating, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements, share certificates, and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, expenses in relation of the marketing, promotion and development of the Fund i.e. “marketing costs”, setting up costs, all other operating expenses, including the cost of buying and selling assets, interest, bank and brokerage charges, postage and telephone charges and winding-up costs. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateable for yearly or other periods.

Each Sub-Fund will bear all costs and expenses of buying and selling securities and financial instruments including, without limitation, any brokerage fees and commissions, investment research costs, interest, taxes, governmental duties, charges and levies and any other transaction related expenses excluding any costs and expenses relating to custody (collectively “Transaction Fees”) which relate to the relevant Sub- Fund.

Investment Managers may require to pay out of the relevant Sub-Fund’s assets investment research fees to brokers or other investment firms. In such cases, the Investment Manager will ensure compliance with relevant MiFID (Directive 2014/65/EU of the European Parliament and of the Council of 15/5/2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended or supplemented from time to time) requirements and will act at all times in the best interest of the Sub-Fund, regularly assessing the quality of the research purchased based on robust quality criteria and its ability to contribute to better investment decisions. Information on the total investment research costs incurred by each Sub-Fund will be provided in the annual accounts of the Fund.

In the case where any liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such liability shall be allocated to all the Sub-Funds pro rata to their Net Asset Value or in such other manner as determined by the Board of Directors acting in good faith.

## **B. FORMATION EXPENSES**

Expenses incurred in connection with the incorporation of the Fund including those incurred in the preparation and publication of the first Prospectus and constitutive documents, as well as the taxes, duties and any other incorporation and publication expenses, are estimated at EUR 50.000 and may be amortized over a maximum period of five years.

Expenses incurred in connection with the creation of any additional Sub-Fund shall be borne by the relevant Sub-Fund and will be written off over a period of five years. Hence, the additional Sub-Funds shall not bear a pro rata of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Fund(s).

## **C. FEES TO BE PAID TO THE SERVICE PROVIDERS**

### **1. Fees of the Management Company**

The Management Company is entitled to receive from each Sub-Fund a management fee as determined in Part B of the Prospectus for each Sub-Fund. The Management Company will also receive from the Fund, out of the assets of each Sub-Fund, a remuneration calculated in accordance with customary banking practice in Luxembourg and expressed as a percentage per annum of the average monthly net assets thereof during the month under review and payable monthly in arrears for the administration services, and a remuneration in accordance with customary banking practice in Luxembourg and expressed as a flat fee payable yearly in advance for the domiciliation services.

### **2. Fees of the Investment Advisors/Managers**

The Investment Advisors and Investment Managers, if any, are entitled to receive from the Management Company at the charge of the relevant Sub-Fund an investment advisory fee / investment management fee respectively as determined in Part B of the Prospectus for each Sub-Fund.

### **3. Fees of the Depositary**

The fees due to the Depositary may amount to up to 0.10% per year, calculated on the average Net Asset Value determined of each month, with minimum annual fees amounting to EUR 12,000 per Sub-Fund. Notwithstanding such fees, the Depositary will receive customary banking fees for transactions.

Any reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, e-mail, website, cable and postage expenses) incurred by the Depositary, and any custody charges of banks and financial institutions to which custody of assets of a Sub-Fund is entrusted, will be borne by the relevant Sub-Fund.

#### **4. Fees of the Registrar and Transfer Agent**

The Registrar and Transfer Agent will receive from the Fund, out of the assets of each Sub-Fund, a remuneration calculated in accordance with customary banking practice in Luxembourg and expressed as a flat fee and a transaction fee payable monthly in arrears.

In addition, the Management Company, the Investment Advisors, the Depositary and the Registrar and Transfer Agent are entitled to be reimbursed by the Fund for their reasonable out-of-pocket expenses and disbursements.

Their remuneration will be accrued in the accounts of the Fund on each Valuation Day.

### **VIII. DEPOSITARY AND PAYING AGENT**

QUINTET PRIVATE BANK (EUROPE) S.A. has been appointed as Depositary (the "Depositary") of the assets of the Fund.

QUINTET PRIVATE BANK (EUROPE) S.A. is a credit institution which was incorporated on 23 May 1949 as a public limited liability company (société anonyme) under Luxembourg law, having its registered office at 43, Boulevard Royal, L-2955 Luxembourg and being registered with the RCS under number B 6395. On 31 December 2018, the capital and reserves of QUINTET PRIVATE BANK (EUROPE) S.A. S.A. amounted to EUR 1,160,027,788. .

Pursuant to a depositary agreement dated 7th July 2016 (the Depositary Agreement), QUINTET PRIVATE BANK (EUROPE) S.A. will carry out its functions and responsibilities in accordance with the provisions of the Law of 17 December 2010.

The Depositary will further, in accordance with the Law of 17 December 2010:

- a) ensure that the sale, issue, repurchase, redemption and cancellation of units of the Fund are carried out in accordance with the applicable Luxembourg law and the Articles;
- b) ensure that the value of the units of the Fund is calculated in accordance with the applicable Luxembourg law and the Articles;
- c) carry out the instructions of the Management Company or the Fund, unless they conflict with the applicable Luxembourg law, or with the Articles;
- d) ensure that in transactions involving the assets of the Fund, any consideration is remitted to the Fund within the usual time limits;
- e) ensure that the income of the Fund is applied in accordance with the applicable Luxembourg law and the Articles.

The Depositary shall ensure that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of units of the Fund have been received, and that all cash of the Fund has been booked in cash accounts that are:

- a) opened in the name of the Fund or of the Depositary acting on behalf of the Fund;
- b) opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC ; and
- c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

The assets of the Fund shall be entrusted to the Depositary for safekeeping as follows:

- a) for financial instruments that may be held in custody, the Depositary shall:
  - (i) hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
  - (ii) ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within segregated accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the name of the Fund, so that they can be clearly identified as belonging to the Fund in accordance with the applicable law at all times;
- b) for other assets, the Depositary shall:
  - (i) verify the ownership by the Fund of such assets by assessing whether the Fund holds the ownership based on information or documents provided by the Fund and, where available, on external evidence;
  - (ii) maintain a record of those assets for which it is satisfied that the Fund holds the ownership and keep that record up to date.

The assets held in custody by the Depositary may be reused only under certain circumstances, as provided for in the Law of 17 December 2010.

In order to effectively conduct its duties, the Depositary may delegate to third parties the functions referred to in the above paragraphs, provided that the conditions set out in the Law of 17 December 2010 are fulfilled. When selecting and appointing a delegate, the Depositary shall exercise all due skill, care and diligence as required by the Law of 17 December 2010 and with the relevant CSSF regulations, to ensure that it entrusts the Fund's assets only to a delegate who may provide an adequate standard of protection.

The list of such delegates is available on [https://www.quintet.com/Group\\_Luxembourg/media/documents/Regulatory%20Affairs/subcustodians2019.pdf](https://www.quintet.com/Group_Luxembourg/media/documents/Regulatory%20Affairs/subcustodians2019.pdf) and is made available to investors free of charge upon request.

***Conflicts of interests:***

In carrying out its duties and obligations as depositary of the Fund, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the investors of the Fund.

As a multi-service bank, the Depositary may provide the Fund, directly or indirectly, through parties related or unrelated to the Depositary, with a wide range of banking services in addition to the depositary services.

The provision of additional banking services and/or the links between the Depositary and key service providers to the Fund, may lead to potential conflicts of interests with the Depositary's duties and obligations to the Fund.

In order to identify different types of conflict of interest and the main sources of potential conflicts of interests, the Depositary shall take into account, at the very least, situations in which the Depositary, one of its employees or an individual associated with it is involved and any entity and employee over which it has direct or indirect control.

The Depositary is responsible to take all reasonable steps to avoid those conflicts of interest, or if not possible, to mitigate them. Where, despite the aforementioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary will at all times have regard to its duties and obligations under the depositary agreement with the Fund and act accordingly. If, despite all measures taken, a conflict of interest that bears the risk to significantly and adversely affect the Fund or the investors of the Fund, may not be solved by the Depositary having regard to its duties and obligations under the depositary agreement with the Fund, the Depositary will notify the conflicts of interests and/or its source the Fund of which shall take appropriate action. Furthermore the Depositary shall maintain and operate effective organizational and administrative arrangements with a view to take all reasonable steps designed to properly (i) avoid them prejudicing the interests of its clients, (ii) manage and resolve such conflicts according to the Fund decision and (iii) monitor them.

As the financial landscape and the organizational scheme of the Fund may evolve over time, the nature and scope of possible conflicts of interests as well as the circumstances under which conflicts of interests may arise at the level of the Depositary may also evolve.

In case the organizational scheme of the Fund or the scope of Depositary's services to the Fund is subject to a material change, such change will be submitted to the Depositary's internal acceptance committee for assessment and approval. The Depositary's internal acceptance committee will assess, among others, the impact of such change on the nature and scope of possible conflicts of interests with the Depositary's duties and obligations to the Fund and assess appropriate mitigation actions.

Situations which could cause a conflict of interest have been identified as at the date of this Prospectus as follows (in case new conflicts of interests are identified, the below list will be updated accordingly):

- Conflicts of interests between the Depositary and the Sub-Custodian.
  - The selection and monitoring process of sub-custodians is handled in accordance with the Law of 17 December 2010 and is functionally and hierarchically separated from possible other business relationships that exceed the sub-custody of the Fund's financial instruments and that might bias the performance of the Depositary's selection and monitoring process. The risk of occurrence and the impact of conflicts of interests is further mitigated by the fact that none of the sub-custodians used by the Depositary for the custody of the Fund's financial instruments is part of the Quintet Group.
  
- The Depositary has a significant shareholder stake in European Fund Administration in Luxembourg ("EFA") and some members of the staff of the Quintet Group are members of EFA's board of directors.
  - The staff members of the Quintet Group in EFA's board of directors do not interfere in the day-to-day management of EFA which rests with EFA's management board and staff. EFA, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.
  
- The Depositary may act as depositary to other UCITS funds and may provide additional banking services beyond the depositary services and/or act as counterparty of the Company for over-the-counter derivative transactions (maybe over services within QUINTET PRIVATE BANK (EUROPE) S.A.).
  - The Depositary will do its utmost to perform its services with objectivity and to treat all its clients fairly, in accordance with its best execution policy.

The Depositary shall be liable to the Fund and its investors for the loss by the Depositary or a third party to whom the custody of financial instruments held in custody in accordance with the Law of 17 December 2010. The depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

For other assets, the Depositary shall be liable only in case of negligence, intentional failure to properly fulfil its obligations.

The Depositary shall not be liable for the contents of this Prospectus and will not be liable for any insufficient, misleading or unfair information contained herein.

The rights and duties of the Depositary are governed by the Depositary Agreement entered into for an unlimited period of time from the date of its signature. The Management Company and the Depositary may terminate the Depositary Agreement on ninety (90) calendar days' prior written notice; provided, inter alia, that a new depositary assumes the responsibilities and functions of the Depositary and that the

prior approval of the home regulator of the Fund has been obtained, being understood that such appointment shall happen within two months. The Depositary shall, if terminated by the Management Company, however continue thereafter for such period as may be necessary for the complete delivery or transfer of all assets held by it.

The rights and duties of QUINTET PRIVATE BANK (EUROPE) S.A. as Paying Agent are governed by the Paying Agency Agreement entered into for an unlimited period of time from the date of its signature. As principal paying agent QUINTET PRIVATE BANK (EUROPE) S.A. will be responsible for distributing income and dividends, if applicable, to the Shareholders.

At the date of this Prospectus, none of the Sub-Funds track a benchmark index, or are managed by reference to a benchmark index, or use a benchmark index to compute a performance fee if applicable. In the event that a Sub-Fund is launched for which the foregoing would not apply, this section would be updated accordingly, so as to comply with the Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), notably as regards to the availability of the plan setting out the actions to be followed in the event that a benchmark materially changes or ceases to be provided ("Benchmark Contingency Plan") to be implemented by the Management Company, in consultation with the relevant Investment Manager.

The Fund has appointed **European Fund Administration, S.A.** as the registrar (the "Registrar") and transfer agent (the "Transfer Agent") for the Fund. In such capacity, it will be responsible for handling the processing of subscriptions for Shares, dealing with requests for redemptions and conversions and accepting transfers of funds, for the safekeeping of the register of shareholders of the Fund.

#### **IX. MANAGEMENT COMPANY, REGISTRAR AND TRANSFER AGENT**

The Board of Directors has appointed, under its responsibility and its supervision, **Adepa Asset Management, S.A.** as the management company of the Fund (the "Management Company").

The Management Company is organised as a public limited liability company ("*société anonyme*") under the laws of the Grand Duchy of Luxembourg. It was established on 9 March 2006 for an unlimited period of time. The articles of incorporation of the Management Company were published in the Mémorial of 23 March 2006 and deposited with the *Registre de Commerce et des Sociétés, Luxembourg* on 15 March 2006, where they may be inspected and copies may be obtained.

The Management Company has its registered office in Munsbach.

Pursuant the provisions of Chapter 15 of the Law of 2010 and the CSSF Circulars 03/108 and 11/508, the effective conduct of the business of the Management

Company has been granted to delegates of the board of directors of the Management Company.

In compliance with the new provisions of UCITS V Directive, the Law of 2016, art.20, 21, art. 33), and the CSSF Circulars 10/437, 12/546 and CSSF Circular 14/587 as amended by Circular CSSF 15/608 the Management Company establishes, implements and maintains a remuneration policy compatible with an efficient management of risks, that encourages such management, and which does not encourage excessive risk-taking. Such remuneration policy is aligned with the strategy of the Management Company, its objectives, its values and its long term interests, such as sustainable growth prospects, and complies with principles governing client and investor protection when providing services.

The Management Company updates the structure of the remuneration policy regularly to ensure that it remains suitable in light of any developments in the Management Company and satisfy the duty of supervision. Such remuneration policy is in line with business strategy, objectives values and interests of the Management Company and the UCITS that it manages and of the unitholders of this UCITS, and includes measures to avoid conflicts of interest.

Where remuneration includes a variable element or a bonus, awarded based on performance criteria, the remuneration policy is structured in such a way as to achieve a fair balance between the fixed and variable elements. This balance of the various elements of remuneration can vary according to the employee concerned, market conditions and the specific environment in which the Management Company operates. A maximum limit has been set by the Management Company for the variable element.

The fixed element of remuneration represents a sufficiently large proportion of total remuneration and allows the Management Company to operate a completely flexible bonus policy. In particular, the Management Company may retain all or part of a bonus where the performance criteria have not been fully met by the employee. The Management Company may retain bonuses where the economic situation deteriorates, especially where this may impact the longevity of the Management Company.

Fixed and variable components of total remuneration are appropriately balanced.

Where a significant bonus is awarded (more than two hundred and fifty thousand Euros), the payment of the main portion of the bonus is delayed for a minimum period. The amount of the payment that is delayed is based on the total amount of the bonus compared to total remuneration. The portion of the bonus that is delayed takes

into account the risks associated with rewarding performance. The measure of the future performances compensated by the portion of the bonus that is delayed, is adjusted for risk.

Where remuneration varies with performance levels, the total remuneration is calculated by combining the evaluation of the relevant staff's performance, the relevant operational department including risks and the results of the Management Company as a whole.

The assessment of performance is set in a multiyear framework.

The aim of the remuneration policy is to align the employees' personal objectives with the long term goals of the Management Company. In evaluating the components of performance-related remuneration, the Management Company considers the long term performance and takes into account the risks associated with that performance.

Performance measurement, where it's used as a basis for the calculation of bonuses, is adjusted according to current and future risks associated with the underlying performance, and takes into account the cost of capital used and the liquidity required.

In assessing individual performance, the Management Company takes into account other criteria, such as compliance with internal rules and procedures, compliance with the Management Company's control systems and mechanisms, as well as compliance with standards governing client and investor relations.

The Management Company Managers Board is responsible for the implementation of the remuneration policy, defining the procedures which are then submitted to the Board of Directors for approval. The Board of Directors establishes the general principles governing the Management Company's remuneration policy and supervises its implementation.

The implementation of the remuneration policy is subject to an internal, centralised and independent analysis done by control functions (primarily by the Compliance Officer, risk management, internal controls as well as Human Resources Department), at least annually, in order to verify the compliance with the other policies and procedures established by the Board of Directors. The results of this analysis is reported to the Board of Directors.

The Board of Directors of ADEPA ASSET MANAGEMENT S.A. sets the remuneration levels for all the members of the Management Company. In establishing this policy, the Board of Directors takes into account all elements pertaining to the Management

Company's strategy, the risk-taking strategy, and the nature, scale and complexity of the Company's activities.

Pursuant the introduction of UCITS V Directive paragraph 13, art 1, amending article 69 paragraph 1 of UCITS IV Directive, and the Law of 2016, art. 33, the latest remuneration policy, including the description of how the remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits and the is available by means of a website (<http://www.adepea.com/remuneration-policy/>) and a paper copy will be made available at registered office of Adepea Asset Management S.A., free of charge upon request at any time.

As Management Company of the Fund, **Adepea Asset Management, S.A.** will be also responsible for all corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders, and it will be responsible for all administrative duties required by Luxembourg law, and in particular for the bookkeeping and the calculation of the Net Asset Value per Share of any Class/Category within each Sub-Fund or of any Sub-Fund.

In order to identify different types of conflict of interest, the Management Company shall take into account, at the very least, situations in which the Management Company, one of its employees or an individual associated with it is involved and over which it has direct or indirect control. Such conflicts of interest may come in different forms. The different types of situations (non-exhaustive list) which could cause a conflict of interest are as follows:

- ✓ The possibility to achieve a financial gain or avoid a financial loss for the Management Company (including its managers and/or employees) at the expense of an undertaking for collective investment or unitholders/investors.
- ✓ The Management Company controls the same activities for a UCITS and for other clients who are not UCITS.
- ✓ The Management Company receives a benefit with regard to portfolio collective management activities supplied to the UCITS.
- ✓ The interests of the Management Company (including its managers, employees and tied agents) in providing a service to an undertaking for collective investment or unitholders/investors, not coinciding with the interests of the UCI/ unitholders/investors.

- ✓ The possibility that the Management Company would favour the interests of one UCI or group of UCIs over another, or the interests of one unitholder/investor or group of unitholders/investors over another, for financial or other reasons.
- ✓ The possibility that the Management Company would obtain a benefit from a third party in relation to the services provided, other than the commission or fees normally charged for this service.
- ✓ The introduction of units/shares of UCIs managed by the Management Company into other UCIs also managed by the Management Company.
- ✓ The nomination of Directors, members of management, or staff of the Management Company as members of the Board of Directors of UCIs.
- ✓ The introduction into UCIs managed by the Management Company of securities / funds related to the directors or managers of UCIs managed by the Management Company. The nomination of board members of UCIs managed by the Management Company, to positions on the Boards of other UCIs also managed by the Management Company.
- ✓ Receipt of commissions from UCIs underlying those managed by the Management Company.

For this reason, the Management Company appropriately anticipates and manages conflicts of interest that could result from the different services offered by the Management Company to avoid them prejudicing the interests of its clients even those that might result from the management of the assets, should this activity be delegated.

The Fund has appointed **European Fund Administration, S.A.** as the registrar (the “Registrar”) and transfer agent (the “Transfer Agent”) for the Fund. In such capacity, it will be responsible for handling the processing of subscriptions for Shares, dealing with requests for redemptions and conversions and accepting transfers of funds, for the safekeeping of the register of shareholders of the Fund.

## **X. INVESTMENT MANAGER AND INVESTMENT ADVISOR**

The Management Company is responsible for the management of the Sub-Funds. In order to carry out the investment policy of any Sub-Fund, the Management Company may, if and when it deems it opportune, appoint one or several investment managers

for each Sub-Fund (individually the “Investment Manager” and collectively the “Investment Managers”) who may, subject to the prior approval of the Management Company, sub-delegate their powers, in which case the Prospectus shall be updated accordingly.

In addition, the Management Company and/or the Investment Manager(s) may be assisted by one or several investment advisors for each Sub-Fund (individually the “Investment Advisor” and collectively the “Investment Advisors”). An Investment Advisor may so be designated to provide investment advice on any particular category of assets of any Sub-Fund when it is considered that such an investment advisor has specific knowledge and skills in the contemplated assets. The Management Company nor the Investment Manager as the case may be, will never be bound by the advice provided by the Investment Advisor as the case may be.

The appointment of an Investment Manager and/or of an Investment Advisor will be indicated in the specific information concerning the relevant Sub-Fund(s) contained in Part B of the Prospectus.

## **XI. DISTRIBUTORS**

The Fund may decide to appoint distributors/nominees for the purpose of assisting it in the distribution of the Shares in the countries in which they are marketed.

Distribution agreements may be entered into by the Fund and various distributors/nominees provided that they are professionals in the financial sector and established in any of the member states of the European Union or of the European Economic Area.

The Distributor will carry out activities of marketing, placement and sale of Shares of the Fund. The Distributor will intervene in the relationship between the investors and the Fund in collecting subscription orders for Shares. The Distributor will be authorised to receive the subscription, redemption and conversion orders from the investors for the account of the Fund, and to offer Shares at a price based on the applicable Net Asset Value per Share increased, as the case may be, by a sales charge. The Distributor will transmit to the Registrar and Transfer Agent any application for subscription, redemption and conversion of Shares. The Distributor will also be entitled to receive and execute the payment of the issue, redemption and conversion orders of Shares.

The Nominee will be recorded in the register of shareholders instead of the clients who have invested in the Fund. The terms and conditions of the Distribution agreement will stipulate, amongst other things, that a client who has invested in the Fund via a nominee may, at any time, require that the Shares thus subscribed be transferred to his/her/its name, as a result of which the client will be registered under his/her/its own name in the register of shareholders with effect from the date on which the transfer instructions are received from the nominee.

Investors may subscribe for Shares by applying directly to the Fund without having to subscribe through one of the distributors/nominees, unless a nominee's services are essential or mandatory under the applicable laws or regulations or for practical reasons.

The distributors/nominees so appointed will be mentioned in the annual and semi-annual reports of the Fund.

## **XII. AUDITORS**

**KPMG Luxembourg** has been appointed as the Fund's Auditors and shall fulfil all duties prescribed by the Law of 2010.

## **XIII. TAXATION**

The following summary is based on the law and practice currently in force and is subject to any future changes.

The information is not exhaustive and does not constitute legal or tax advice.

It is expected that shareholders in the Fund will be resident for tax purposes in many different countries. Consequently, no attempt is made in the Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with his/her/its personal circumstances.

Investors should inform themselves of, and when appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

### **A. TAXATION OF THE FUND**

The Fund is not liable to any Luxembourg tax on profits or income. The Fund is, however, liable in Luxembourg to a tax (*taxe d'abonnement*) of 0.05% per annum of its Net Asset Value. This tax is reduced to 0.01% per annum of its Net Asset Value allocated to Classes intended for institutional investors. Such tax is payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter. However, the portion of assets which are invested in units of UCITS and UCIs shall be exempt from such tax as far as those UCITS and UCIs are already submitted to this tax in Luxembourg.

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

No Luxembourg tax is payable on the realised capital appreciation of the assets of the Fund.

Interest, dividend, capital gains and other income realised by the Fund on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied in the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce or recover such taxes is not known.

## **B. TAXATION OF THE SHAREHOLDERS**

Under current legislation, shareholders are not normally subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg, except for (i) those shareholders domiciled, resident or having a permanent establishment in Luxembourg, or (ii) non-residents of Luxembourg who hold 10% or more of the issued share capital of the Fund and who dispose of all or part of their holdings within six months from the date of acquisition or (iii) in some limited cases some former residents of Luxembourg, who hold 10% or more of the issued share capital of the Fund.

### **C. United States Tax Withholding and Reporting under FATCA**

Under the terms of the Intergovernmental Agreement (“IGA”) entered into by and between Luxembourg and the United States, the Fund will be obliged to comply with the provisions of FATCA as enacted by the Luxembourg legislation implementing the IGA (“Luxembourg FATCA Regulations”) rather than directly complying with the US Treasury Regulations implementing FATCA. Under the terms of the IGA, Luxembourg-resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA (“FATCA Withholding”). The Fund is considered as a Luxembourg resident financial institution and do comply with the requirements of the IGA and the Luxembourg FATCA Regulations under the status of a “Restricted Fund”, as defined in the IGA. As a result of such compliance, the Fund should not be subject to FATCA Withholding.

Under the Luxembourg FATCA Regulations, the Fund would be required to report to the Luxembourg Tax Authority any holdings by and payments made to US investors in the Fund if any despite the provisions stated in the section “Important Information” of the Prospectus, as well as to non-US financial institutions that do not comply with the terms of the Luxembourg FATCA Regulations if any. Under the terms of the IGA, such information would be onward reported by the Luxembourg Tax Authority to the US Internal Revenue Service under the general information exchange provisions of the US-Lux Income Tax Treaty.

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Investors holding investments via distributors or depositaries that are not in Luxembourg or another IGA country should check with such distributor or depositary as to the distributor’s or depositary’s intention to comply with FATCA. Additional information may be required by the Fund, depositaries or distributors from certain investors in order to comply with their obligations under FATCA or under an applicable IGA.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the US, Luxembourg and

other IGA governments, and the rules may change. Investors should contact their own tax advisers regarding the application of FATCA to their particular circumstances.

#### **D. Common Reporting Standards (CRS)**

The Fund acknowledges to be an investment entity (*entité d'investissement*) in the meaning of the section VIII A. 6) of the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation, as amended from time to time (the "CRS Law") and therefore to qualify as a reporting financial institution (*institution financière déclarante*) in the meaning of the section VIII A. of the CRS Law. Therefore the Shareholders should be aware that, if the Shareholder is in the scope of the CRS Law and related regulations, the Fund shall comply with the due diligence or reporting or any other obligations set out in the CRS Law or its related regulations.

For this purpose, (i) the Fund will request the Shareholders to provide the relevant information pursuant to the CRS Law and related regulations and (ii) the Fund will, to the extent required by the CRS Law and related regulations, report on the Shareholder being in the scope of the CRS Law and related regulations.

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

### **XIV. GENERAL INFORMATION**

#### **A. CORPORATE INFORMATION**

The Fund was incorporated for an unlimited period of time in Luxembourg on the 14<sup>th</sup> June 2013 and is governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, and by the Law of 2010.

The registered office of the Fund is established at 6A, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

The Fund is registered at the "*Registre de Commerce et des Sociétés*" of Luxembourg.

The Articles will be published in the "*Mémorial C, Recueil des Sociétés et Associations*" (the "Mémorial").

The minimum capital of the Fund as provided by law, which must be achieved within 6 months from the date on which the Fund has been authorised as an undertaking for collective investment under Luxembourg law, is EUR 1,250,000.-. The capital of the Fund is represented by fully paid-up Shares of no par value. The initial capital of the Fund has been set at EUR 40.000.-.

The Fund is open-ended which means that it may, at any time on the request of the shareholders, redeem its Shares at prices based on the applicable Net Asset Value per Share.

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objectives applicable to the relevant Sub-Fund. As a result, the Fund is an “umbrella fund” enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors of the Fund may from time to time decide to create further Sub-Funds; in that event, the Prospectus will be updated and amended so as to include detailed information on the new Sub-Funds.

The share capital of the Fund will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

## **B. MEETINGS OF, AND REPORTS TO, SHAREHOLDERS**

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the *Mémorial* and in any Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, the quorum requirements and the conditions of admission.

If all the Shares are only issued in registered form, convening notices may be mailed by registered mail to each registered shareholder without any further publication.

The Fund publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditors.

The Fund shall further publish semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The first report shall be an unaudited semi-annual report dated 30 June 2014 and the first audited annual report will be dated 31 December 2013.

The aforementioned documents will be available within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Fund.

The accounting year of the Fund commences on the first of January and terminates on the thirty first of December of the same year. The first accounting year will commence on the date of incorporation of the Fund and will end on 31 December 2013.

The annual general meeting of shareholders takes place in Munsbach at a place specified in the notice of meeting on of each year at and will be held for the first time in 2014. If such day is not a Business Day in Luxembourg, the annual general meeting shall be held on the next following Business Day in Luxembourg.

The shareholders of any Sub-Fund, Class or Category may hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund, Class or Category.

In accordance with the conditions laid down in the Luxembourg laws and regulations, the convening notice to any general meeting of shareholders of the Fund may provide that the quorum and the majority requirements applicable to the general meeting shall be determined according to the Shares issued and outstanding at a certain date

and a certain time prior to the date set for the general meeting (the “Record Date”). The right of a shareholder to attend a meeting and to exercise the voting rights attaching to its Shares is determined in accordance with the Shares held by this shareholder at the Record Date.

The combined accounts of the Fund shall be maintained in EUR being the currency of the share capital. The financial statements relating to the various separate Sub-Funds shall also be expressed in the relevant Reference Currency for the Classes/Categories or Sub-Funds.

## **C. DISSOLUTION AND LIQUIDATION OF THE FUND**

### **1. Introduction**

The Fund may be dissolved on a compulsory or voluntary basis.

The Fund shall, after the dissolution, be deemed to exist for the purpose of liquidation. In case of a voluntary liquidation, the Fund remains subject to the supervision of the CSSF.

After the close of liquidation, the sums and assets not claimed by a shareholder will be deposited in escrow at the *Caisse de Consignation* on behalf of the persons entitled thereto. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

### **2. Voluntary liquidation**

Should the Fund be voluntarily liquidated, its liquidation will be carried out in accordance with the provisions of the Law of 2010 and the Luxembourg law of 10 August 1915 on commercial companies, as amended. These laws specify the procedure to be followed and the steps to be taken.

The Fund may at any time be dissolved by a resolution of the general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Moreover, if the capital of the Fund falls below two-thirds of the minimum capital, i.e. currently EUR 1,250,000.-, the Board of Directors must submit the question of the dissolution of the Fund to the general meeting of shareholders for which no quorum will be required and which will decide by a simple majority of the votes of the Shares present or represented at the meeting. If the capital of the Fund falls below one-fourth of the required minimum, the Board of Directors must submit the question of the dissolution of the Fund to the general meeting of shareholders for which no quorum will be required; dissolution may be decided by the shareholders holding one-fourth of the votes 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 as from ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators who may be physical persons or legal entities duly approved by the CSSF and appointed by the general meeting of shareholders which shall determine their powers and their compensation.

### **3. Compulsory liquidation**

Should the Fund be compulsorily liquidated, its liquidation will be carried out exclusively in accordance with the provisions of the Law of 2010. This law specifies the procedure to be followed and the steps to be taken.

## **D. LIQUIDATION, MERGER AND SPLIT OF SUB-FUNDS, CLASSES OR CATEGORIES**

### **1. Liquidation of Sub-Funds, Classes or Categories**

The Board of Directors may decide to liquidate a Sub-Fund or a Class/Category by carrying out a compulsory redemption of all the Shares issued in such Sub-Fund or such Class/Category at the Net Asset Value per Share (taking into account actual realization prices of investments, realization expenses and the costs of liquidation) applicable on the Valuation Day at which such decision shall take effect if the net assets of the said Sub-Fund or the said Class/Category have decreased to, or have not reached, an amount under which the Sub-Fund can no longer be managed efficiently or if a change in the economic or political situation relating to the Sub-Fund or the Class/Category concerned has an influence on that Sub-Fund or that Class/Category, justifying such a liquidation or in order to proceed to an economic rationalization.

Such a liquidation decision shall be published and notified to the shareholders of the Sub-Fund or of the Class/Category before the effective date for the compulsory redemption. The notice shall indicate the reasons for, and the procedure of the liquidation. Owners of registered Shares shall be notified in writing. Unless the Board of Directors decides otherwise in the interest of shareholders or to ensure an equitable treatment between them, the shareholders of the Sub-Fund or of the Class/Category concerned may continue to request the redemption or conversion of their Shares, free of charge, before the liquidation coming into force on the basis of the applicable Net Asset Value per Share, taking into account an estimation of the liquidation costs.

The Fund shall reimburse each shareholder proportionally to the number of Shares held in the Sub-Fund or in the Class/Category.

Liquidation proceeds which may not be distributed to their beneficiaries upon the implementation of the liquidation will be deposited with the Depositary for a period of nine months as from the date of the decision on liquidation; after such period, the assets shall be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

## **2. Merger of Sub-Funds, Classes or Categories**

Under the same circumstances as those described under Sub-Section 1. above, the Board of Directors may decide, in the interest of shareholders, to close a Sub-Fund or a Class/Category by merging it with another Sub-Fund or Class/Category of the Fund. This decision shall be published and notified in the same manner as described above. The notice shall besides indicate the information relating to the new Sub-Fund or the new Class/Category. The relevant notice shall be published and notified at least one month before the merger comes into force in order to enable the shareholders to request the redemption or conversion of their Shares, free of charge. At the end of that period, the remaining shareholders shall be bound by the decision.

Under the same circumstances as those described under Sub-Section 1. above, the Board of Directors may decide, in the interest of shareholders, to close a Sub-Fund or a Class/Category by merging it with another Luxembourg undertaking for collective investment organised under the provisions of Part I of the Law of 2010 or with a sub-fund or a class/category of such other Luxembourg undertaking for collective investment. Such decision shall be published and notified in the same manner as that described above. In addition, the notice shall contain information relating to that undertaking for collective investment. The relevant notice shall be published and notified at least one month before the merger comes into force in order to enable the shareholders to request the redemption or conversion of their Shares, free of charge. At the end of that period, the remaining shareholders shall be bound by the decision.

In the case of a merger with another Luxembourg undertaking for collective investment established in the form of a contractual type ("*Fonds Commun de Placement*") or with a foreign based undertaking for collective investment, the decision shall be binding only on those shareholders who have voted in favour of such merger; the other shareholders will be considered to have asked for the redemption of their Shares.

## **3. Split of Sub-Funds, Classes or Categories**

Under the same circumstances as those described under Sub-Section 1. above, the Board of Directors may reorganise, in the interest of shareholders, a Sub-Fund or a Class/Category by splitting it into two or more new Sub-Funds or Classes/Categories. Such decision shall be published and notified in the same manner as that described under Sub-Section 2. above. In addition, the notice shall contain information relating to that split. The relevant notice shall be published and notified at least one month before the date on which the split becomes effective in order to enable shareholders to request the redemption or conversion of their Shares, free of charge. At the end of that period, the remaining shareholders shall be bound by the decision.

## **XV. MISCELLANEOUS**

### **A. DOCUMENTS AVAILABLE**

Copies of the following documents can be obtained during office hours on any Business Day from the registered office of the Fund at 6A, rue Gabriel Lippmann, L-5365 Munsbach:

- (i) the Articles of Incorporation of the Fund;
- (ii) the agreements with the Depositary and Paying Agent (accordance with the specific obligations introduced by the UCITS V Directive);
- (iii) the agreement with the Registrar and Transfer Agent;
- (iv) the agreement with the Management Company;
- (v) The Remuneration Policy of Adepa Asset Management S.A.
- (vi) The Conflicts of Interest Policy of Adepa Asset Management S.A.
- (vii) List of delegates appointed by the Management Company and by the Depositary in its duties;
- (viii) the agreements with the Investment Advisors/Managers if any;
- (ix) the latest reports and accounts referred to under the heading "General Information", Section B. "Meetings of, and Reports to, shareholders".

### **B. SUBSCRIPTION FORMS**

Subscription forms may be obtained from the Fund's registered office on request.

### **C. OFFICIAL LANGUAGE**

The official language of the Prospectus and of the Articles of Incorporation is English. However, the Board of Directors, the Depositary, the Management Company and the Registrar and Transfer Agent may, on their own behalf and on the Fund's behalf, consider it essential that these documents be translated into the languages of the countries in which the Fund's Shares are offered and sold. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall always prevail.

**PART B**

**APPENDIX I**

**LIST OF SUB-FUNDS**

<b>SUB-FUND 1</b>	<b>WELZIA INTERNATIONAL SICAV - K7</b>	<b>Launch Date 25/06/2013</b>
<b>SUB-FUND 2</b>	<b>WELZIA INTERNATIONAL SICAV - GLOBAL FLEXIBLE</b>	<b>Launch Date 23/07/2014</b>

**WELZIA INTERNATIONAL SICAV – K7**

**Investment Objective**

The Investment Objective of the Sub-Fund is to achieve mid-term capital appreciation. The Sub-Fund seeks to accomplish this objective through investing primarily directly and indirectly in equity and fixed income mainly issued in OECD countries.

The Sub-Fund will be managed following a total return strategy. The portfolio allocation will be based on microeconomic and macroeconomic environment indicators to identify investment opportunities. The Sub-Fund is expected to obtain the majority of the return from equities. However, investments in fixed income securities and other assets classes will also be employed to diversify the sources of return and risk.

The Sub-Fund will be invested in equities, equity-linked instruments (including but not limited to ordinary or preferred shares, convertibles bonds) and in bonds (including but not limited to fixed-rate or floating securities, zero-coupon bonds and treasury bonds). The Sub-Fund will invest also in fixed income and equity UCIs/UCITS (including eligible ETFs), in money market funds up to 30% of the Sub-Fund's total net assets and in money market instruments issued or dealt on the Eurozone and other international regulated markets and deposits.

For hedging and on ancillary basis for investment purposes, the Sub-Fund may use financial derivative instruments products traded on a regulated market and/or over the counter (OTC), provided they are contracted with first class financial institutions specialized in this type of transactions. In particular, the Sub-Fund may take exposure through financial derivative instruments and forwards on any eligible underlying, such as currencies, interest rates, transferable securities or financial indices, at all times in compliance with the Grand Ducal Regulation.

In addition to the above, the Sub-Fund may use deposits and cash borrowings according to the "Investments Restrictions" in order to optimize its cash management.

If the Investment Manager considers this to be in the best interest of the Shareholders, and notably for defensive purposes or in distressed market conditions, the Sub-Fund may invest in liquid assets such as Money Market Instruments (including but not limited to cash deposits, treasury bills and short-term governmental and municipal debt obligations that are issued to mature in three to twelve months) and in money market funds. In such context, the Sub-Fund may also invest in government bonds issued by the United States of America, Japan, the United Kingdom, Germany, Austria, Sweden,

<p>Denmark, the Netherlands, Finland, France, Spain and Italy up to 100% of its Net Asset Value (subject to the requirements of Article 45 of the Law of 17 December 2010 and CSSF guidelines).</p> <p>According to the Investment Policy above and the non-intensive use of derivate instruments, the Sub-Fund employs the Commitment Approach as the global exposure determination methodology. The aforementioned investment strategy corresponds for the investors with a medium investment risk profile.</p> <p>Recommendation: this Sub-Fund may not be appropriate for investors who plan to withdraw their money within a three-year period.</p>	
<b>Reference Currency</b>	USD
<b>Investment Manager</b>	WELZIA Management SGIIC, S.A.
<b>Valuation Day</b>	Once a week, on each Friday. If such day is not a Business Day or falls within a period of suspension of determination of Net Asset Value, as described in the Section "Determination of the Net Asset Value", then the valuation day will be the following Business Day. The Calculation Day is one Business Day after the Valuation Day.
<b>Classes of Shares</b>	<p>Class A: reserved for retail and institutional investors denominated in USD</p> <p>Class B: reserved for retail and institutional investors denominated in USD</p>
<b>Categories of Shares</b>	<p>Class A: distribution of dividends</p> <p>Class B: distribution of dividends</p>
<b>Initial Subscription Day/Period</b>	<p>Class A: 28<sup>th</sup> June 2013</p> <p>Class B: 28<sup>th</sup> June 2013</p> <p>If no subscription has been received on the initial subscription period, the launch date will be the next business day on which the first subscriptions for the Sub-fund will have been accepted at the initial price. The Management Company at its own discretion</p>

	may establish an extension of the initial subscription period and/or a change of the launch date.
<b>Initial Price</b>	Class A: USD 100 Class B: USD 100
<b>Minimum Initial Investment</b>	Class A: USD 50,000 Class B: USD 100
<b>Minimum Subsequent Investment</b>	Class A: USD 1,000 Class B: USD 100
<b>Subscription, redemption and conversion deadline</b>	11 a.m. Luxembourg time, one (1) Business Day prior to the applicable Valuation Day. Applications received by the registrar and transfer agent after this time will be deemed to have been received on the following Business Day.  Subscription monies are due to be paid one (1) Business Day following the Calculation Day.  Redemption monies are due to be paid two (2) Business Days following the Calculation Day.
<b>Subscription Commission</b>	None
<b>Redemption Commission</b>	None
<b>Conversion Commission</b>	None
<b>Investment Management Fee</b>	Class A: 0.50% Class B: 2%
<b>Management Fee</b>  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 invests will be 4 %, it being understood that this percentage shall be disclosed in the annual report of the Fund (and the	Class A: 0.10% Class B: 0.10%  With a minimum fee of EUR 10,000/year

WELZIA INTERNATIONAL SICAV

<p>Prospectus, following art. 46.3 of Law of 2010).</p> <p>Investors should note that rebates or retrocession paid by the underlying UCIT and/or UCIS shall be for the benefit of the Sub-Fund.</p>	
<p><b>Administration Fee</b></p>	<p>0.09% according to the Management Company Services Agreement</p> <p>With a minimum fee of EUR 17,000/year</p>
<p><b>Domiciliary Fee</b></p>	<p>Flat fee of EUR 1,500 payable yearly</p>
<p><b>Distribution Fee</b></p>	<p>None</p>
<p><b>Performance Fee</b></p>	<p>None</p>

**WELZIA INTERNATIONAL SICAV – GLOBAL FLEXIBLE**

**Investment Objective**

The Investment Objective of the Sub-Fund is to achieve mid-term capital appreciation. The Sub-Fund seeks to accomplish this objective through investing primarily in equity and fixed income mainly issued in OECD countries.

The Sub-Fund will be managed following a total return strategy. The portfolio allocation will be based on microeconomic and macroeconomic environment indicators to identify investment opportunities. The Sub-Fund is expected to obtain the majority of the return from equities. However, investments in fixed income securities and other assets classes will also be employed to diversify the sources of return and risk. The Fund will allocate investments following a risk parity approach by targeting equally-weighted risk levels across different available asset classes. The Sub-Fund will be invested in equities, equity-linked instruments (including but not limited to ordinary or preferred shares, convertibles bonds), in bonds (including but not limited to fixed-rate or floating securities, zero-coupon bonds and treasury bonds), money market instruments issued or dealt on the Eurozone and other international regulated markets and deposits.

In addition, the Sub-Fund may achieve also its investment objective indirectly, by investing through equity and fixed income UCIs/UCITS, including ETFs up to 10% of its net assets and in money market funds up to 30% of its net assets.

For hedging and for investment purposes, the Sub-Fund may use financial derivative instruments, provided that they are listed on regulated markets, sufficiently liquid and contracted with first class financial institutions specialized in this type of transactions. In particular, the Sub-Fund may take exposure through financial future and option contracts on any eligible underlying, mainly on financial indices, currencies and fixed income instruments, and on an ancillary basis also on interest rates and transferable securities, at all times in compliance with the Grand Ducal Regulation. The fund may also use forwards on any of the above-mentioned underlyings.

In addition to the above, the Sub-Fund may use deposits and cash borrowings according to the “Investments Restrictions” in order to optimize its cash management.

If the Investment Manager considers this to be in the best interest of the Shareholders, and notably for defensive purposes or in distressed market conditions, the Sub-Fund may invest in liquid assets such as Money Market Instruments (including but not limited to cash deposits, treasury bills and short-term governmental and municipal debt

obligations that are issued to mature in three to twelve months) and in Money Market Funds. In such context, the Sub-Fund may also invest in government bonds issued by the United States of America, Japan, the United Kingdom, Germany, Austria, Sweden, Denmark, The Netherlands, Finland, France, Spain and Italy up to 100% of its Net Asset Value (subject to the requirements of Article 45 of the Law of 17 December 2010 and CSSF guidelines).

According to the Investment Policy above the Sub-Fund employs the Commitment Approach as the global exposure determination methodology. The aforementioned investment strategy corresponds for the investors with a medium investment risk profile.

Recommendation: this Sub-Fund may not be appropriate for investors who plan to withdraw their money within a three-year period.

### **Performance Fee until 31 December 2020**

The performance fee is calculated in respect of each performance period. A performance period is a quarter. The first performance period for a Sub-Fund begins on the last day of the Initial Subscription Period and ends on the last day of the relevant quarter. The performance fee will be calculated separately per Class of Shares.

The performance fee is payable quarterly as at the end of a performance period. The percentage of the performance fee in respect of any Class of Shares is indicated below. The performance fee in respect of the Sub-Fund will be paid if the net asset value per Share as at the end of performance period exceeds the High Watermark. The High Watermark is greatest of (i) the highest net asset value per Share at the end of any performance period where performance fees have been paid of each respective Class since inception; and (ii) the Initial Subscription Price.

An accrual in respect of the performance fee will be made on each Valuation Date if conditions (i) and (ii) referred to in the previous paragraph are met. If either of the conditions is not met, no accrual will be made.

The performance fee is calculated on the basis of the Net Asset Value per Share after deducting all expenses, fees (but not the performance fee) and adjusting for subscriptions, redemptions and distributions during the relevant performance period so that these will not affect the performance fee payable.

If the event that an investor redeems Share prior to the end of the performance period, any accrued but unpaid performance fee relating to those Shares shall be paid to the Investment Manager or Sub-Investment Manager at the end of the performance period.

If the Investment Management Agreement with an Investment Manager entitled to a performance fee is terminated before the end of any performance period, the performance fee in respect of such performance period will be calculated and paid as if the date of termination was the end of the relevant performance period.

**Performance Fee starting from 1 January 2021**

The performance fee is calculated in respect of each performance period. A performance period is a calendar year starting on 1 January and ending on 31 December of each year. Any underperformance or loss previously incurred during the life of the Sub-Fund should be recovered before a Performance Fee becomes payable... The performance fee will be calculated separately per Class of Shares.

The performance fee is payable yearly as at the end of a performance period on 31 December of each year. The percentage of the performance fee in respect of any Class of Shares is indicated in the table below. The performance fee in respect of the Sub-Fund will be paid if the net asset value per Share as at the end of performance period exceeds the "High Watermark". The High Watermark is the greatest of (i) the highest net asset value per Share at the end of a given year where a performance fee has been paid and (ii) the Initial Subscription Price.

An accrual in respect of the performance fee will be made on each Valuation Date if the condition referred to in the previous paragraph is met. An example of calculation is provided below.\*

The performance fee is calculated on the basis of the Net Asset Value per Share after deducting all expenses, fees (but not the performance fee) and adjusting for subscriptions, redemptions and distributions during the relevant performance period so that these will not affect the performance fee payable.

If the event that an investor redeems Shares prior to the end of the performance period, any accrued but unpaid performance fee relating to those Shares shall be paid to the Investment Manager at the end of the performance period.

If the Investment Management Agreement with an Investment Manager entitled to a performance fee is terminated before the end of any performance period, the performance fee in respect of such performance period will be calculated and paid as if the date of termination was the end of the relevant performance period.

\* Example of calculation of performance fee of 9%:

- Beginning of the performance period: 01.01.2019;

- End of the performance period: 31.12.2019;
- NAV per share at 01.01.2019: EUR 100;
- High watermark (HWM) at 01.01.2019: EUR 100 (initial subscription price).

For the purpose of this example, we assume the NAV increases only on 31.01.2019, 28.02.2019 and 31.12.2019 for ease of presentation. The performance fee accrual is reversed and recalculated for each NAV starting from the beginning of the performance period, thus ensuring there is no double accounting. In case the performance of the Sub-Fund for the period is negative, there will be no performance fee accrued. The HWM is the reference for the calculation of the performance. As the Sub-Fund net asset value (NAV) is calculated daily, the performance accrual, if any, is also calculated daily.

1. Example of first accrual at 31.01.2019:

- NAV per share at 31.01.2019: EUR 105
- Performance fee accrual between 01.01.2019 and 31.01.2019: EUR 0.45 per share  $(105 - 100 \times 9\%)$ .

2. Example of second accrual at 28.02.2019:

- NAV per share at 28.02.2019: EUR 103
- Performance fee accrual between 01.01.2019 and 28.02.2019: EUR 0.27 per share  $(103 - 100 \times 9\%)$ .

3. End of the performance period at 31.12.2019:

- NAV per share at 31.12.2019: EUR 110;
- Performance fee accrual between 01.01.2019 and 31.12.2019: EUR 0.90 per share  $(110 - 100 \times 9\%)$ ;
- Shares outstanding as of 31.12.2019: 1,000,000
- Total NAV as of 31.12.2019: EUR 110,000,000
- Performance fee paid on 31.12.2019:  $1,000,000 \times \text{EUR } 0.90 = \text{EUR } 900,000$

At the end of the year on 31.12.2019, the final performance fee is calculated for the whole year. However, over the year, an accrual needs to be calculated for every NAV on a daily basis (except where the performance is negative). This ensures that investors pay a fair price when entering or exiting the Sub-Fund within the performance period.

- HWM (highest NAV where performance fee paid): EUR 110 – applicable from 01.01.2020 on.

<b>Reference Currency</b>	EUR
<b>Investment Manager</b>	WELZIA Management SGIIC, S.A.
<b>Valuation Day</b>	Daily. If such day is not a Business Day in Luxembourg or falls within a period of suspension of determination of Net Asset Value, as described in the Section "Determination of the Net Asset Value", then the Valuation Day will be the following Business Day. The Calculation Day is one Business Day after the Valuation Day.
<b>Classes of Shares</b>	<p>Class A: reserved for retail and institutional investors denominated in EUR</p> <p>Class B: reserved for retail investors denominated in EUR</p> <p>Class C: clean class reserved for eligible counterparty clients, as defined by MiFID, investing for their own account, other collective investment schemes with a minimum investment higher than EUR 10, and distributors, platforms and other forms of intermediary who operate a fee based arrangement with their customers to provide independent advisory or discretionary portfolio management services, that excludes receiving any rebated fees from the Management Company</p>
<b>Categories of Shares</b>	Class A, B and C: accumulation of income
<b>Initial Subscription/Period</b>	<p>Class A: 23rd July 2014</p> <p>Class B: 23rd July 2014</p> <p>The initial subscription period will be from 16th June 2014 to 23rd July 2014 (the Launch Date). The Net Asset Value will be calculated for the first time on 23rd July 2014.</p> <p>If no subscription has been received on the initial subscription period, the launch date will be the next</p>

	business day on which the first subscriptions for the Sub-fund will have been accepted at the initial price. The Management Company at its own discretion may establish an extension of the initial subscription period and/or a change of the launch date.
<b>Initial Price</b>	Classes A, B and C: EUR 100
<b>Minimum Initial Investment</b>	Class A: EUR 1,000,000 Class B: EUR 10 Class C: EUR 10
<b>Minimum Subsequent Investment</b>	Class A: EUR 1,000 Class B: EUR 10 Class C: EUR 10
<b>Subscription, redemption and conversion deadline</b>	11 a.m. Luxembourg time, one (1) Business Day prior to the applicable Valuation Day. Applications received by the registrar and transfer agent after this time will be deemed to have been received on the following Business Day.  Subscription monies are due to be paid one (1) Business Day following the Calculation Day.  Redemption monies are due to be paid two (2) Business Days following the Calculation Day.
<b>Subscription Commission</b>	Class A: Up to 5% of the initial price / Net Asset Value per Share, in favor of the Management Company or other intermediaries involved in the distribution of Shares.  Class B: None  Class C: None
<b>Redemption Commission</b>	None
<b>Conversion Commission</b>	None

<p><b>Investment Management Fee</b></p>	<p>Class A: 0.50%</p> <p>Class B: 1.35%</p> <p>Class C: 0.75%</p> <p>These fees will be paid to WELZIA Management SGIIC, S.A. Such fees are accrued on each Valuation Day and payable monthly in arrears.</p>
<p><b>Management Fee</b></p> <p>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 invests will be 4 %, it being understood that this percentage shall be disclosed in the annual report of the Fund (and the Prospectus, following art. 46.3 of Law of 2010).</p> <p>Investors should note that rebates or retrocession paid by the underlying UCIT and/or UCIS shall be for the benefit of the Sub-Fund.</p>	<p>Class A: 0.10%</p> <p>Class B: 0.10%</p> <p>Class C: 0.10%</p> <p>These fees will be paid to ADEPA Asset Management S.A. Such fees are accrued on each Valuation Day and payable monthly in arrears.</p> <p>With a minimum of EUR 10,000/year</p>
<p><b>Administration Fee</b></p>	<p>Up to 0.09% according to the Management Company Services Agreement</p> <p>With a minimum of EUR 26,000/year</p>
<p><b>Domiciliary Fee</b></p>	<p>Flat fee of 1,500€ payable yearly</p>
<p><b>Distribution Fee</b></p>	<p>None</p>
<p><b>Performance Fee</b></p>	<p>Class A: None</p> <p>Class B: 9%</p> <p>Class C: 9%</p> <p>The Performance Fee may be applied or may be waived, in whole or in part, at the discretion of the Board of Directors or the Management Company.</p>