

**SPECIAL SALES PROSPECTUS**  
(including Annexes and Articles of Association)

For investors in Switzerland

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**PEGASO CAPITAL SICAV**

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Sub-fund:

**PEGASO CAPITAL SICAV – Strategic Trend**

**PEGASO CAPITAL SICAV – Strategic Bond**

**PEGASO CAPITAL SICAV – Managed Volatility**

Management Company:

**ETHENEA Independent Investors S.A.** (société anonyme)

Depositary:

**DZ PRIVATBANK S.A.** (société anonyme)

**As at: 1<sup>st</sup> January 2024**

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## **MANAGEMENT**

Investment Company

### **PEGASO CAPITAL SICAV**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

R.C.S. B 155495

### **Board of Directors of the Investment Company**

#### **Chairman of the Board of Directors:**

##### **Massimiliano Angemi**

Pegaso Capital Partners SA  
9A, Via Peri  
CH-6900 Lugano, Switzerland

#### **Member of the Board of Directors**

##### **Guido Filippo Ravenna**

Pegaso Capital Partners SA  
9A, Via Peri  
CH-6900 Lugano, Switzerland

#### **Member of the Board of Directors**

##### **Marina Mastrangelo**

Gentili & Partners  
9, Via Camperio  
I-20123 Milan, Italy

#### **Member of the Board of Directors**

##### **Riccardo DEL TUFO**

Waystone Management Company (Lux) S.A.  
19 rue de Bitbourg  
L-1273 Luxembourg, Luxembourg

**Management Company**

**ETHENEA Independent Investors S.A.**

16, rue Gabriel Lippmann  
L-5365 Munsbach, Luxembourg

Internet: [www.ethenea.com](http://www.ethenea.com)

Equity capital as at 31 December 2022: EUR 1,000,000

**Board of Directors of the Management Company (management body)**

**Chairman of the Board of Directors:**

Thomas Bernard

ETHENEA Independent Investors S.A.

**Member of the Board of Directors:**

Frank Hauprich

MainFirst Affiliated Fund Managers S.A.

Nikolaus Rummler

IPConcept (Luxembourg) S.A.

**Managing Directors of the Management Company**

Thomas Bernard

Luca Pesarini

Josiane Jennes

**Auditor of the Management Company**

Ernst & Young S.A.

35E, avenue John F. Kennedy

L-1855 Luxembourg

**Depositary**

**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Registrar and Transfer Agent as well as  
Central Administration Agent**

**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Country specific facility according to the  
directive (EU) 2019/1160 art.92**

Grand Duchy of Luxembourg  
**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Fund Manager and Global Distributor**

**Pegaso Capital Partners SA**  
Via Peri 9A  
CH-6900 Lugano, Switzerland

**Auditor of the Investment Company**

**Ernst & Young S.A.**  
35E, avenue John F. Kennedy  
L-1855 Luxembourg

The Investment Company described in this Sales Prospectus (including Annexes and Articles of Association) (the "Sales Prospectus") is a Luxembourg Investment Company (*société d'investissement à capital variable*) that has been established for an unlimited period in the form of an umbrella fund (the "Investment Company" or "Fund") with one or more sub-funds in accordance with Part I of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as amended (the "Law of 17 December 2010").

This Sales Prospectus is only valid in conjunction with the most recently published annual report, which may not be more than 16 months old. If the annual report is older than eight months, the buyer must also be provided with the semi-annual report. The legal basis for the purchase of shares is the currently valid Sales Prospectus and the key information document for packaged retail and insurance-based investment products (KID). In purchasing shares, the shareholder acknowledges the Sales Prospectus, the KID and any approved amendments published thereto.

The shareholder shall be provided with the KID at no charge and on a timely basis prior to the acquisition of Fund shares.

No information or declarations that deviate from the Sales Prospectus or the KID may be provided. Neither the Management Company nor the Investment Company shall be liable if any information or explanations are given which deviate from the terms of the current Sales Prospectus or the KID.

The Sales Prospectus, the KID as well as the annual and semi-annual reports of the Investment Company are available free of charge at the registered office of the Management Company, the Depositary, the country specific facilities / information agents and any sales agent. The Sales Prospectus and the KID may also be downloaded from the [www.ethenea.com](http://www.ethenea.com) website. Upon request by the shareholder, these documents will also be provided in hard copy. For further information, please see the section entitled "Information for shareholders".

## SALES PROSPECTUS

The Investment Company described in this Sales Prospectus has been managed by **ETHENEA Independent Investors S.A.** since 1 January 2024.

At least one annex specific to the sub-fund and the Articles of Association of the Investment Company are attached to this Sales Prospectus. The Sales Prospectus (including Annexes) and the Articles of Association constitute a whole in terms of their substance and thus complement each other.

### The Investment Company

The Investment Company is a public limited company with variable capital (société d'investissement à capital variable in the form of a société anonyme) under the law of the Grand Duchy of Luxembourg, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg, Luxembourg. It was founded on 13 September 2010 for an indefinite period in the form of an umbrella fund. Its Articles of Association were published on 27 September 2010 in the Mémorial, Recueil des Sociétés et Associations, the official journal of the Grand Duchy of Luxembourg ("Mémorial"). On 1 June 2016, the Mémorial was replaced by the Recueil Électronique des Sociétés et Associations ("RESA"), the new information platform of the Luxembourg Trade and Companies Register. The most recent amendment to the Articles of Association was made on 1 July 2023 and was published in the RESA. The Investment Company is entered in the Luxembourg Trade and Companies Register under registration number R.C.S. Luxembourg B 155495. The Investment Company's financial year ends on 31 December of each year.

Upon foundation, the Investment Company's capital amounted to EUR 31,000 and will at all times be equal to the net asset value of the Investment Company in future. In accordance with the Law of 17 December 2010, the capital of the Investment Company must reach an amount of at least EUR 1,250,000 within six months of its registration by the Luxembourg supervisory authority.

The exclusive purpose of the Investment Company is to invest in securities and/or other permissible assets in accordance with the principle of risk diversification pursuant to Part I of the Law of 17 December 2010, with the aim of achieving gains for the benefit of the shareholders by following a specific investment policy.

The Board of Directors of the Investment Company has been authorised to carry out all transactions and all acts that are necessary for or beneficial to the fulfilling of the Company's purpose. The Board of Directors is responsible for all the business of the Investment Company, unless otherwise specified in the Law of 10 August 1915 on commercial companies (including amendments) or the Articles of Association of the General Meeting.

The Board of Directors of the Investment Company assigned the management to the Management Company with effect from 1 July 2023 in accordance with the amended Council Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to certain undertakings for collective investment in securities.

### The Management Company

The Board of Directors of the Investment Company has entrusted **ETHENEA Independent Investors S.A.** ("Management Company"), a public limited company (Aktiengesellschaft) under the law of the Grand Duchy of Luxembourg, with its registered office located at 16, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, with the duties of asset management, administration and the distribution of the shares of the



Investment Company. The Management Company was established for an indefinite period on 10 September 2010. Its Articles of Association were published in the Mémorial on 15 September 2010. The most recent amendment to the Articles of Association entered into force on 1 January 2015 and was published in the Mémorial on 13 February 2015. The Management Company has been entered in the Luxembourg Trade and Companies Register under registration number R.C.S. Luxembourg B155427. The financial year of the Management Company ends on 31 December of each year. The equity capital of the Management Company amounted to EUR 1,000,000 on 31 December 2022.

The object of the Management Company is to establish and manage Luxembourg undertakings for collective investment in transferable securities authorised under Directive 2009/65/EC and its amendments ("Directive 2009/65/EC") and other collective investment undertakings not covered by Directive 2009/65/EC and for which the Management Company is subject to supervision. The Management Company complies with the requirements of amended Council Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in securities.

The Management Company is responsible for the management and administration of the Investment Company and its sub-funds. Acting on behalf of the Investment Company and/or its sub-funds, it may take any management and administrative measures and exercise any rights directly or indirectly connected with the assets of the Company or its sub-funds.

The Management Company acts honestly, fairly, professionally and independently of the Depositary and solely in the interests of the shareholders when carrying out its tasks.

The Management Company carries out its obligations with the care of a paid authorised agent.

The Board of Directors of the Management Company has appointed Mr Thomas Bernard, Mr Luca Pesarini and Ms Josiane Jennes as managing directors and transferred all management responsibilities to them.

The name and sales documents of all investment funds and investment companies managed by the Management Company are available from the registered office of the Management Company.

The Management Company is entitled, under its own responsibility and control, to delegate the activities transferred to it by the Investment Company to third parties, subject to the agreement of the Board of Directors of the Investment Company. Such delegation of duties must not impair the effectiveness of supervision by the Management Company in any way. In particular, the delegation of duties must not obstruct the Management Company from acting in the interests of the shareholders and ensuring that the Investment Company is managed in the best interests of the shareholders.

In connection with the management of the assets of the respective sub-fund, the Management Company may consult an investment adviser/fund manager under its own responsibility and control. The Investment Adviser/Fund Manager receives payment for the service provided either from the management fee of the Management Company or directly from the relevant sub-fund assets. The relevant percentage amount, as well as the calculation and payment methods for each sub-fund, can be found in the relevant Annex to the Sales Prospectus.

Investment decisions, the placement of orders and the selection of brokers are the sole responsibility of the Management Company, insofar as no fund manager has been appointed to manage the respective sub-fund's assets.

The Management Company may, with the approval of the Board of Directors, in accordance with the applicable legal provisions and within its own responsibility and control, delegate to third parties the execution of the tasks of portfolio management, head office management and the distribution of the Investment Company's shares. The delegation of duties must not impair the effectiveness of supervision by the Management Company in any way. In particular, the delegation of duties must not prevent the Management Company from acting in the interests of shareholders.

### **The Fund Manager**

The Management Company has appointed **Pegaso Capital Partners SA**, a stock corporation under Swiss law with its registered office at Via Peri 9A, CH-6900 Lugano, Switzerland, as the fund manager of the Investment Company and its sub-funds and has delegated investment management to it.

The Fund Manager is authorised to carry out asset management and is subject to corresponding prudential supervision of the Swiss Financial Market Supervisory Authority FINMA.

The role of the Fund Manager is, in particular, the independent daily implementation of the respective sub-fund's investment policy and the management of day-to-day asset management operations as well as other related services under the supervision, responsibility and control of the Management Company. It must perform these tasks in line with the principles of the investment policy and investment restrictions of the respective sub-fund, as described in this Sales Prospectus, as well as the statutory investment restrictions.

The Fund Manager is authorised to select brokers and traders to carry out transactions using the Fund's assets. The Fund Manager is also responsible for investment decisions and placing orders.

The Fund Manager is entitled to seek advice at their own cost and responsibility from third parties, especially from different investment advisers.

With the approval of the Management Company, the Fund Manager is permitted to delegate some or all of its primary duties to third parties, whose remuneration will be borne by the Fund Manager. In this case, the Sales Prospectus shall be amended accordingly.

The Fund Manager bears all expenses incurred by it in connection with the services it provides. Commissions for brokers, transaction fees and other transaction costs arising in connection with the purchase and sale of assets are borne by the respective sub-fund.

### **The Global Distributor**

The Sales Agent of the Fund is **Pegaso Capital Partners SA** with its registered office at Via Peri 9A, CH-6900 Lugano, Switzerland. The sales agent is authorised to receive subscription orders, redemption orders and exchange orders for the respective sub-fund and will forward them to the Registrar and Transfer Agent.

The Sales Agent is obliged to identify and legitimise investors / beneficial owners who wish to subscribe to the fund register. It establishes contact with the investor and maintains the client relationship, taking into account all tasks and duties defined by supervisory and statutory provisions.

The Sales Agent shall only sell shares of the sub-fund in countries where the sub-fund's shares are authorised for sale.

## The Depositary

The sole Depositary of the Fund is **DZ PRIVATBANK S.A.** which has its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Depositary is a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg and it conducts banking business.

The rights and obligations of the Depositary are governed by the Law of 17 December 2010, the applicable regulations, the depositary agreement, Articles of Association (Article 37) and this Sales Prospectus. It acts honestly, fairly, professionally and independently of the Management Company and solely in the interests of the Fund and the shareholders.

Pursuant to Article 37 of the Articles of Association, the Depositary may delegate some of its duties to third parties ("sub-custodians").

An up-to-date overview of sub-custodians can be found on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)) or requested free of charge from the Management Company.

Upon request, the Management Company will provide shareholders with the latest information regarding the identity of the Fund's depositary, the Depositary's duties and any conflicts of interest that may arise, and with a description of all depositary functions transferred by the Depositary, the list of sub-custodians, and information on any conflicts of interest that could arise from the transfer of functions.

The appointment of the Depositary and/or sub-custodians may cause potential conflicts of interest, which are described in more detail in the section entitled "Potential conflicts of interest".

## The Registrar and Transfer Agent

The Registrar and Transfer Agent of the Investment Company is **DZ PRIVATBANK S.A.**, which has its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Registrar and Transfer Agent is a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg. The duties of the Registrar and Transfer Agent include the processing of applications and orders for the subscription, redemption, exchange and transfer of shares, as well as the keeping of the share register.

## The Central Administration Agent

The Central Administration Agent of the Investment Company is **DZ PRIVATBANK S.A.**, which has its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Central Administration Agent is a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg, and its duties include, in particular, accounting and bookkeeping, calculation of the net asset value per share, and the drawing up of the annual reports.

Under its own responsibility and control, the Central Administration Agent has delegated various administrative tasks, e.g. the calculation of net asset values, to **Attrax Financial Services S.A.** (société anonyme), which has its registered office at 3, Heienhaff, L-1736 Senningerberg.

## Legal position of shareholders

The Management Company invests money paid into each sub-fund on behalf of the Investment Company and for the account of the relevant sub-fund, in keeping with the principle of risk diversification, in transferable securities and/or other legally permissible assets pursuant to Article 41 of the Law of

17 December 2010. The funds invested and the assets thereby acquired constitute the respective sub-fund assets, which are held separately from the Management Company's own assets.

The shareholders are co-owners of the respective sub-fund's assets in proportion to their number of shares. The shares of the respective sub-fund shall be issued in the certificates and denominations stated in the Annex specific to the sub-fund. If registered shares are issued, these are documented by the Registrar and Transfer Agent in the share register kept on behalf of the Investment Company. Confirmation of entry in the share register shall be sent to the shareholders at the address specified in the share register. There is no entitlement to receive physical certificates.

In principle, all shares in a sub-fund have the same rights, unless the Investment Company decides to issue different share classes within the same sub-fund pursuant to Article 11(5) of the Articles of Association.

The Investment Company asks shareholders to note that they can each directly assert all of their investor rights in relation to the Fund or sub-funds (particularly the right to participate in shareholders' meetings) only if the shareholder himself is registered in the share register for the Fund or sub-fund(s) under his own name. In cases where a shareholder has invested in a fund or sub-fund through an intermediary which undertakes investments in its name but on behalf of the shareholder, said shareholder cannot necessarily directly assert all of his shareholder rights with regard to the Fund and/or sub-fund. Shareholders are advised to seek information regarding their rights.

### **General information on trading in sub-fund shares**

Investing in the sub-funds should be regarded as a medium to long-term commitment.

Market timing is understood to mean the technique of arbitrage whereby a shareholder systematically subscribes, exchanges or redeems shares in a sub-fund within a short period by exploiting time differences and/or the imperfections or weaknesses in the valuation system for calculating the sub-fund's net asset value. The Management Company takes the appropriate protection and/or control measures to prevent such practices. It also reserves the right to reject, cancel or suspend an order from a shareholder for the subscription or exchange of shares if the shareholder is suspected of engaging in market timing.

The Management Company strictly opposes the purchase or sale of shares after the close of trading at already established or foreseeable closing prices ("late trading"). The Management Company ensures in any event that shares will be issued and redeemed on the basis of a net asset value per share previously unknown to the shareholder. If a shareholder is nevertheless suspected of engaging in late trading, the Management Company may refuse to accept the subscription or redemption order until the applicant has cleared up any doubts with regard to his order.

The possibility cannot be ruled out that the shares of the respective sub-fund may be traded on an official stock exchange or also on other markets.

The market price underlying stock market dealings or trading on other markets is not determined exclusively by the value of the assets held in the respective sub-fund, but also by supply and demand. This market price may therefore differ from the share price.

## **Investment policy**

The aim of the investment policy of the individual sub-funds/of the Investment Company is to achieve reasonable capital growth in the relevant sub-fund currency (as defined in the corresponding Annex). Details of the investment policy of each sub-fund are described in the relevant Annex to this Sales Prospectus.

The general investment principles and restrictions specified in Article 4 of the Articles of Association apply to all sub-funds, insofar as no derogations or supplements are contained in the relevant Annex to this Sales Prospectus for the respective sub-fund.

The respective sub-fund assets are invested pursuant to the principle of risk diversification within the meaning of the provisions of Part I of the Law of 17 December 2010 and in accordance with the investment policy principles and investment restrictions specified in Article 4 of the Articles of Association.

## **Information on derivatives and other techniques and instruments**

In accordance with the general provisions governing the investment policy referred to in Article 4 of the Articles of Association, in order to achieve the investment objectives and ensure efficient portfolio management the Management Company for the relevant sub-fund may make use of derivatives, securities financing transactions and other techniques and instruments that correspond to the investment objectives of the sub-fund. The counterparties and/or financial counterparties (as defined in Article 3(3) of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR")) to the aforementioned transactions must be institutions subject to prudential supervision and have their registered office in an EU member state, another signatory state to the EEA Treaty or a third country whose supervisory provisions are considered by the CSSF to be equivalent to those of EU law. The counterparty or the financial counterparty must always have at least a rating in the investment grade range, which may however be waived in the case of justified exceptions. This may be the case, for example, if the counterparty or the financial counterparty falls under this rating after selection. In this case, the Management Company will conduct a separate audit. They must also specialise in this type of transaction. When selecting counterparties and financial counterparties for securities financing transactions and total return swaps, criteria such as the legal status, country of origin and credit rating of the counterparty are taken into account. Details can be viewed free of charge on the Management Company's website referred to in the section entitled "Information for shareholders". The possibility cannot be ruled out that the counterparty or financial counterparty is a company affiliated with the Management Company or the Fund Manager/Investment Adviser. In this context, please see the chapter "Potential conflicts of interest".

Derivatives and other techniques and instruments carry considerable opportunities but also high risks. Due to the leverage effect of these products, the sub-fund may incur substantial losses when using relatively little capital. The following is a non-exhaustive list of derivatives, techniques and instruments that can be used for the sub-fund:

### **1. Option rights**

An option right is a right to buy ("call option") or sell ("put option") a particular asset at a predetermined time ("exercise date") or during a predetermined period at a predetermined price ("strike price"). The price of a call or put option is the option premium.

For each sub-fund, both call and put options may be bought or sold, insofar as the respective sub-fund is permitted to invest in the underlying assets pursuant to its investment policy as specified in the relevant Annex.

## 2. Financial futures contracts

Financial futures contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of a certain base value at a pre-determined time (maturity date) at a price that is agreed in advance.

For each sub-fund, financial futures contracts may only be concluded insofar as the respective sub-fund is permitted to invest in the underlying assets pursuant to its investment policy as specified in the relevant Annex.

## 3. Derivatives embedded in financial instruments

Financial instruments with embedded derivatives may be acquired for the respective sub-fund, provided that the underlying of the derivative consists of instruments within the meaning of Article 41(1) of the Law of 17 December 2010, or financial indices, interest rates, foreign exchange rates or currencies, for example. Financial instruments with embedded derivatives may consist of structured products (certificates, reverse convertible bonds, warrant-linked bonds, convertible bonds, credit linked notes, etc.) or warrants. The main feature of products included under "Derivatives embedded in financial instruments" is that the embedded derivative components generally affect the payment flows for the entire product. Alongside risk characteristics of transferable securities, the risk characteristics of derivatives and other techniques and instruments are also decisive.

Structured products may be used on the condition that they are transferable securities within the meaning of Article 2 of the Grand-Ducal Regulation of 8 February 2008.

## 4. Securities financing transactions

Securities financing transactions include, for example:

- Securities lending transactions
- Repurchase agreements

### 4.1. Securities lending

No securities lending transactions are undertaken for the respective sub-fund

### 4.2. Repurchase agreements

No repurchase transactions are undertaken for the respective sub-fund.

## 5. Forward exchange contracts

The Management Company may enter into forward exchange contracts for the respective sub-fund.

Forward exchange contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of the underlying foreign currencies at a certain time (maturity date) and at a price that is agreed in advance.

## 6. Swaps

The Management Company may conclude swaps on behalf of the respective sub-fund within the framework of the investment principles.

A swap is a contract between two parties based on the exchange of payment flows, assets, income or risk. The swaps made for the respective sub-fund may include, but are not limited to, the following: interest, currency, equity and credit default transactions.

An interest swap is a transaction in which two parties swap cash flows which are based on fixed or variable interest payments. The transaction can be compared with the adding of funds at a fixed interest rate and the simultaneous allocation of funds at a variable interest rate, with the nominal sums of the assets not being swapped.

Currency swaps usually consist of the swapping of nominal sums of assets. They can be compared to borrowing in one currency and simultaneously lending in another.

Asset swaps, also known as "synthetic securities", are transactions that convert the yield from a particular asset into another rate of interest (fixed or variable) or into another currency, by combining the asset (e.g. bond, floating-rate note, bank deposit, mortgage) with an interest swap or currency swap.

An equity swap is the exchange of payment flows, value adjustments and/or income from an asset in return for payment flows, value adjustments and/or income from another asset, where at least one of the exchanged payment flows or incomes from an asset represents a share or a share index.

The contracting parties may not exert any influence on the composition or management of the UCITS' investment portfolio or the underlying assets of the derivatives. Transactions in connection with the UCITS' investment portfolio do not require the consent of the counterparty.

### 6.1 Total return swaps or other derivatives with the same characteristics

For the relevant sub-fund, the Management Company will not conclude total return swaps or other derivatives transactions with the same characteristics.

## 7. Swaptions

A swaption is the right, but not the obligation, to enter into a swap, the conditions of which are clearly specified, at a given point in time or within a given period. In addition, the principles listed in connection with option dealing apply.

## 8. Techniques for the management of credit risks

The Management Company may also use credit default swaps (“CDS”) for the respective sub-fund to ensure the efficient management of the respective sub-fund assets.

Within the market for credit derivatives, a CDS represents the most widespread and the most quantitatively significant instrument. A CDS enables the credit risk to be separated from the underlying financial relationship. This separate trading of default risks extends the range of possibilities for systematic risk and income management. With a CDS, a secured party (security buyer, protection buyer) can hedge against certain risks from a debtor-creditor relationship by paying a periodic premium for transferring the credit risk calculated on the basis of the nominal amount to a security provider (security seller, protection seller) for a defined period. This premium depends, among other things, on the quality of the underlying reference debtor(s) (= credit risk). The transferred risks are defined in advance as “credit events”. As long as no credit event occurs, the CDS seller does not have to render a performance. If a credit event occurs, the seller pays the predefined amount (such as the par value or an adjustment payment equalling the difference between the par value of the reference assets and their market value) after the credit event occurs (“cash settlement”). The buyer then has the right to tender an asset of the reference debtor which is qualified in the agreement, whilst the buyer's premium payments are stopped as of this point. The respective sub-fund can act either as protection buyer or protection seller.

CDS are traded over the counter (OTC market), such that more specific, non-standard requirements of both counterparties can be addressed – at the price of lower liquidity.

The commitment of the obligations arising from the CDS must not only be in the exclusive interests of the Fund, but also be in line with its investment policy. For the purpose of the investment limits in accordance with Article 4(5) of the Articles of Association, both the bonds underlying the CDS and the particular issuer must be taken into account.

A CDS is valued on a regular basis through the use of verifiable and transparent methods. The Management Company and the auditor will monitor the verifiability and transparency of the valuation methods. The Management Company will rectify any differences ascertained as a result of the monitoring procedure.

## 9. Remarks

The above-mentioned techniques and instruments can, where appropriate, be supplemented by the Management Company if new instruments corresponding to the investment objective are offered on the market, which the respective sub-fund may employ in accordance with the prudential supervisory and statutory provisions.

The use of techniques and instruments for efficient portfolio management may give rise to various direct/indirect costs, which are charged to the relevant sub-fund's assets or which reduce the Fund's assets. These costs may be incurred both in relation to third parties and parties associated with the Management Company or Depositary.

## **Calculation of net asset value per share**

The fund assets of the Investment Company are denominated in euros (“reference currency”).



The value of a share ("net asset value per share") is denominated in the currency laid down in the Annex to the Sales Prospectus ("sub-fund currency"), insofar as no other currency is stipulated for this or any other share classes in the respective Annex to the Sales Prospectus ("share class currency").

The net asset value per share is calculated by the Management Company or a third party commissioned for this purpose by the Management Company, under the supervision of the Depositary, on each banking day in Luxembourg with the exception of 24 and 31 December of each year ("valuation day"). In order to calculate the net asset value per share, the value of the assets of each sub-fund less the liabilities of the respective sub-fund is determined on each valuation date ("net sub-fund assets"). Further details on the calculation of the net asset value per share are specified in Article 12 of the Articles of Association.

### **Issue of shares**

1. Shares are issued on each valuation day at the issue price. The issue price is the net asset value per share pursuant to Article 12(4) of the Articles of Association, plus a front-end load, the maximum amount of which is listed for the share class of each sub-fund in the respective Annex to this Sales Prospectus. The issue price may be increased by fees or other charges payable in the particular countries where the Fund is sold.
2. Subscription orders for the acquisition of registered shares may be submitted to the Management Company and the sales agent. The receiving agents are obliged to immediately forward all subscription orders to the registrar and transfer agent. Receipt by the Registrar and Transfer Agent is decisive. This agent accepts the subscription orders on behalf of the Management Company.

Purchase orders for the acquisition of shares certified in the form of global certificates ("bearer shares") are forwarded to the Registrar and Transfer Agent by the entity at which the subscriber holds his custody account ("reference agent"). Receipt by the Registrar and Transfer Agent is decisive.

Complete subscription orders for registered shares or purchase orders of bearer shares received by the reference agent no later than 17:00 on a valuation day shall be settled at the issue price of the following valuation day, provided the equivalent value for the subscribed shares is available. The Management Company shall ensure in all cases that the shares are issued on the basis of a net asset value per share previously unknown to the shareholder. If, however, a shareholder is suspected of engaging in late trading, the Management Company may reject the subscription or purchase order until the applicant has cleared up any doubts with regard to his order. Complete subscription orders for registered shares or purchase orders of bearer shares received by the transfer agent after 17:00 on a valuation day shall be settled at the issue price of the second following valuation day.

If the equivalent value of the registered shares that are to be subscribed is not available at the time of receipt by the Registrar and Transfer Agent of the complete subscription order, or if the subscription order is incorrect or incomplete, the subscription order shall be regarded as having been received by the Registrar and Transfer Agent on the date on which the equivalent of the subscribed shares is available and the subscription order is submitted properly.

The bearer shares are transferred after settlement at the Registrar and Transfer Agent via so-called payment / delivery transactions, step by step, i.e. against payment of the out-paying investment amount to the point at which the subscriber maintains his custody account.

3. The issue price is payable at the Depositary in Luxembourg in the respective share class currency within the number of banking days specified in the Annex to the relevant sub-fund after the corresponding valuation day.
4. The circumstances under which the issue of shares may be suspended are specified in Article 15 in conjunction with Article 13 of the Articles of Association.

### **Redemption and exchange of shares**

1. Shareholders are entitled at all times to request the redemption of their shares at the net asset value per share pursuant to Article 12(4) of the Articles of Association, less any redemption fee ("redemption price"), if applicable. This redemption will only be carried out on a valuation day. If a redemption fee is payable, the maximum amount of this fee for the relevant share class of the relevant sub-fund is listed in the relevant Annex to this Sales Prospectus.

In certain countries, the payment of the redemption price may be reduced by local taxes and other charges. The corresponding share is cancelled upon payment of the redemption price.

2. Payment of the redemption price, as well as any other payments to the shareholders, shall be made via DZ PRIVATBANK S.A. or the country specific facilities. DZ PRIVATBANK S.A. is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depositary's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Management Company may buy back shares unilaterally against payment of the redemption price if this is deemed necessary in the interests of the shareholders or for the protection of the shareholders or a sub-fund.

In the event that different share classes are offered within a single sub-fund, it is also possible to exchange shares of one class for shares of another class within the same sub-fund, unless otherwise stated in the relevant Annex to this Sales Prospectus. In these cases, no exchange fee is charged.

The Management Company may reject an order for the exchange of units, if this is deemed in the interests of the Fund or the sub-fund or in the interests of the shareholders.

3. Complete orders for the redemption or exchange of registered shares can be submitted to the Management Company, the sales agents or the country specific facilities. The receiving agents are obliged to immediately forward the redemption or exchange orders to the Registrar and Transfer Agent.

An order for the redemption or exchange of registered shares shall only be deemed complete if it contains the name and address of the shareholder, the number and/or transaction value of the shares to be redeemed or exchanged, the name of the sub-fund's share class and the signature of the shareholder.

Complete sales orders for the redemption of bearer shares will be forwarded to the Registrar and Transfer Agent by the agent with whom the shareholder holds his custody account. The exchange of bearer shares is excluded.

Complete redemption/sales orders and/or complete exchange orders received by no later than 17:00 on a valuation day are allocated to the net asset value per share of the following valuation day, less any applicable redemption fees and/or exchange fees. The Management Company shall ensure that shares are redeemed or exchanged on the basis of a net asset value per share that is not known to the shareholder in advance. Complete redemption/sales orders and/or complete exchange orders received after 17:00 on a valuation day are settled at the net asset value per share of the second following valuation day, less any applicable redemption fees and/or exchange fees.

The time of receipt of the redemption/sales order or exchange order by the Registrar and Transfer Agent shall be decisive.

The redemption price shall be paid in the share class currency within the number of banking days specified in the Annex to the sub-fund after the relevant valuation day. In the case of registered shares, payment is made to the account specified by the shareholder.

4. The Management Company must temporarily suspend the redemption or exchange of shares due to the suspension of the calculation of the share value.
5. Subject to prior approval from the Depositary and while preserving the interests of the shareholders, the Management Company shall only be entitled to process significant volumes of redemptions after selling corresponding assets of the respective sub-fund without delay. In this case, the redemption shall occur at the redemption price valid at that time. The same shall apply for orders for the exchange of shares. The Management Company shall, however, ensure that the respective sub-fund has sufficient liquid assets at its disposal such that, under normal circumstances, the redemption or exchange of shares may take place immediately upon application from shareholders.

## **Risk information**

### **General market risk**

The assets in which the Management Company invests for the account of the sub-funds are associated with risks as well as opportunities for growth in value. If a sub-fund invests directly or indirectly in transferable securities and other assets, it is subject to the general trends and tendencies of the markets, particularly the transferable securities markets, which are attributable to various and partially irrational factors. Losses can occur if the market value of the assets decreases compared to the cost price. If the shareholder sells shares of the sub-fund at a time when the market price of the sub-fund's assets has decreased compared with the time of the share purchase, he will not get back the money he has invested in the sub-fund to the full amount. Despite the fact that each sub-fund aims to achieve constant growth, this cannot be guaranteed. However, the shareholder's risk is limited to the amount invested. Shareholders are not obliged to provide any supplementary funding in addition to the money invested.

### **Interest rate risk**

Investing in fixed-rate transferable securities is associated with the possibility that the interest rate at the time of issuance of a security might change. If the interest rate increases compared to the interest at the time of issue, fixed-rate transferable securities will generally decrease in value. In contrast, if the interest rate falls, the price of fixed-rate transferable securities increases. These developments mean that the current yield of fixed-rate transferable securities roughly corresponds to the current interest rate. However, such

fluctuations can vary depending on the maturity of the fixed-rate transferable securities. On the one hand, fixed-rate transferable securities with short maturities bear lower price risks than fixed-rate transferable securities with long maturities. On the other hand, fixed-rate transferable securities with short maturities generally have smaller yields than fixed-rate transferable securities with long maturities.

### **Risk of negative deposit rates**

The Management Company invests the liquid assets of the Fund with the Depositary or other financial institutions on behalf of the Fund. An interest rate is agreed for some of these bank balances that corresponds to international interest rates, less an applicable margin. If these interest rates fall below the agreed margin, this leads to negative interest rates on the corresponding account. Depending on the development of the interest rate policy of each of the central banks, short, medium and long-term bank balances may all generate a negative interest rate at banks.

### **Credit risk**

The creditworthiness of the issuer (its ability and willingness to pay) of a transferable security or money market instrument held directly or indirectly by a sub-fund may subsequently fall. This normally leads to a fall in the price of the respective asset that exceeds general market fluctuations.

### **Company-specific risk**

The performance of the transferable securities and money market instruments held directly or indirectly by a sub-fund also depends on company-specific factors, such as the business position of the issuer. If the company-specific factors deteriorate, the market value of a given asset may fall substantially and permanently, even if stock market developments are otherwise generally positive.

### **Default risk**

The issuer of a transferable security held directly or indirectly by a sub-fund or the debtor of a claim belonging to a sub-fund may become insolvent. The corresponding assets of the sub-fund may become worthless as a result of this.

### **Counterparty risk**

In the case of transactions not conducted via a stock exchange or a regulated market (OTC transactions) or securities financing transactions, there is, in addition to the default risk, the risk that the counterparty to the transaction may fail to meet its obligations or fail to do so to the fullest extent. This applies in particular to transactions that use techniques and instruments. In order to reduce the counterparty risk associated with OTC derivatives and securities financing transactions, the Management Company is authorised to accept collateral. This shall be carried out in accordance with the requirements of ESMA Guidelines 2014/937. The collateral may be accepted in cash, as government bonds or as bonds issued by public international bodies belonging to one or more EU Member States and covered bonds. Collateral in the form of cash may not be invested anew. All other collateral received is neither sold, reinvested nor pledged. The Management Company gradually applies haircuts for the collateral received taking into account the specific characteristics of the collateral and the issuer (referred to as the haircut strategy). Details of the minimum haircuts applied depending on the type of collateral are shown in the following table:

### **Collateral**

### **Minimum haircut**

Cash (sub-fund currency)	0%
Cash (foreign currencies)	8%
Government bonds	0.50%
Bonds issued by public international bodies to which one or more EU Member States belong and covered bonds	0.50%

Further details of the haircuts applied may be requested from the Management Company free of charge at any time.

Collateral received by the Management Company within the framework of OTC derivatives and securities financing transactions must, inter alia, meet the following criteria:

1. Non-cash collateral should be sufficiently liquid and be traded on a regulated market or within a multilateral trading system.
2. The collateral is monitored and valued daily in accordance with market value.
3. Securities with high price volatility should not be accepted without adequate haircuts (discounts).
4. The creditworthiness of the issuer should be good.
5. Collateral must be sufficiently diversified in terms of countries, markets and issuers. Correlations between the collateral are not taken into account. However, the collateral received must be issued by a party that is not affiliated with the counterparty.
6. Any collateral which is not provided in cash must be issued by a company which is not affiliated with the counterparty.

There are no rules restricting the residual maturity of securities. The provision of collateral is based on individual contractual agreements between the counterparty and the Management Company, in which, inter alia, the type and quality of collateral, haircuts, thresholds, and minimum transfer amounts are defined. The value of OTC derivatives and of any collateral that has already been provided is calculated on a daily basis. If, due to individual contractual conditions, an increase or decrease in collateral is necessary, this collateral shall be requested or claimed back from the counterparty. Information on the agreements may be requested from the Management Company free of charge at any time.

As regards the risk diversification of the collateral received, the maximum exposure to a specific issuer may not exceed 20% of the respective net assets of the sub-fund. Notwithstanding the above, Article 4(5) h. of the Articles of Association shall apply in respect of the issuer risk where collateral is received from specific issuers.

On behalf of the Fund, the Management Company may accept securities as collateral within the framework of derivatives and securities financing transactions. If these securities were pledged as collateral, they must be held in custody by the Depositary. If the Management Company has pledged the securities as collateral within the framework of derivative transactions, custody is at the discretion of the secured party.

### **Currency risk**

If a sub-fund directly or indirectly holds assets denominated in foreign currencies, then it is subject to currency risk, unless the foreign currency positions are hedged. In the event of a devaluation of the foreign currency against the reference currency of the sub-fund, the value of the assets held in this foreign currency shall fall.

Share classes that are not denominated in the relevant sub-fund currency may therefore be subject to a different currency risk. This currency risk may be hedged against the sub-fund currency on a case-by-case basis.

### **Specific risks in relation to currency-hedged share classes**

Share classes whose currency is not that of the relevant sub-fund are subject to a currency risk which can be hedged by the use of financial derivatives. The costs, liabilities and/or benefits associated with this hedging are to be borne entirely by the share class concerned.

Counterparty and operational risks may also occur for the investors in other share classes of the sub-fund through the use of financial derivatives for just one share class.

Hedging is employed to reduce any exchange rate fluctuations between the sub-fund currency and the hedged share class currency. The aim of this hedging strategy is to adjust the currency risk of the hedged share class to such an extent that the development of the hedged share class follows the development of a share class in the sub-fund currency as exactly as possible.

The use of this hedging strategy may offer the shareholder in the relevant share class considerable protection against the risk of the share class currency value decreasing to the value of the sub-fund currency. However, it may also lead to the shareholders in the hedged share class not being able to benefit from an increase in value compared to the sub-fund currency. It may also – especially in the case of significant market turbulence – come to misalignments between the currency position of the sub-fund and the currency position of the hedged share class.

In the case of a net flow in the hedged share class, this currency hedging may under certain circumstances only be retrospectively conducted or amended, meaning that it is only presented in the net asset value of the hedged share class at a later date.

### **Sector risk**

If a sub-fund focuses its investments on specific industries, this reduces the risk diversification. As a result, the sub-fund shall be particularly dependent on the general development of individual industries and the development of individual company profits within these industries, as well as the development of industries that mutually influence each other.

### **Country and regional risk**

If a sub-fund focuses its investment on specific countries or regions, this also reduces the risk diversification. Accordingly, the sub-fund shall be particularly dependent on the development of individual or mutually

interdependent countries and regions, and/or on companies which are located and/or active in these countries or regions.

### **Legal and tax risk**

The legal and tax treatment of the Fund may change in unforeseeable and uncontrollable ways.

### **Country and transfer risk**

Economic or political instability in countries where a sub-fund invests may mean that despite the solvency of the issuer of the respective transferable security or other form of asset, the funds owed to a sub-fund are received either in part or not at all, in another currency or not in good time. Decisive factors in this may include currency or transfer restrictions, a lack of willingness or capacity to carry out the transfer, or other legal changes. If the issuer pays in another currency, this position is additionally subject to a currency risk.

### **Risk due to force majeure**

Force majeure is defined as events whose occurrence cannot be controlled by the persons affected. These include serious road traffic accidents, pandemics, earthquakes, floods, hurricanes, nuclear accidents, war and terrorism, design and construction defects beyond the Fund's control, environmental legislation, general economic circumstances or industrial disputes. If a sub-fund is affected by one or more events of force majeure, this may result in losses up to or even total loss of that sub-fund.

### **Liquidity risk**

The Fund may also acquire assets and derivatives not admitted for trading on a stock exchange, or not admitted to trading or included in another organised market. In some situations it might be impossible to sell such assets except subject to considerable discounts or delays, if at all. In some cases, even the sale of assets admitted to a stock exchange may only be possible with sizeable discounts, or not at all, depending on market conditions, volumes, time frames and planned costs. Although the Fund may only acquire assets that can generally be liquidated at any time, it is possible that these assets may temporarily or permanently only be sold at a loss.

### **Custody risk**

A risk of loss is associated with the custody of assets, which may result from insolvency or violations of due diligence on the part of the Depositary or a sub-custodian, or by external events.

### **Emerging markets risks**

Investing in emerging markets entails investing in countries that, inter alia, are not included in the World Bank's definition of "high GDP per capita", i.e. are not classified as "developed" countries. In addition to the risks specific to the asset class, investments in these countries are generally subject to higher risks, in particular heightened liquidity risk and general market risk. In emerging markets, political, economic or social instability or diplomatic incidents may hamper investments in these countries. Moreover, the processing of transactions in transferable securities from such countries may entail greater risks and be harmful to the shareholder, particularly due to the fact that it may not be possible or customary for

transferable securities to be delivered immediately upon payment in such countries. The country and transfer risks described above are also significantly greater in these countries.

In addition, the legal and regulatory environment and the accounting, auditing and reporting standards in emerging markets may differ significantly from the level and standards which are otherwise customary on an international scale, to the detriment of an investor. This may not only lead to differences in state monitoring and regulation, but also to additional risks in connection with the assertion and settlement of claims of the sub-fund. In addition, a higher custody risk may exist in such countries, which can result in particular from different forms of the transfer of ownership of acquired assets. The emerging markets are generally more volatile and less liquid than the markets in industrialised countries and this may lead to increased fluctuations in the unit values of the sub-fund.

### **Inflation risk**

Inflation risk means the danger of financial losses as a result of the devaluation of currency. As a result of inflation, the income of a sub-fund as well as the value of the investments as such may decrease in terms of purchasing power. Different currencies are subject to inflation risk to a greater or lesser extent.

### **Concentration risk**

Additional risks may be incurred if the investments are concentrated in certain assets or markets. In these cases, events affecting these assets or markets may have a greater impact on the Fund's assets and cause comparably greater losses than would be the case with a more diversified investment policy.

### **Performance risk**

Positive performance cannot be ensured without a guarantee issued by a third party. Furthermore, assets acquired for a sub-fund may perform differently than anticipated upon acquisition.

### **Settlement risk**

Transferable securities transactions carry the risk that one of the contracting parties delays, does not pay as agreed or does not deliver the transferable securities in good time. This settlement risk also exists with the reversal of securities for the Fund.

### **Risks associated with using derivatives and other techniques and instruments**

The leverage effect of option rights may result in a greater impact on the value of the sub-fund assets - both positive and negative - than would be the case with the direct acquisition of transferable securities and other assets. To this extent, their use is associated with special risks.

Financial futures contracts which are used for a purpose other than hedging are also associated with considerable opportunities and risks, as only a fraction of the contract value (the margin) needs to be provided immediately.

Price changes may therefore lead to substantial profits or losses. As a result, the risk and the volatility of the sub-fund may increase.

Depending on the structure of swaps, the value thereof can be affected by any future change in the market interest rate (interest rate risk), counterparty insolvency (counterparty risk) or a change in the underlying. In



principle, any future (value) changes to the underlying payment flows, assets, income or risks may lead to gains as well as losses in the sub-fund.

Techniques and instruments are associated with specific investment and liquidity risks.

Since the use of derivatives embedded in financial instruments can be associated with a leverage effect, the use thereof can lead to strong fluctuations both positive and negative in the value of the sub-fund's assets.

### **Risks related to receiving and providing collateral**

The Management Company receives or provides collateral for OTC derivatives and securities financing transactions. The value of OTC derivatives and securities financing transactions is subject to change. There is a risk that the collateral received may no longer be enough to fully cover the entitlement of the Management Company against the counterparty for delivery or return. To minimise this risk, as part of collateral management, the Management Company shall, on a daily basis, reconcile the value of the collateral with the value of the OTC derivatives and securities financing transactions and request additional collateral in agreement with the counterparty.

The collateral may be accepted in cash, as government bonds or as bonds issued by public international bodies belonging to one or more EU Member States and covered bonds. However, the credit institution where the cash is held might default. Government bonds and bonds issued by international bodies can decrease in value. If the transaction is cancelled, the invested collateral could no longer be fully available, despite taking haircuts into account and despite the Management Company's obligation to return it in the original amount on behalf of the Fund. To minimise this risk, as part of collateral management, the Management Company shall, on a daily basis, determine the value of the collateral and agree additional collateral if there is increased risk.

### **Risks associated with target funds**

The risks of target fund units acquired for the sub-fund are closely connected with the risks of the assets in such target funds and/or the investment strategies pursued by them. However, these risks can be reduced by diversifying the investments in the investment funds whose units are being acquired, as well as through diversification within this sub-fund.

Since the managers of these individual target funds act independently of each other, it is possible for several target funds to act according to the same or opposing investment strategies. This may result in existing risks being built up and possible opportunities cancelling each other out.

The Management Company is not normally in a position to control the management of target funds. Their investment decisions do not necessarily have to conform to the assumptions or expectations of the Company.

Often, the Management Company may not be completely up to date on the current composition of the target funds. In the event that this composition does not meet the Management Company's assumptions or expectations, it may, where applicable, only be able to react with considerable delay by way of redeeming units of the target funds.

Open-end investment funds, units of which are acquired for the Fund, may also temporarily suspend the redemption of units. The Management Company would then be prevented from disposing of the units in

the target fund by returning them to the Management Company or depositary of the target fund against payment of the redemption price.

Furthermore, fees may be incurred at the level of the target fund upon the acquisition of target funds. This would result in double charging when investing in target funds.

### **Risk of suspension of redemptions**

Shareholders may, in principle, request the redemption of their shares from the Management Company, in accordance with the provisions outlined above for the redemption of shares. However, the Management Company may temporarily suspend the redemption of shares under extraordinary circumstances and buy back the shares at a later point at the price valid at that time (see Article 13 of the Articles of Association entitled "Suspension of calculation of net asset value per share" and Article 16 of the Articles of Association entitled "Redemption and exchange of shares"). This price may be lower than the price before the suspension of redemption.

The Management Company may also be forced to suspend the redemption if one or more funds, whose units were acquired for a sub-fund, suspend the redemption of shares/units and they make up a significant amount of the net sub-fund assets.

### **Risks associated with acquiring distressed securities:**

Individual sub-funds are permitted to invest in distressed securities, in accordance with their investment policy. Distressed securities are transferable securities used by companies that are in bankruptcy, otherwise threatened by payment default, or are experiencing financial difficulties in some other way. These circumstances, if they have not yet occurred, result in a rating downgrade, so that these securities are generally in the speculative grade segment or worse. Such securities are associated with considerable risks, rendering the yield situation extremely precarious. As a result, restructuring plans, exchange offers, etc. may be jeopardised and could negatively affect the value of these securities. The value of investments in these securities may fluctuate significantly as it depends on future circumstances of the issuer, which are unknown at the time of investment. In some situations it might be impossible to sell such securities except subject to considerable discounts or delays, if at all. There is a risk of total default, with the result that the sub-fund loses its entire investment in the relevant securities.

### **Risks associated with acquiring Contingent Convertible Bonds (CoCo bonds)**

CoCo bonds are open-ended subordinated bonds that are converted from borrowed capital into equity capital of the issuing company (usually banks) according to strict criteria (trigger events such as falling below a specified equity ratio). Unlike traditional convertible bonds, investors have no right of choice in this case. Depending on their configuration, the bonds may be subject to either mandatory conversion to shares, or partial or complete depreciation. If conversion is carried out, the investor changes from being a provider of external capital to a provider of equity capital. With respect to the same issuer, CoCo bond investors may experience a capital loss before the equity investors.

CoCo bonds may be exposed to other special risks such as

- trigger level risks.

Triggers can be set differently and determine the risk of conversion or depreciation depending on the spread between the equity and the trigger. The CoCo bonds can be converted into equity securities as part of a mandatory conversion. CoCo bond investors may lose their employed capital in the event of a write-down or conversion. Transparency is crucial for reducing risk.

- Coupon cancellation risk

CoCo bond investors are exposed to the risk of not receiving all expected coupon payments. Coupon payments may be suspended by the issuer at any time, for any period of time and without a predetermined reason. If the coupon payments are resumed, there is a risk that deferred coupon payments will not be paid out.

- Capital structure inversion risk

Under certain circumstances, CoCo bond investors may suffer losses if the trigger is triggered before the shareholders incurs losses (unlike the classical capital hierarchy).

- Prolongation risk

CoCo bonds are issued as instruments with an indefinite maturity, which can only be terminated at a predefined level with the approval of the competent authority. Due to the flexible redeemability of CoCo bonds, it is possible that the maturity of the bond may be postponed and the investor may not receive the capital repayment at the expected time, which may lead to a change in the yield and valuation of the CoCo bond as well as a deterioration in the liquidity situation of the sub-fund.

- Unknown risks

The structure of CoCo bonds is innovative and has not yet been tested. The effects of strained market phases on the underlying characteristics of CoCo bonds cannot yet be clearly classified.

- Yield/valuation risks

The often attractive return on investment due to the above-mentioned risks and complexity of these investments is the primary reason for investing in CoCo bonds. However, it has not yet been ensured that investors will take sufficient account of the underlying risks in their assessment and risk measurement.

The preceding list of risk factors is not an exhaustive presentation of all the risks associated with investing in CoCo bonds. The trigger or suspension of the coupon payment by a single issuer may lead to an overreaction and consequently to an increase in volatility and illiquidity for the entire asset class. In an illiquid market, pricing may also come under pressure.

Further information on potential risks associated with investments in CoCo bonds can be found in the notification issued by the European Securities and Market Authority (ESMA/2014/944) dated 31 July 2014.

### **Risks of investment in asset-backed securities**

Asset-backed securities (ABS) is the umbrella term for bonds that are issued by an issuer and backed or secured by an underlying pool of assets. The underlying assets are usually loan receivables. These are

bundled into a pool of receivables that is administered on a custodial basis by a financing company. This special purpose vehicle securitises the receivables and sells them on to investors. They are highly complex financial instruments for which the risks are correspondingly difficult to estimate. A sub-category of ABS is mortgage-backed securities (MBS). MBS are bonds that are backed by or secured by a pool of mortgage claims.

Another form is collateralised debt obligations (CDO). CDOs are structured bonds that are supported by a pool of various assets, particularly loan and mortgage claims or other assets such as lease receivables.

ABS are complex, structured securities whose risk potential can only be assessed after a thorough analysis. Due to their diverse design forms, it is not possible to make a generally valid assessment of them. Compared with other interest-bearing securities, these securities may be subject to additional or higher risks, including:

- Counterparty default risks

Due to changing capital market interest rates, the issuer may no longer be able to meet its obligations, which may lead to an increase in the counterparty default risk in the receivables pool.

- Liquidity risks

Despite admission to a stock exchange, investments in ABS may be illiquid.

- Interest-rate risks

Interest rate changes may occur due to early repayment options in the underlying pool.

- Credit default risks

There is a risk that claims from the underlying pool will not be serviced.

- Reinvestment risks

Due to their limited tradability, it is possible that the Fund may not always be fully invested.

- Default risks

The default risk inherent in this investment cannot be ruled out, despite risk-limiting measures, and can lead to a complete loss.

- Correlation risk

The various underlying receivables from a pool may be interdependent and are affected by interactions reflected in the valuation of asset-backed securities. In extreme situations, the exchange rate can fall sharply if a defaulted receivable infects other receivables in the pool.

- Complexity risks

Due to the complexity of the asset class, the extent of the individual risk types with regard to investments in ABS can often only be estimated. More precise projections are only possible for short periods of time. As investments in ABS are generally planned for the longer term, this can pose a significant risk for investors.

### **Sustainability risks**

Sustainability risk is defined as an environmental, social or governance (hereinafter "ESG") event or condition which could have a material adverse effect – whether actual or potential – on the value of the investment and therefore on the performance of the sub-fund. Sustainability risks can have a significant impact on other types of risk, such as market price risks or counterparty default risks, and can substantially influence the risk within these risk types. Failure to take ESG risks into account could have a negative impact on returns in the long term.

### **Risks arising from the ESG strategy**

Where ESG criteria are made a component of the investment decision-making process for a sub-fund in accordance with its investment strategy, the choice of target investments may be limited, as may the performance of the respective sub-fund compared with funds that disregard ESG criteria. The decision as to which component is decisive from the point of view of overall risk and return is subject to the Fund management's subjective assessment.

### **Potential conflicts of interests**

The Management Company, its employees, representatives and/or associated companies may act as a member of the Board of Directors, Investment Adviser, Fund Manager, Central Administration Agent, Registrar and Transfer Agent or as any other service provider on behalf of the Fund/sub-funds. The role of the Depositary or sub-custodian entrusted with depositary functions can also be carried out by an associated company of the Management Company. If there is an association between the Management Company and the Depositary, they shall have appropriate structures to avoid any conflicts of interest arising from this association. If conflicts of interest cannot be avoided, the Management Company and the Depositary shall identify, manage, monitor and disclose these conflicts. The Management Company is aware that conflicts of interest may arise as a result of the various activities it carries out with respect to the management of the Fund/sub-fund. In accordance with the Law of 17 December 2010 and the applicable administrative provisions of the CSSF, the Management Company has put in place adequate and appropriate organisational structures and control mechanisms. In particular, it acts in the best interest of the funds/sub-funds. The potential conflicts of interest arising from the delegation of tasks are described in the *principles for handling conflicts of interest*. These can be found on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)). If a conflict of interest arises that adversely affects the interests of the investors, the Management Company shall disclose the general nature and/or sources of the existing conflict of interest on its website. When outsourcing tasks to third parties, the Management Company ensures that the third parties have taken the necessary measures for complying with all requirements pertaining to organisational structure and the prevention of conflicts of interest, as set forth in the applicable Luxembourg laws and regulations, and that these third parties monitor compliance with these requirements.

The types of risk described are not exhaustive, but rather represent the main risks of the investment fund. In general, there may be further existing or future risks.

## **Risk profile**

The investment funds administered by the Management Company are classified as belonging to one of the following risk profiles. The risk profile for each sub-fund can be found in the Annex for the respective sub-fund. The descriptions of the following profiles were prepared under the assumption of normally functioning markets. In unforeseen market situations or market disturbances, non-functioning markets may result in additional risks beyond those listed in the risk profile.

### **Risk profile – Security-oriented**

The sub-fund is suitable for security-oriented shareholders. Due to the composition of the net sub-fund assets, there is a low degree of overall risk, but also a corresponding degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Conservative**

The sub-fund is suitable for conservative shareholders. Due to the composition of the net sub-fund assets, there is a moderate degree of overall risk, but also a moderate degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Growth-oriented**

The sub-fund is suitable for growth-oriented shareholders. Due to the composition of the net sub-fund assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Speculative**

The sub-fund is suitable for speculative shareholders. Due to the composition of the net sub-fund assets, there is a very high degree of overall risk, but also a very high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

## **Risk management process**

The Management Company employs a risk management process enabling it to monitor and assess the risk connected with investment holdings as well as their share in the total risk profile of the investment portfolio of the funds it manages at any time. In accordance with the Law of 17 December 2010 and the applicable prudential supervisory requirements of the CSSF, the Management Company reports regularly to the CSSF about the risk management process used. Within the framework of the risk management process and using the necessary and appropriate methods, the Management Company ensures that the overall risk associated with derivatives of the funds managed does not go beyond the total net value of their portfolios. To this end, the Management Company makes use of the following methods:

- Commitment approach:

With the commitment approach, the positions from derivative financial instruments are converted into their corresponding (possibly delta-weighted) underlying equivalents or nominal values. In doing so, the netting and hedging effects between derivative financial instruments and their underlying assets are taken into account. The total of these underlying equivalents may not exceed the total net value of the Fund's portfolio.

- Value-at-risk (VaR)-approach:

The VaR figure is a mathematical-statistical concept and is used as a standard risk measure in the financial sector. VaR indicates the possible loss of a portfolio that will not be exceeded during a certain period (the holding period) with a certain probability (the confidence level).

- Relative VaR-approach:

With the relative VaR-approach, the VaR of the Fund must not exceed the VaR of a reference portfolio by more than a factor dependent on the amount of the Fund's risk profile. The maximum permissible factor specified by the supervisory authority is 200%. The reference portfolio is essentially an accurate reflection of the Fund's investment policy.

- Absolute VaR-approach:

With the absolute VaR-approach, the VaR (99% confidence level, 20-day holding period) of the Fund may not exceed a portion of the Fund's assets dependent on the Fund's risk profile. The maximum permissible factor specified by the supervisory authority is 20% of the Fund's assets.

For funds whose total risk is determined using VaR-approaches, the Management Company estimates the anticipated degree of leverage. Depending on the respective market situation, this degree of leverage may deviate from the actual value and may be exceeded or fallen short of. Shareholders should be aware that no conclusions regarding the risk content of the Fund may be drawn from this data. In addition, the published anticipated degree of leverage is explicitly not to be considered an investment limit. The method used for determining the total risk and, if applicable, the disclosure of the benchmark portfolio and the anticipated degree of leverage, as well as its method of calculation, are indicated in the Annex specific to the sub-fund.

## **Liquidity management**

The Management Company has drawn up written policies and procedures for the respective sub-fund to enable it to monitor the respective sub-fund's liquidity risks and ensure that the liquidity profile of the respective sub-fund's investments covers this sub-fund's underlying liabilities. Taking into account the investment strategy, the liquidity profile of the sub-fund is as follows: the overall liquidity profile of a sub-fund is determined by its structure in terms of the assets and liabilities contained in the sub-fund, as well as the investor structure of the sub-fund and the redemption terms and conditions that are specified in the Sales Prospectus.

The policies and procedures include the following:

- The Management Company monitors the liquidity risks that may arise at sub-fund or asset level. In doing so, it assesses the liquidity of the assets held in the sub-fund in relation to the sub-fund's assets

and determines liquidity classes for this purpose. The assessment of liquidity includes analysing the trading volume, the complexity or other typical characteristics and, if necessary, assessing the quality of an asset.

- The Management Company monitors the liquidity risks that may arise as a result of increased investor demand for unit redemption or large-scale calls. In doing so, it forms expectations about net changes in funds, taking into account available information about past values from historical net changes in funds.
- The Management Company monitors the sub-fund's ongoing receivables and liabilities and assesses their impact on the sub-fund's liquidity situation.
- The Management Company has determined adequate limits for liquidity risks for the Fund. It monitors compliance with these limits and has established procedures in the event that the limits have been or may be exceeded.
- The procedures put in place by the Management Company ensure consistency between the liquidity classes, liquidity risk limits and expected net cash flows.

The Management Company regularly reviews these policies and updates them as appropriate.

The Management Company conducts regular stress tests, which it can use to assess the sub-fund's liquidity risks. The Management Company bases these stress tests on reliable, up-to-date quantitative information or – if required – qualitative information. This includes the investment strategy, redemption periods, payment obligations and periods during which assets may be sold, as well as specific information about historical events or hypothetical assumptions. The stress tests simulate a situation where the sub-fund assets lack liquidity or where there are an atypical number of redemption requests. They cover market risks and their effects, including margin calls and requirements for collateral or credit lines. They are performed at a frequency appropriate for the type of sub-fund and take account of the fund's investment strategy, liquidity profile, investor profile and redemption policies.

### **Taxation of the Investment Company**

The Company's assets are not subject to taxation on its income and profits in the Grand Duchy of Luxembourg. The Company's assets in the Grand Duchy of Luxembourg are only subject to the "*taxe d'abonnement*" which is currently 0.05% p.a. A reduced "*taxe d'abonnement*" of 0.01% p.a. is applicable to (i) sub-funds or share classes whose shares are only issued to institutional shareholders within the meaning of Article 174 of the Law of 17 December 2010, (ii) sub-funds whose sole purpose is to invest in money market instruments, time deposits with credit institutions or both. If the sub-fund invests in sustainable economic activities in accordance with Article 3 of Regulation (EU) 2020/852 (EU Taxonomy), a reduction of the "*taxe d'abonnement*" may be applied in accordance with Article 174(3) of the Law of 17 December 2010. The *taxe d'abonnement* is payable quarterly, based on the Company's net assets reported at the end of each quarter. The amount of the *taxe d'abonnement* is specified for each sub-fund or share class in the relevant Annex to the Sales Prospectus. An exemption from the *taxe d'abonnement* applies, inter alia, to the extent that the Fund's assets are invested in other Luxembourg investment funds, which in turn are already subject to *taxe d'abonnement*.

Income received by the Fund (especially interest and dividends) may be subject to withholding tax or assessed tax in the countries in which the respective sub-fund's assets are invested. The Fund may also be



taxed on realised or unrealised capital gains of its investments in the source country. Neither the Depositary nor the Management Company are obliged to collect tax certificates.

Interested parties and shareholders are recommended to find out about laws and regulations which are applied to the taxation of corporate assets, the subscription, the purchase, the ownership, the redemption or the transfer of shares and to call on the advice of external third parties, especially a tax adviser.

### **Taxation of income from shares in the Investment Company held by the shareholder**

Shareholders who are or were not tax resident in the Grand Duchy of Luxembourg and who do not maintain a permanent establishment there or have a permanent representative there are not subject to Luxembourg corporation tax in respect of their income or capital gains on their shares in the Fund.

Natural persons who are resident in the Grand Duchy of Luxembourg are subject to progressive Luxembourg income tax.

Companies that are tax resident in the Grand Duchy of Luxembourg are subject to corporation tax on the income from the fund units.

Interested parties and shareholders are recommended to find out about laws and regulations that apply to the taxation of corporate assets, the subscription, the purchase, the ownership, the redemption or the transfer of shares and to seek the advice of external third parties, especially a tax adviser.

### **Information for shareholders**

Information (particularly notices to shareholders) is published on the Management Company's website ([www.ethene.com](http://www.ethene.com)). In addition, notices will be published in the Grand Duchy of Luxembourg in the "RESA" and in the "Tageblatt", where required by law, and also, if required, in another daily newspaper that has sufficient circulation.

The following documents are available for inspection free of charge during normal business hours on working days in Luxembourg (apart from Saturdays) at the registered office of the Management Company:

- Articles of Association of the Management Company,
- Articles of Association of the Investment Company,
- Management Agreement,
- Depositary Agreement,
- Agreement on the transfer of the functions of Central Administration Agent, Registrar and Transfer Agent and agreements of the country specific facilities.
- Fund management contract

The current Sales Prospectus, the KID as well as the annual and semi-annual reports of the Fund can be obtained free of charge from the Management Company's website [www.ethene.com](http://www.ethene.com). Hard copies of the current Sales Prospectus, the KID as well as the annual and semi-annual reports of the Fund, are also available free of charge at the registered office of the Management Company, the Depositary, the paying/information agents and any sales agents.

Shareholders can find information concerning the Management Company's principles and strategies regarding the exercising of voting rights based on the assets held for the Fund at [www.ethenea.com](http://www.ethenea.com).

When implementing decisions regarding the acquisition or sale of assets for a sub-fund, the Management Company acts in the best interests of the investment fund. Information on the principles set by the Management Company in this regard can be found on [www.ethenea.com](http://www.ethenea.com).

If the loss of a deposited financial instrument is ascertained, the investor shall be informed of this without delay by the Management Company via a permanent data medium. For further information please refer to Article 37(12) of the Articles of Association.

Shareholders may send questions, comments and complaints to the Management Company by post or via e-mail. Information on the complaints procedure can be downloaded free of charge from the Management Company's website at [www.ethenea.com](http://www.ethenea.com).

Information on payments the Management Company receives from third parties or pays to third parties may be requested from the Investment Company or the Management Company free of charge at any time.

Information on how the sustainability risks are handled as well as the strategies established for such can be found on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)).

### **Publication of the net asset value per share and the issue and redemption price**

The respective applicable unit value, issue and redemption price, as well as any other investor information, may be obtained at any time from the registered office of the Management Company, the Depositary, the country specific facilities / information agents and any sales agents. The issue and redemption prices are also published on each trading day on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)).

### **Information for shareholders with ties to the United States of America**

The Investment Company's shares are not, have not been and will not be authorised in accordance with the latest version of the *U.S. Securities Act of 1933* (the "**Securities Act**" or the stock market regulations of individual federal states or local authorities of the United States of America or its territories or possessions either in the ownership or under the jurisdiction of the United States of America, including the Commonwealth of Puerto Rico (the "**United States**"), or otherwise registered or transferred, offered or sold directly or indirectly to or in favour of a U.S. person, as defined in the Securities Act.

The Investment Company is not and will not be authorised or registered in accordance with the latest version of the U.S. Investment Company Act of 1940 (*the "Investment Company Act"*) or **in accordance with the laws of individual federal states of the USA**, and shareholders have no claim to the benefit of registration under said act.

In addition to the other requirements set out in the Prospectus, Articles of Association or the subscription form, investors must (a) not be "U.S. persons" within the meaning of the definition of Regulation S of the Securities Act, (b) not be "specified U.S. persons" as defined in the Foreign Account Tax Compliance Act ("**FATCA**") (c) be "non-U.S. persons" within the meaning of the Commodity Exchange Act and (d) not be "U.S. persons" within the meaning of the latest version of the U.S. Internal Revenue Code of 1986 (the "**Code**") and in accordance with the U.S. Treasury Regulations enacted pursuant to the Code. If you require further information, please contact the Management Company.

Persons who wish to acquire shares must give written confirmation that they meet the requirements of the previous paragraph.

FATCA was passed as part of the *Hiring Incentives to Restore Employment Act* of March 2010 in the United States. FATCA obliges financial institutions outside of the United States of America ("foreign financial institutions" – FFIs) to transfer information on an annual basis regarding the *financial accounts* held directly or indirectly by *specified U.S. persons* to the US tax authorities (*Internal Revenue Service – IRS*). A withholding tax of 30% will be deducted from certain types of US income from FFIs which do not meet this obligation.

On 28 March 2014, the Grand Duchy of Luxembourg entered into an intergovernmental agreement ("**IGA**"), in accordance with model 1, and a related *Memorandum of Understanding* with the United States of America.

The Management Company and the Fund both comply with the FATCA regulations.

The Fund's share classes may be either

1. subscribed to by shareholders via a FATCA-compliant independent intermediary (*nominee*) or
2. directly and indirectly via a sales agent (which only serves as an intermediary and does not act as a nominee) with the exception of:

- *Specified U.S. persons*

This shareholder group includes those U.S. persons who are classified by the United States government as at risk with regard to tax avoidance and tax evasion practices. However this does not affect, inter alia, listed companies, tax-exempt organisations, real estate investment trusts (REITs), trusts, U.S. securities dealers or similar entities.

- *Passive non-financial foreign entities (or passive NFFE), whose substantial ownership is held by a U.S. person*

This shareholder group generally refers to all NFFE which (i) do not qualify as active NFFE or (ii) or which are not retained foreign partnerships or trusts in accordance with the relevant U.S. Treasury Regulations.

- *Non-participating financial institutions*
- *The United States of America grants this status due to the non-compliance of a financial institution which has not fulfilled stated requirements due to the breach of the terms of the respective country-specific IGAs within 18 months of first being advised.*

If the Fund were to become subject to a withholding tax or reporting requirements or suffer other damages due to the absence of FATCA compliance by a shareholder, the Fund reserves the right, notwithstanding other rights, to enforce damages claims against the respective shareholder.

For any questions concerning FATCA and the FATCA status of the Fund, shareholders and potential shareholders are advised to contact their financial, tax and/or legal advisers.

## **Information for shareholders with respect to the automatic exchange of information**

The automatic exchange of information pursuant to intergovernmental agreements and Luxembourg regulations (Law of 18 December 2015 transposing the automatic exchange of financial account information in tax matters) is transposed via Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation, and the Common Reporting Standard (“CRS”), a reporting and due diligence process developed by the Organisation for Economic Co-operation and Development (OECD) for the international, automatic exchange of financial account information. The automatic exchange of information is transposed into Luxembourg law for the first time in the 2016 tax year.

For this purpose, reportable financial institutions provide information on applicants and reportable registers annually to the Luxembourg tax authorities (Administration des Contributions Directes in Luxembourg), which in turn forward it to the tax authorities of the countries where the applicant(s) is/are resident for tax purposes.

In particular, this involves the notification of:

- name, address, tax identification number, countries of residence as well as the date and place of birth of each reportable person,
- register number,
- register balance or value,
- credited capital gains, including sales proceeds.

Reportable information for a specific tax year, which must be submitted to the Luxembourg tax authority by 30 June of the following year, shall be exchanged by 30 September of that year between the relevant financial authorities and for the first time in September 2017, based on the data for 2016.

## **Guidance for shareholders on tax disclosure obligations (DAC-6)**

According to the Sixth Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards the mandatory automatic exchange of information in the field of taxation on reportable cross-border arrangements (“DAC-6”), so-called intermediaries and, on a subsidiary basis, taxpayers are in principle obliged to report to their respective national tax authorities certain cross-border arrangements which exhibit at least one of the “hallmarks”. The hallmarks describe tax features of a cross-border arrangement that make the arrangement reportable. EU Member States will exchange the reported information among themselves.

DAC-6 was to be transposed into national law by EU Member states by 31 December 2019, with first application from 1 January 2021. All reportable cross-border arrangements implemented since the entry into force of DAC-6 on 25 June 2018 must be reported retroactively.

The Management Company intends to comply with any reporting obligation that may exist in this respect with regard to the Fund or its direct or indirect investments. This reporting obligation may include information on the tax arrangements and the shareholders with regard to their identity, in particular the name, residence and tax identification number of the shareholders. Shareholders may also be directly subject to this reporting obligation themselves. If shareholders wish to obtain advice on this subject, they are advised to consult a legal or tax advisor.

### **Combating money laundering**

Pursuant to international regulations and the Luxembourg laws and regulations including, but not limited to, the Law of 12 November 2004 on combating money laundering and the financing of terrorism, the Grand-Ducal Regulation of 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 and CSSF circulars CSSF 13/556, CSSF 15/609, CSSF 17/650 and CSSF 17/661 on combating money laundering and the financing of terrorism, as well as all amendments thereto or subsequent regulations, all obligated parties are required to prevent undertakings for collective investment from being misused for the purpose of money laundering and terrorist financing. The Management Company or a third party commissioned by it may require an applicant to provide any document it considers necessary for establishing identity. The Management Company (or a third party commissioned by it) may also request any other information it needs to comply with the applicable statutory and regulatory provisions, including, but not limited to, the CRS and FATCA Law.

If an applicant does not provide the required documents promptly, in full or at all, the subscription order shall be rejected. With redemptions, incomplete documentation can delay payment of the redemption price. The Management Company is not responsible for delayed processing or failed transactions if the applicant has not provided the documents in good time, in full or at all.

The Management Company (or a third party commissioned by it) may from time to time require investors to provide additional or updated documents relating to their identity in accordance with the applicable laws and provisions relating to their obligations to continuously monitor and check their customers. If these documents are not produced promptly, the Management Company is obliged and entitled to block the Fund units of the investors in question.

In order to implement Article 30 of Directive (EU) 2015/849 of the European Parliament and of the Council, the 4th EU Money Laundering Directive, the Law of 13 January 2019 on the establishment of a register of beneficial owners was adopted. This requires registered legal entities to report their beneficial owners to the register set up for this purpose.

Investment companies and investment funds are legally defined in Luxembourg as “registered legal entities”.

For example, the beneficial owner as defined in the Law of 12 November 2004 is often any natural person who holds or otherwise controls more than 25% of the shares or units of a legal entity.

Depending on the specific situation, this could result in end investors of the Investment Company or the investment fund being reported to the register of beneficial owners with names and other personal details. The following data relating to a beneficial owner can be viewed free of charge by anyone on the website of the “Luxembourg Business Registers” as from 1 September 2019: name, first name(s), nationality (nationalities), date and place of birth, country of residence, and nature and extent of economic interest.

Public inspection can only be limited in exceptional circumstances after a case-by-case examination subject to a fee.

### **Data protection**

Personal data is processed in accordance with the European Parliament and Council Regulation (EU) 2016/679 of 27 April 2016 relating to the protection of natural persons during the processing of personal data, the free movement of data and repealing the Directive 95/46/EC (“General Data Protection Regulation”) and the data protection law applicable in Luxembourg (including, but not restricted to the amended Law of 2 August 2002 relating to the protection of personal data during the data processing).

Thus, personal data provided in connection with investment in the Fund may be stored and processed on a computer by the Management Company on behalf of the Fund and by the Depositary acting as data controllers.

Personal data will be processed to process subscription and redemption orders, maintain the unit register, carry out the tasks of the above-mentioned parties and comply with applicable laws and regulations, in Luxembourg and other jurisdictions, including, but not limited to, applicable company law, laws and regulations to combat money laundering and the financing of terrorism, and tax law, such as FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standard) or similar laws and regulations (e.g. at OECD level).

Personal data shall only be made available to third parties if this is necessary for justified business interests, to exercise or defend legal claims before the courts, or if laws or regulations make such transmission compulsory. This can include disclosure to third parties such as government or supervisory authorities, including tax authorities and auditors in both Luxembourg and other jurisdictions.

Apart from the above-mentioned cases, no personal data shall be transmitted to countries outside the European Union or the European Economic Area.

In subscribing to and/or holding units, investors – at least implicitly – give their consent to their personal data being processed as described above, and in particular to such data being disclosed to and processed by the above-mentioned parties, including affiliated companies in countries outside the European Union which may not provide the same protection as Luxembourg data protection law.

In this respect, investors acknowledge and accept that failure to transmit personal data required by the Management Company as part of their existing relationship with the Fund can prevent their continued involvement with the Fund and can lead to the Management Company reporting them to the competent Luxembourg authorities.

In this respect, investors acknowledge and accept that the Management Company will report all relevant information related to their investment in the Fund to the Luxembourg tax authorities, which will share this information with the competent authorities of the relevant countries or other approved jurisdictions pursuant to the CRS Law or corresponding European and Luxembourg legislation as part of an automatic procedure.

Where the personal data provided in relation to investment in the Fund include the personal data of the investor's (deputy) representatives, signatories or financial beneficiaries, it will be assumed that the investor has obtained the consent of those affected to their personal data being processed as described above, and in particular to their data being disclosed to and processed by the above-mentioned parties, including parties

in countries outside the European Union which may not provide the same protection as Luxembourg data protection law.

In accordance with applicable data protection law, investors may request access to and rectification and deletion of their personal data. Such requests must be sent in writing to the Management Company. It will be assumed that investors will have informed the (deputy) representatives, signatories or financial beneficiaries whose personal data is processed of these rights.

Since the personal data are transmitted electronically and are available outside Luxembourg, the same level of confidentiality and protection as currently afforded by applicable data protection law in Luxembourg cannot be guaranteed as long as the personal data is located abroad, even if the above-mentioned parties have taken appropriate measures to ensure the confidentiality of such data.

Personal data will only be kept until the reason for processing the data is fulfilled, all the while observing the applicable statutory minimum retention periods.

## **Additional information for investors in Switzerland**

### **1. Representative**

The representative in Switzerland is IPConcept (Schweiz) AG, Münsterhof 12 Postfach, CH-8022 Zurich.

### **2. Paying agent**

The Paying Agent in Switzerland is DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, P.O. Box, CH-8022 Zurich.

### **3. Place of reference of the relevant documents**

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

### **4. Publications**

1. Publications relating to foreign collective investment schemes are published on the homepage of "Fundinfo AG" ([www.fundinfo.com](http://www.fundinfo.com)).
2. The issue and redemption prices or the net asset value with the note "exclusive commissions" of all unit classes shall be published daily on the website of "Fundinfo AG" ([www.fundinfo.com](http://www.fundinfo.com)) for each issue and redemption of units. Prices are published daily except Saturday and Sunday.

### **5. Payment of retrocessions and rebates**

1. The management company and its agents may pay retrocessions to compensate for the distribution of fund units in Switzerland. This remuneration may be used in particular to cover the following services:

- the offering of fund units of the foreign collective investment scheme in Switzerland as well as the associated advisory and support activities vis-à-vis investors, taking into account the existing legal obligations within the framework of the respective permissible distribution structure in Switzerland;
- advertising the foreign collective investment scheme in Switzerland by including the product in the distributor's product range and advertising with the help of third parties (e.g. platforms, banks), taking into account the existing legal obligations within the framework of the respective permissible distribution structure in Switzerland.

Retrocessions are not considered rebates even if they are ultimately passed on to the investors in whole or in part.

The disclosure of the receipt of retrocessions shall be governed by the relevant provisions of the FIDLEG.

2. The Management Company and its agents may pay rebates directly to investors upon request in the distribution in Switzerland. Rebates serve to reduce the fees or costs attributable to the investors concerned. Rebates are permissible provided that they

- are paid out of the fees of the Management Company and thus do not place an additional burden on the Fund's assets;



- are granted on the basis of objective criteria;
- are granted to all investors who fulfil the objective criteria and request rebates, subject to the same time conditions and to the same extent.

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

- The volume subscribed by the investor or the total volume held by him in the collective investment scheme or, where applicable, in the promoter's product range;
- The amount of fees generated by the investor;
- the investment behaviour practised by the investor (e.g. expected investment period);
- the investor's willingness to provide support during the launch phase of a collective investment scheme.

Upon request of the investor, the management company shall disclose the corresponding amount of the rebates free of charge.

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

For units offered in Switzerland, the place of performance shall be at the registered office of the representative. The place of jurisdiction shall be at the registered office of the representative or at the investor's place of residence.

## Annex 1

### PEGASO CAPITAL SICAV – Strategic Trend

#### Investment objectives and investment strategy

The objective of the investment policy of PEGASO CAPITAL SICAV – Strategic Trend (“sub-fund” or “financial product”) is to achieve medium-term capital growth through a flexible asset allocation based on the trends and opportunities offered by the financial markets.

The sub-fund is actively managed. The composition of the portfolio is determined by the Fund Manager solely in accordance with the criteria laid down in the investment objectives / the investment policy, is regularly reviewed and, if necessary, adjusted. The sub-fund is not managed using an index as a benchmark.

In compliance with the Fund Manager's strategy, sustainability risks are taken into account in the investment decision-making process for this sub-fund. In this case, however, the fund management decides which components are ultimately decisive from an overall risk and return point of view and taking into account exclusions.

The Fund Manager is not taking account of the adverse impact of investment decisions on sustainability factors (Principal Adverse Impact – “PAI”) for this sub-fund. Currently, there is insufficient data available on the market that can be used to determine and weight the principal adverse impacts. The Fund Manager will regularly monitor market developments in relation to PAIs as well as relevant data developments in order to assess whether PAIs can be considered for this sub-fund.

The sub-fund does not promote sustainable features or have the objective of sustainable investment within the meaning of Article 8 or Article 9 of Regulation (EU) 2019/2088. In accordance with the provisions of Article 7 of Regulation (EU) 2020/852 (EU taxonomy), attention is drawn to the following in this context:

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

The performance of the respective share classes of the Sub-Fund can be viewed on the website of the Management Company.

**Past performance is not a guarantee of future performance. We cannot guarantee that the investment objectives will be achieved.**

#### Investment policy

Subject to Article 4 of the Articles of Association, the following provisions shall apply to the sub-fund:

In principle, the sub-fund may invest in shares, bonds, money market instruments, certificates, other structured products (e.g. reverse convertible bonds, warrant-linked bonds, convertible bonds), target funds and fixed-term deposits and overnight deposits, depending on the market situation and the assessment of the fund management. Such certificates may be based on legally permissible underlying assets such as, for example, shares, bonds, units in investment funds, financial indices and foreign exchange.

The investment in shares is mainly global stocks of companies domiciled in OECD Member States.

The sub-fund may invest a maximum of 40% in sub-investment grade issues (from BB+ or equivalent to B- or equivalent) and a maximum of 15% in unrated bonds.

Investments in CoCo bonds are permitted up to a maximum limit of 25% of the sub-fund assets. The use of these financial instruments may give rise to increased risks which, together with the functionality and other risks, are described in more detail in the “Risk information” section of the Sales Prospectus.

Non-performing and default bonds (from CCC+ or equivalent to D or equivalent) are permitted up to a maximum of 5% in total. For bonds with more than one rating, the highest rating is taken into account. In the case of unrated issues, the rating of the issue is equated with that of the issuer.

The sub-fund may invest a maximum of 30% in fixed income securities from issuers in emerging markets.

For the purposes of this Special Section, “emerging markets” mainly refer to the following countries: Argentina, Brazil, Chile, China, Hong Kong, India, Indonesia, Israel, Kazakhstan, Colombia, South Korea, Mexico, Nigeria, Peru, Philippines, Poland, Qatar, Russia, Singapore, South Africa, Thailand, Ukraine, Venezuela, United Arab Emirates. The above list is not intended to be exhaustive and is subject to change. Emerging countries usually go through a phase of economic development without, however, having reached the stage of the countries considered developed, especially those of Western Europe, North America or Japan.

The sub-fund is able to acquire assets in a foreign currency and may therefore be subject to foreign currency exposure. In addition, foreign currencies, including current account positions, may be used for efficient portfolio management, hedging and speculative purposes.

In general, the investment in cash deposits and liquid assets is limited to 20% of the net sub-fund assets; however, if considered appropriate due to exceptionally unfavourable market conditions, the net sub-fund assets may also be held in liquid assets within the legally permissible limits (in the short term) and thus deviate from this investment limit at short notice. In addition, the net sub-fund assets may deviate (in the short term) from the above-mentioned investment focus (incl. references) or investment policy whenever considered appropriate due to exceptionally unfavourable market conditions, provided that the investment focus is adhered to overall, including liquid assets.

Units in UCITS or other UCI (“target funds”) may be acquired to more than 10% of the sub-fund’s assets, making the sub-fund **ineligible as a target fund**. With regard to the target funds that can be acquired for the sub-fund, there is no restriction with regard to the permissible types of target funds that can be acquired.

The use of derivative financial instruments (“**derivatives**”) is permitted in order to achieve the above-mentioned investment objectives, as well as for investment and hedging purposes, this includes FX Forwards. In addition to option rights, this includes, inter alia, swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2014/937, interest rates, exchange rates, currencies and investment funds pursuant to Article 41(1)(e) of the Law of 17 December 2010. By using these, the profit and loss profile of the underlying instruments can be synthetically replicated without investing in the specific underlying instrument. The tax restrictions on investments pursuant to Article 4 of the Articles of Association are taken into account. These derivatives may only be used within the limits of Article 4 of the Articles of

Association. Further details on techniques and instruments can be found in the Sales Prospectus in the section entitled “Information on derivatives and other techniques and instruments”.

For the sub-fund, the Management Company will not conclude total return swaps or other derivatives transactions with the same characteristics.

The Fund is able to invest up to 10% of its net assets in Delta 1 certificates on commodities, precious metals and indices thereon, provided these are not financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of ESMA Guidelines 2014/937. Delta 1 certificates are securities within the meaning of Article 2 of the Grand-Ducal Regulation of 8 February 2008. The option to invest indirectly in the aforementioned underlying assets excludes physical deliveries. Should these securitisations include an option for the Fund to physically deliver the underlying assets, the Management Company will ensure that it exercises its right to exclude physical delivery to the Fund. If securitisations grant the issuer a right to physical delivery, they may not be acquired.

All **investments pursuant to Article 4(3)** of the Articles of Association (Trash Ratio) are limited to a total of 10% of the net sub-fund assets.

### **Risk profile of the sub-fund**

Risk profile – Growth-oriented

The sub-fund is suitable for growth-oriented shareholders. Due to the composition of the net sub-fund assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk management process of the sub-fund**

Commitment approach

The commitment approach is used for monitoring and measuring the total risk associated with derivatives.

### **Further information**

	CR EUR	CI EUR
ISIN:	LU0538498220	LU0538499541
Securities ID No:	A1JB8M	A1JB8L
Initial subscription period:	20 September – 30 September 2010	
Initial net asset value per share: (The initial issue price is the same as the initial net asset value per share plus the front-end load)	EUR 100.00	EUR 100.00

Payment of the initial issue price:	1 October 2010	
Payment of the issue price:	Within 2 banking days	
Payment of the redemption price:	within 2 banking days	
Sub-fund currency:	EUR	
Share class currency:	EUR	EUR
Calculation of the share value:	on every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the Fund: For the first time:	31 December 31 December 2011	
First semi-annual report (unaudited): First annual report (audited):	30.06.2011 31.12.2011	
Type of securitisation:	Registered shares, Bearer shares	
Denomination:	to three decimal places	to three decimal places
Minimum initial investment:	EUR 1,000.00*	EUR 1,000.00*
Minimum subsequent investment:	EUR 1,000.00*	EUR 1,000.00*
Savings plans for registered shares held in the share register, monthly from:	none	none
Withdrawal plan for registered shares which are held in the share register, monthly from:	none	none
Taxe d'abonnement:	0.05% p.a.	0.01% p.a.

\*The Management Company is authorised to accept lower amounts at its discretion.

The sub-fund is established for an indefinite period.

### **Costs which are reimbursed from the sub-fund's assets:**

#### **1. Flat-rate fee**

The sub-fund is charged a flat-rate fee in accordance with the table below. The flat-rate fee is paid to the Management Company. From this flat-rate fee the Management Company pays the remuneration of the Central Administration Agent, the Depositary, the Fund Manager and the Global Distributor.

The applicable remuneration rate or the effective cost burden is shown in the annual and semi-annual reports.

	Share class CR EUR	Share class CI EUR
Class-related flat-rate remuneration (up to) % p.a.	1.80%	1.50%

In addition, up to a sub-fund volume of EUR 33,333,333 the Management Company shall receive a monthly fee of EUR 1.666,67, which shall be charged to the sub-fund.

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the management fee as necessary.

## 2. Fund management fee

The Fund Manager receives a fee for the performance of its duties from the remuneration of the Management Company in accordance with the components listed below.

	Share class CR EUR	Share class CI EUR
Variable class-related fund manager fee (up to) % p.a.	1,50 %	1,20 %

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the fund manager fee as necessary.

## 3. Performance fee

The Fund Manager receives a performance fee of up to 15% of the unit value performance if the unit value at the financial year-end is higher than the highest unit value at the end of the previous financial years or higher than the initial unit value at the end of the first financial year (high-water mark principle).

High-water mark principle: at the launch of the Fund, the high-water mark is identical to the initial unit value. If the share value on the last valuation day of a subsequent financial year is above the high-water mark, the high-water mark is set to the calculated share value on the last valuation day of the financial year. In all other cases, the high-water mark remains unchanged. The high-water mark reference period extends over the entire life of the relevant share classes of the Fund.

Unit value: net asset value per unit, i.e. gross asset value per unit less all pro rata costs such as management fees, depositary fees, any performance fees, and other costs that are charged to the unit certificate class. This unit value corresponds to the published unit price.

The performance of the unit value ("unit value performance") is calculated on each valuation date by comparing the current unit value with the highest unit value of the previous financial year-ends (high-water mark). If there are different share classes in the Fund, the unit value per share class is used as a basis for the calculation.

To determine the unit value performance, any dividend payments made in the meantime are taken into account – i.e. these are added to the actual unit value, from which these distributions had been deducted.

Beginning with the start of each financial year, the performance fee is calculated on each valuation day on the basis of the unit value performance mentioned above, the average units in circulation during the financial year, and the highest unit value at the ends of the previous financial years (high-water mark).

On valuation days on which the current unit value exceeds the high-water mark, the accrued total amount changes according to the method outlined above. On valuation days on which the current unit value is less than the high-water mark, the accrued total amount is eliminated. As a basis of calculation, data from the previous valuation day (at financial year-end on the same day) is used.

The amount calculated on the last valuation day of the accounting period may, if a performance fee is payable, be paid out from the relevant share class of the Fund at the end of the financial year.

The accounting period begins on 1 January and ends on 31 December of each calendar year. A shortening of the accounting period is possible, in the event of a merger or dissolution of the sub-fund.

Sample calculation at the end of the period: performance fee payout

If, as in the following example, the unit value at the end of the calculation period is above the HWM, a performance fee will be due, as calculated here in the example based on exemplary data:

A performance fee payment of EUR 18,750 is due:

$(\text{current unit value (EUR 125)} - \text{high-water mark (EUR 120)}) * \text{average number of units in circulation in the financial year (25,000)} * \text{performance fee rate (15\%)} = \text{EUR 18,750}$

No performance fee is paid in the following case:

Unit value does not exceed high-water mark

$(\text{current unit value (EUR 115)} - \text{high-water mark (EUR 120)}) * \text{average number of units in circulation in the financial year (25,000)} * \text{performance fee rate (15\%)} = \text{EUR 0.00 performance fee}$

VAT shall be added to this fee, as applicable.

#### 4. Global Distributor fee

The Global Distributor receives a fee for the performance of its duties from the remuneration of the Management Company in accordance with the components listed below.

	Share class CR EUR	Share class CI EUR
Variable class-related Global Distributor fee (up to) % p.a.	0,05 %	0,05 %

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the fund manager fee as necessary.

## 5. Registrar and transfer agent fee

The Registrar and Transfer Agent shall receive a basic fee of up to EUR 3,000.00 p.a. from the net sub-fund assets for the performance of its duties.

In addition, the Registrar and Transfer Agent shall receive a fee of EUR 250 p.a. per investment account.

The registrar and transfer agent fee is calculated and paid out subsequently at the end of each calendar year.

VAT can be added to the management fee as necessary.

## 6. Additional costs

In addition, the costs stated in Article 35 of the Articles of Association may be charged to the sub-fund's assets.

### Costs to be borne by the shareholders include

	Share class CR EUR	Share class CI EUR
Front-end load: (in favour of the relevant intermediary)	up to 2%	up to 2%
Redemption fee:	none	none

### Note on cost identification

If third parties advise the investor during acquisition of the units or if the third parties broker the purchase, they shall identify any costs or cost rates that are not congruent with the cost information in this Sales Prospectus and in the KID. This may occur in particular when the third party adds costs for its own services (such as brokering, consulting or custody account management). In addition, the third party may add one-off costs for front-load fees, for example, and will usually use different calculation methods or different estimates for costs applicable at sub-fund level, which in particular include the sub-fund's transaction costs.

Deviations may occur in the identification of costs both in information before contract closure and in regular cost information on the existing sub-fund investment as part of a long-term customer relationship.



## Appropriation of income

The income appropriation of the respective share class is shown in the table below.

	CR EUR	CI EUR
Use of income	accumulating	accumulating

Detailed information regarding the use of income will, in principle, be published on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)).

## Annex 2

### PEGASO CAPITAL SICAV – Strategic Bond

#### Investment objectives and investment strategy

The objective of the investment policy of PEGASO CAPITAL SICAV – Strategic Bond (“sub-fund” or “financial product”) is to achieve medium-term capital growth through a flexible fixed income asset allocation based on the trends and opportunities offered by the financial markets.

The sub-fund is actively managed. The composition of the portfolio is determined by the Fund Manager solely in accordance with the criteria laid down in the investment objectives / the investment policy, is regularly reviewed and, if necessary, adjusted. The sub-fund is not managed using an index as a benchmark.

In compliance with the Fund Manager's strategy, sustainability risks are taken into account in the investment decision-making process for this sub-fund. In this case, however, the fund management decides which components are ultimately decisive from an overall risk and return point of view and taking into account exclusions.

The Fund Manager is not taking account of the adverse impact of investment decisions on sustainability factors (Principal Adverse Impact – “PAI”) for this sub-fund. Currently, there is insufficient data available on the market that can be used to determine and weight the principal adverse impacts. The Fund Manager will regularly monitor market developments in relation to PAIs as well as relevant data developments in order to assess whether PAIs can be considered for this sub-fund.

The sub-fund does not promote sustainable features or have the objective of sustainable investment within the meaning of Article 8 or Article 9 of Regulation (EU) 2019/2088. In accordance with the provisions of Article 7 of Regulation (EU) 2020/852 (EU taxonomy), attention is drawn to the following in this context:

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

The performance of the respective share classes of the Sub-Fund can be viewed on the website of the Management Company.

**Past performance is not a guarantee of future performance. We cannot guarantee that the investment objectives will be achieved.**

#### Investment policy

Subject to Article 4 of the Articles of Association, the following provisions shall apply to the sub-fund:

In principle, the sub-fund may invest in bonds, money market instruments, certificates, other structured products (e.g. reverse convertible bonds, warrant-linked bonds, convertible bonds), target funds, shares and fixed-term deposits and overnight deposits, depending on the market situation and the assessment of the fund management. Such certificates may be based on legally permissible underlying assets such as, for example, shares, bonds, units in investment funds, financial indices and foreign exchange.

Emerging market corporate and government bonds will not exceed 40% of the portfolio. For the purposes of this Special Section, “emerging markets” mainly refer to the following countries: Argentina, Brazil, Chile,

China, Hong Kong, India, Indonesia, Israel, Kazakhstan, Colombia, South Korea, Mexico, Nigeria, Peru, Philippines, Poland, Qatar, Russia, Singapore, South Africa, Thailand, Ukraine, Venezuela, United Arab Emirates. The above list is not intended to be exhaustive and is subject to change. Emerging countries usually go through a phase of economic development without, however, having reached the stage of the countries considered developed, especially those of Western Europe, North America or Japan.

At the time of purchase, investments in bonds rated below investment grade will not exceed 50% of the sub-fund's net asset value.

A maximum of 15% can be invested in unrated bonds. Non-performing and defaulted bonds (from CCC+ or equivalent to D or equivalent) are permitted up to a limit of 5% in total.

For bonds with more than one rating, the highest rating is taken into account. In the case of unrated issues, the rating of the issue is equated with that of the issuer.

A maximum of 15% of the sub-fund may be invested in convertible bonds. The portfolio may also invest in shares resulting from the conversion of bonds held in the portfolio provided that the total amount does not exceed 10% of the net asset value of the portfolio.

The sub-fund's investment universe may also include structured bonds up to a maximum of 10%. Contingent convertible bonds will not exceed 25% of the sub-fund's net asset value.

The use of these financial instruments may give rise to increased risks which, together with the functionality and other risks, are described in more detail in the "Risk information" section of the Sales Prospectus.

The sub-fund is able to acquire assets in a foreign currency and may therefore be subject to foreign currency exposure. In addition, foreign currencies, including current account positions, may be used for efficient portfolio management, hedging and speculative purposes.

In general, the investment in cash deposits and liquid assets is limited to 20% of the net sub-fund assets; however, if considered appropriate due to exceptionally unfavourable market conditions, the net sub-fund assets may also be held in liquid assets within the legally permissible limits (in the short term) and thus deviate from this investment limit at short notice. In addition, the net sub-fund assets may deviate (in the short term) from the above-mentioned investment focus (incl. references) or investment policy whenever considered appropriate due to exceptionally unfavourable market conditions, provided that the investment focus is adhered to overall, including liquid assets.

Units in UCITS or other UCI ("target funds") may be acquired to more than 10% of the sub-fund's assets, making the sub-fund **ineligible as a target fund**. With regard to the target funds that can be acquired for the sub-fund, there is no restriction with regard to the permissible types of target funds that can be acquired

The use of derivative financial instruments ("**derivatives**") is permitted in order to achieve the above-mentioned investment objectives, as well as for investment and hedging purposes, this includes FX Forwards. In addition to option rights, this includes, inter alia, swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2014/937, interest rates, exchange rates, currencies and investment funds pursuant to Article 41(1)(e) of the Law of 17 December 2010. By using these, the profit and loss profile of the underlying instruments can be synthetically replicated without investing in the specific

underlying instrument. The tax restrictions on investments pursuant to Article 4 of the Articles of Association are taken into account. These derivatives may only be used within the limits of Article 4 of the Articles of Association. Further details on techniques and instruments can be found in the Sales Prospectus in the section entitled “Information on derivatives and other techniques and instruments”.

For the sub-fund, the Management Company will not conduct total return swaps or other derivatives transactions with the same characteristics.

The sub-fund is able to invest up to 10% of its net assets in Delta 1 certificates on commodities, precious metals and indices thereon, provided these are not financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of ESMA Guidelines 2014/937. Delta 1 certificates are securities within the meaning of Article 2 of the Grand-Ducal Regulation of 8 February 2008. The option to invest indirectly in the aforementioned underlying assets excludes physical deliveries. Should these securitisations include an option for the Fund to physically deliver the underlying assets, the Management Company will ensure that it exercises its right to exclude physical delivery to the Fund. If securitisations grant the issuer a right to physical delivery, they may not be acquired.

All **investments pursuant to Article 4(3)** of the Articles of Association (Trash Ratio) are limited to a total of 10% of the net sub-fund assets.

### **Risk profile of the sub-fund**

Risk profile – Growth-oriented

The sub-fund is suitable for growth-oriented shareholders. Due to the composition of the net sub-fund assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk management process of the sub-fund**

Commitment approach

The commitment approach is used for monitoring and measuring the total risk associated with derivatives.

### **Further information**

	C EUR	C USD (Hedged)
ISIN:	LU0683647100	LU0683647282
Securities ID No:	A3EGMW	A3EGMV
Initial subscription period:	6 October – 10 October 2011	

Initial net asset value per share: (The initial issue price is the same as the initial net asset value per share plus the front-end load)	EUR 100.00	USD 100.00
Payment of the initial issue price:	11 October 2011	
Payment of the issue price:	within 2 banking days	
Payment of the redemption price:	within 2 banking days	
Sub-fund currency:	EUR	
Share class currency:	EUR	USD
Calculation of the share value:	on every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the Fund: For the first time:	31 December 31 December 2011	
First semi-annual report (unaudited): First annual report (audited):	30.06.2011 31.12.2011	
Type of securitisation:	Registered shares, Bearer shares	
Denomination:	to three decimal places	to three decimal places
Minimum initial investment:	EUR 1,000.00*	USD 1,000.00*
Minimum subsequent investment:	none*	none*
Savings plans for registered shares held in the share register, monthly from:	none	none
Withdrawal plan for registered shares which are held in the share register, monthly from:	none	none
Taxe d'abonnement:	0.05% p.a.	0.05% p.a.

\*The Management Company is authorised to accept lower amounts at its discretion.

The sub-fund is established for an indefinite period.

### **Special features for the following share classes C USD (Hedged) – Currency hedging**

Currency hedging is applied to share class C USD (Hedged), as the EUR/USD exchange rate risk is hedged. Although the Fund and its authorised representative make every effort to implement this currency hedge, the success of this strategy cannot be guaranteed and disparities may arise – particularly in times of severe market turbulence – between the currency position of the Fund and the currency position of the hedged share class C USD (Hedged). Hedging strategies may be used both when the value of the base currency

(EUR) is declining and when it is rising in relation to the currency of the hedged share class C USD (Hedged) As a result, the use of these strategies can provide considerable protection for investors in the relevant share class against depreciation of the base currency (USD) in relation to the value of the currency of the hedged share class C USD (Hedged), but the result may also be that these investors cannot benefit from an appreciation of the base currency (EUR).

Costs associated with currency hedging, as well as gains and losses from such currency hedging, are allocated exclusively to these share classes.

Information on any risks associated therewith can be found in the "Risk information" chapter of the Sales Prospectus.

### **Costs which are reimbursed from the sub-fund's assets:**

#### **1. Flat-rate fee**

The sub-fund is charged a flat-rate fee in accordance with the table below. The flat-rate fee is paid to the Management Company. From this flat-rate fee the Management Company pays the remuneration of the Central Administration Agent, the Depositary, the Fund Manager and the Global Distributor.

The applicable remuneration rate or the effective cost burden is shown in the annual and semi-annual reports.

	Share class C EUR	Share class C USD (Hedged)
Class-related flat-rate remuneration (up to) % p.a.	1.10%	1.10%

In addition, up to a sub-fund volume of EUR 33,333,333 the Management Company shall receive a monthly fee of EUR 1.666,67, which shall be charged to the sub-fund.

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the management fee as necessary.

#### **2. Fund management fee**

The Fund Manager receives a fee for the performance of its duties from the remuneration of the Management Company in accordance with the components listed below.

	Share class C EUR	Share class C USD (Hedged)
Variable class-related fund manager fee (up to) % p.a.	0,80 %	0,80 %

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the fund manager fee as necessary.

### **3. Performance fee**

The Fund Manager receives a performance fee of up to 15% of the unit value performance if the unit value at the financial year-end is higher than the highest unit value at the end of the previous financial years or higher than the initial unit value at the end of the first financial year (high-water mark principle).

High-water mark principle: at the launch of the Fund, the high-water mark is identical to the initial unit value. If the share value on the last valuation day of a subsequent financial year is above the high-water mark, the high-water mark is set to the calculated share value on the last valuation day of the financial year. In all other cases, the high-water mark remains unchanged. The high-water mark reference period extends over the entire life of the relevant share classes of the Fund.

Unit value: net asset value per unit, i.e. gross asset value per unit less all pro rata costs such as management fees, depositary fees, any performance fees, and other costs that are charged to the unit certificate class. This unit value corresponds to the published unit price.

The performance of the unit value ("unit value performance") is calculated on each valuation date by comparing the current unit value with the highest unit value of the previous financial year-ends (high-water mark). If there are different share classes in the Fund, the unit value per share class is used as a basis for the calculation.

To determine the unit value performance, any dividend payments made in the meantime are taken into account – i.e. these are added to the actual unit value, from which these distributions had been deducted.

Beginning with the start of each financial year, the performance fee is calculated on each valuation day on the basis of the unit value performance mentioned above, the average units in circulation during the financial year, and the highest unit value at the ends of the previous financial years (high-water mark).

On valuation days on which the current unit value exceeds the high-water mark, the accrued total amount changes according to the method outlined above. On valuation days on which the current unit value is less than the high-water mark, the accrued total amount is eliminated. As a basis of calculation, data from the previous valuation day (at financial year-end on the same day) is used.

The amount calculated on the last valuation day of the accounting period may, if a performance fee is payable, be paid out from the relevant share class of the Fund at the end of the financial year.

The accounting period begins on 1 January and ends on 31 December of each calendar year. A shortening of the accounting period is possible, in the event of a merger or dissolution of the sub-fund.

Sample calculation at the end of the period: performance fee payout

If, as in the following example, the unit value at the end of the calculation period is above the HWM, a performance fee will be due, as calculated here in the example based on exemplary data:

A performance fee payment of EUR 18,750 is due:

$(\text{current unit value (EUR 125)} - \text{high-water mark (EUR 120)}) * \text{average number of units in circulation in the financial year (25,000)} * \text{performance fee rate (15\%)} = \text{EUR 18,750}$

No performance fee is paid in the following case:

Unit value does not exceed high-water mark

$(\text{current unit value (EUR 115)} - \text{high-water mark (EUR 120)}) * \text{average number of units in circulation in the financial year (25,000)} * \text{performance fee rate (15\%)} = \text{EUR 0.00 performance fee}$

The performance fee is calculated for unit certificate classes that differ from the fund currency (e.g. fund currency EUR, class currency USD) in such a way that the performance of the unit value is determined in the class currency and different performance fee withdrawal amounts between a class in the fund currency and a class in a foreign currency may result from currency fluctuations.

VAT shall be added to this fee, as applicable.

#### **4. Global Distributor fee**

The Global Distributor receives a fee for the performance of its duties from the remuneration of the Management Company in accordance with the components listed below.

	Share class C EUR	Share class C USD (Hedged)
Variable class-related Global Distributor fee (up to) % p.a.	0,05 %	0,05 %

These fees will be calculated pro rata monthly in arrears and paid at the end of each month based on the average monthly volume of each share class.

VAT can be added to the fund manager fee as necessary.

#### **5. Registrar and transfer agent fee**

The Registrar and Transfer Agent shall receive a basic fee of up to EUR 3,000.00 p.a. from the net sub-fund assets for the performance of its duties.

In addition, the Registrar and Transfer Agent shall receive a fee of EUR 250 p.a. per investment account.

The registrar and transfer agent fee is calculated and paid out subsequently at the end of each calendar year.

VAT can be added to the management fee as necessary.

#### **6. Additional costs**

In addition, the costs stated in Article 35 of the Articles of Association may be charged to the sub-fund's assets.



### Costs to be borne by the shareholders include

	Share class C EUR	Share class C USD (Hedged)
Front-end load: (in favour of the relevant intermediary)	up to 2%	up to 2%
Redemption fee:	none	none

### Note on cost identification

If third parties advise the investor during acquisition of the units or if the third parties broker the purchase, they shall identify any costs or cost rates that are not congruent with the cost information in this Sales Prospectus and in the KID. This may occur in particular when the third party adds costs for its own services (such as brokering, consulting or custody account management). In addition, the third party may add one-off costs for front-load fees, for example, and will usually use different calculation methods or different estimates for costs applicable at sub-fund level, which in particular include the sub-fund's transaction costs.

Deviations may occur in the identification of costs both in information before contract closure and in regular cost information on the existing sub-fund investment as part of a long-term customer relationship.

### Appropriation of income

The income appropriation of the respective share class is shown in the table below.

	C EUR	C USD (Hedged)
Use of income	accumulating	accumulating

Detailed information regarding the use of income will, in principle, be published on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)).

## Annex 3

### PEGASO CAPITAL SICAV – Managed Volatility

#### Investment objectives and investment strategy

The investment policy of PEGASO CAPITAL SICAV – Managed Volatility (“sub-fund” or “financial product”) aims to generate positive annual returns while actively dampening the volatility of monthly returns. The sub-fund is actively managed. The composition of the portfolio is determined by the Fund Manager solely in accordance with the criteria laid down in the investment objectives / the investment policy, is regularly reviewed and, if necessary, adjusted. The sub-fund is not managed using an index as a benchmark.

As described in the investment policy, the Fund Manager will be able to use derivative strategies as part of his investment strategy. In this regard, a volatility management approach relying on some structural elements and on accurate ex -ante risk controlling will be used. The most important structural elements aimed at limiting volatility are: the very strong preference for investing cash in high-quality bonds in order to reach a moderate average level of sensitivity to interest rate changes, the insignificance of direct investments in equities, and a focus on conservative derivative strategies which will be detailed below. In addition to this, the portfolio management team will constantly check and balance the prospective (ex-ante) level of risk embedded in the fund positions by regularly conducting Value-At-Risk and Stress Scenario analyses.

In compliance with the Fund Manager's strategy, sustainability risks are taken into account in the investment decision-making process for this sub-fund. In this case, however, the fund management decides which components are ultimately decisive from an overall risk and return point of view and taking into account exclusions.

The Fund Manager is not taking account of the adverse impact of investment decisions on sustainability factors (Principal Adverse Impact – “PAI”) for this sub-fund. Currently, there is insufficient data available on the market that can be used to determine and weight the principal adverse impacts. The Fund Manager will regularly monitor market developments in relation to PAIs as well as relevant data developments in order to assess whether PAIs can be considered for this sub-fund.

The sub-fund does not promote sustainable features or have the objective of sustainable investment within the meaning of Article 8 or Article 9 of Regulation (EU) 2019/2088. In accordance with the provisions of Article 7 of Regulation (EU) 2020/852 (EU taxonomy), attention is drawn to the following in this context:

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

The performance of the respective share classes of the Sub-Fund can be viewed on the website of the Management Company.

**Past performance is not a guarantee of future performance. We cannot guarantee that the investment objectives will be achieved.**

#### Investment policy

Subject to Article 4 of the Articles of Association, the following provisions shall apply to the sub-fund:

In principle, the sub-fund may invest in shares, bonds, money market instruments, certificates, other structured products (e.g. reverse convertible bonds, warrant-linked bonds, convertible bonds), target funds and fixed-term deposits and overnight deposits, depending on the market situation and the assessment of the fund management. Such certificates may be based on legally permissible underlying assets such as, for example, shares, bonds, units in investment funds, financial indices and foreign exchange.

Bonds are only permitted if they have an investment grade rating. For bonds with more than one rating, the highest rating is taken into account. In the case of unrated issues, the rating of the issue is equated with that of the issuer. At the time of purchase, investments in bonds rated below investment grade will not exceed 5% of the sub-fund's net asset value.

The investment in convertible bonds and bonds with warrants may not exceed 5% of the sub-fund's net asset value. In the event of a conversion, the Fund Manager will, when informed, always seek to dispose of the relevant convertible bonds prior to the conversion date on a best effort basis. In the event that the conversion is not foreseeable, the sub-fund may temporarily hold shares of up to 5% of its net assets which will be disposed of in the best interests of unitholders.

The sub-fund is able to acquire assets in a foreign currency and may therefore be subject to foreign currency exposure. In addition, foreign currencies, including current account positions, may be used for efficient portfolio management, hedging and speculative purposes.

In general, the investment in cash deposits and liquid assets is limited to 20% of the net sub-fund assets; however, if considered appropriate due to exceptionally unfavourable market conditions, the net sub-fund assets may also be held in liquid assets within the legally permissible limits (in the short term) and thus deviate from this investment limit at short notice. In addition, the net sub-fund assets may deviate (in the short term) from the above-mentioned investment focus (incl. references) or investment policy whenever considered appropriate due to exceptionally unfavourable market conditions, provided that the investment focus is adhered to overall, including liquid assets.

Units in UCITS or other UCI ("target funds") may be acquired up to a maximum limit of 10% of the sub-fund's assets, making the sub-fund **eligible as a target fund**. With regard to the target funds that can be acquired for the sub-fund, there is no restriction with regard to the permissible types of target funds that can be acquired

The use of derivative financial instruments ("**derivatives**") is permitted in order to achieve the above-mentioned investment objectives, as well as for investment and hedging purposes, this includes FX Forwards. In addition to option rights, this includes, inter alia, swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2014/937, interest rates, exchange rates, currencies and investment funds pursuant to Article 41(1)(e) of the Law of 17 December 2010. By using these, the profit and loss profile of the underlying instruments can be synthetically replicated without investing in the specific underlying instrument. These derivatives can for example be exchange-traded options on very liquid underlying instruments, which can be used to perform different strategies, such as "option spreads" and "covered writing". The theory behind these is as follows: In options spreads, potential losses from short option positions are limited by a long option position of the same size. In covered writing, potential losses from short option positions are limited by an offsetting position in the underlying of the same size. Additionally, liquid futures may be used as a complement of the strategy.

The tax restrictions on investments pursuant to Article 4 of the Articles of Association are taken into account. These derivatives may only be used within the limits of Article 4 of the Articles of Association. Further details on techniques and instruments can be found in the Sales Prospectus in the section entitled "Information on derivatives and other techniques and instruments".

For the sub-fund, the Management Company will not conduct total return swaps or other derivatives transactions with the same characteristics.

The sub-fund is able to invest up to 10% of its net assets in Delta 1 certificates on commodities, precious metals and indices thereon, provided these are not financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of ESMA Guidelines 2014/937. Delta 1 certificates are securities within the meaning of Article 2 of the Grand-Ducal Regulation of 8 February 2008. The option to invest indirectly in the aforementioned underlying assets excludes physical deliveries. Should these securitisations include an option for the Fund to physically deliver the underlying assets, the Management Company will ensure that it exercises its right to exclude physical delivery to the Fund. If securitisations grant the issuer a right to physical delivery, they may not be acquired.

All **investments pursuant to Article 4(3)** of the Articles of Association (Trash Ratio) are limited to a total of 10% of the net sub-fund assets.

### **Risk profile of the sub-fund**

Risk profile – Growth-oriented

The sub-fund is suitable for growth-oriented shareholders. Due to the composition of the net sub-fund assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk management process of the sub-fund**

Absolute VaR approach

The absolute VaR approach is used for monitoring and measuring the total risk of the investment holdings of the UCITS.

### **Expected degree of leverage**

Leverage is any method of increasing the level of investment of a sub-fund. This can be generated in particular by the acquisition of derivatives. Further information on derivatives can be found in the section of the Sales Prospectus entitled "Information on derivatives and other techniques and instruments". The expected degree of leverage is determined using the nominal value method. This method only takes derivatives into account and determines the sum of the absolute nominal values of all derivatives. It is not permissible to offset individual derivative transactions or securities positions against each other. The expected degree of leverage does not make a distinction between the different purposes of the derivative use. Derivatives used for hedging also increase leverage. The expected leverage does not provide any indication of the actual risk content of the sub-fund.

The expected degree of leverage was estimated at up to 550% of the volume of the sub-fund. The use of derivatives is permitted in order to achieve the above-mentioned investment objectives, as well as for investment and hedging purposes. Depending on the respective assessment of the market situation, the use of derivatives can vary considerably.

It should be noted that higher leverage within the legal limits is possible.

### Further information

	CR EUR	CI EUR
ISIN:	LU2623261109	LU2623261281
Securities ID No:	A3EH2F	A3EH2G
Initial subscription period:	3 July – 13 July 2023	
Initial net asset value per share: (The initial issue price is the same as the initial net asset value per share plus the front-end load)	EUR 100.00	EUR 100.00
Payment of the initial issue price:	17 July 2023	
Payment of the issue price:	within 2 banking days	
Payment of the redemption price:	within 2 banking days	
Sub-fund currency:	EUR	
Share class currency:	EUR	EUR
Calculation of the share value:	on every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the Fund: For the first time:	31 December 31 December 2023	
First semi-annual report (unaudited): First annual report (audited):	30.06.2024 31.12.2023	
Type of securitisation:	Registered shares, Bearer shares	
Denomination:	to three decimal places	to three decimal places
Minimum initial investment:	EUR 1,000.00*	EUR 1,000.00*
Minimum subsequent investment:	none*	none*
Savings plans for registered shares held in the share register, monthly from:	none	none

Withdrawal plan for registered shares which are held in the share register, monthly from:	none	none
Taxe d'abonnement:	0.05% p.a.	0.01% p.a.

\*The Management Company is authorised to accept lower amounts at its discretion.

The sub-fund is established for an indefinite period.

### Costs which are reimbursed from the sub-fund's assets:

#### 1. Flat-rate fee

The sub-fund is charged a flat-rate fee in accordance with the table below. The flat-rate fee is paid to the Management Company. From this flat-rate fee the Management Company pays the remuneration of the Central Administration Agent, the Depositary, the Fund Manager and the Global Distributor.

The applicable remuneration rate or the effective cost burden is shown in the annual and semi-annual reports.

	Share class CR EUR	Share class CI EUR
Class-related flat-rate remuneration (up to) % p.a.	1.75%	1.00%

In addition, up to a sub-fund volume of EUR 33,333,333 the Management Company shall receive a monthly fee of EUR 1.666,67, which shall be charged to the sub-fund.

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the management fee as necessary.

#### 2. Fund management fee

The Fund Manager receives a fee for the performance of its duties from the remuneration of the Management Company in accordance with the components listed below.

	Share class CR EUR	Share class CI EUR
Variable class-related fund manager fee (up to) % p.a.	1,50 %	0,75 %

This variable remuneration is calculated and paid pro rata monthly in arrears at the end of the month on the basis of the respective average net share class assets during a month.

VAT can be added to the fund manager fee as necessary.

### 3. Performance fee

The Fund Manager receives a performance fee of up to 10% of the unit value performance if the unit value at the financial year-end is higher than the highest unit value at the end of the previous financial years or higher than the initial unit value at the end of the first financial year (high-water mark principle).

High-water mark principle: at the launch of the Fund, the high-water mark is identical to the initial unit value. If the share value on the last valuation day of a subsequent financial year is above the high-water mark, the high-water mark is set to the calculated share value on the last valuation day of the financial year. In all other cases, the high-water mark remains unchanged. The high-water mark reference period extends over the entire life of the relevant share classes of the Fund.

Unit value: net asset value per unit, i.e. gross asset value per unit less all pro rata costs such as management fees, depositary fees, any performance fees, and other costs that are charged to the unit certificate class. This unit value corresponds to the published unit price.

The performance of the unit value (“unit value performance”) is calculated on each valuation date by comparing the current unit value with the highest unit value of the previous financial year-ends (high-water mark). If there are different share classes in the Fund, the unit value per share class is used as a basis for the calculation.

To determine the unit value performance, any dividend payments made in the meantime are taken into account – i.e. these are added to the actual unit value, from which these distributions had been deducted.

Beginning with the start of each financial year, the performance fee is calculated on each valuation day on the basis of the unit value performance mentioned above, the average units in circulation during the financial year, and the highest unit value at the ends of the previous financial years (high-water mark).

On valuation days on which the current unit value exceeds the high-water mark, the accrued total amount changes according to the method outlined above. On valuation days on which the current unit value is less than the high-water mark, the accrued total amount is eliminated. As a basis of calculation, data from the previous valuation day (at financial year-end on the same day) is used.

The amount calculated on the last valuation day of the accounting period may, if a performance fee is payable, be paid out from the relevant share class of the Fund at the end of the financial year.

The accounting period begins on 1 January and ends on 31 December of each calendar year. A shortening of the accounting period is possible, in the event of a merger or dissolution of the sub-fund.

Sample calculation at the end of the period: performance fee payout

If, as in the following example, the unit value at the end of the calculation period is above the HWM, a performance fee will be due, as calculated here in the example based on exemplary data:

A performance fee payment of EUR 12,500 is due:

(current unit value (EUR 125) – high-water mark (EUR 120)) \* average number of units in circulation in the financial year (25,000) \* performance fee rate (10%) = EUR 12,500

No performance fee is paid in the following case:

Unit value does not exceed high-water mark

(current unit value (EUR 115) – high-water mark (EUR 120)) \* average number of units in circulation in the financial year (25,000) \* performance fee rate (10%) = EUR 0.00 performance fee

VAT shall be added to this fee, as applicable.

#### **4. Registrar and transfer agent fee**

The Registrar and Transfer Agent shall receive a basic fee of up to EUR 3,000.00 p.a. from the net sub-fund assets for the performance of its duties.

In addition, the Registrar and Transfer Agent shall receive a fee of EUR 250 p.a. per investment account.

The registrar and transfer agent fee is calculated and paid out subsequently at the end of each calendar year.

#### **5. Additional costs**

In addition, the costs stated in Article 35 of the Articles of Association may be charged to the sub-fund's assets.

#### **Costs to be borne by the shareholders include**

	Share class CR EUR	Share class CI EUR
Front-end load: (in favour of the relevant intermediary)	up to 2%	up to 2%
Redemption fee:	none	none

#### **Note on cost identification**

If third parties advise the investor during acquisition of the units or if the third parties brokered the purchase, they shall identify any costs or cost rates that are not congruent with the cost information in this Sales Prospectus and in the KID. This may occur in particular when the third party adds costs for its own services (such as brokering, consulting or custody account management). In addition, the third party may add one-off costs for front-load fees, for example, and will usually use different calculation methods or different estimates for costs applicable at sub-fund level, which in particular include the sub-fund's transaction costs.

Deviations may occur in the identification of costs both in information before contract closure and in regular cost information on the existing sub-fund investment as part of a long-term customer relationship.



## Appropriation of income

The income appropriation of the respective share class is shown in the table below.

	CR EUR	CI EUR
Use of income	accumulating	accumulating

Detailed information regarding the use of income will, in principle, be published on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)).

## **Articles of Association**

**of the**

### **PEGASO CAPITAL SICAV**

#### **I. Name, registered office and purpose of the Investment Company**

##### **Article 1 Name**

An investment company will be established in the form of a public limited company as a “Société d’investissement à capital variable” under the name **PEGASO CAPITAL SICAV** (“Investment Company” or “Fund”) between the parties present and owners of shares subsequently issued. The Investment Company is an umbrella structure that may contain several sub-funds (the “sub-funds”).

##### **Article 2 Registered office**

The registered office of the Investment Company is in Strassen, Grand Duchy of Luxembourg.

By simple resolution of the Board of Directors of the Investment Company (the “Board of Directors”), the registered office of the Investment Company may be relocated to another place within the commune of Strassen. Furthermore, branches and other offices in other locations both within the Grand Duchy of Luxembourg and abroad may be opened.

In the event of an emergency or the impending threat thereof of a political or military nature or any other emergency brought about by force majeure outside the control, responsibility and sphere of influence of the Investment Company, which has a detrimental impact on the daily business of the company or influences transactions between the location of the registered office of the company and other locations abroad, the Board of Directors shall be entitled by simple resolution to temporarily relocate the registered office of the company abroad for the purpose of re-establishing normal business relations. However, in this case the Investment Company shall retain Luxembourg nationality.

##### **Article 3 Purpose**

The exclusive purpose of the Investment Company is the investment in securities and/or other permissible assets in accordance with the principle of risk diversification pursuant to Part I of the Law of 17 December 2010 relating to undertakings for collective investment (the “Law of 17 December 2010”), with the aim of achieving a reasonable performance for the benefit of the shareholders by following a specific investment policy.

Taking into consideration the provisions laid down in the Law of 17 December 2010 and the Law of 10 August 1915 on commercial companies, as amended (the “Law of 10 August 1915”), the Investment Company may take any measures that serve or are useful for its purpose.

#### **Article 4 General investment principles and restrictions**

The aim of the investment policy of the individual sub-funds is to achieve reasonable capital growth in the respective sub-fund currency (as defined in Article 12(1) of these Articles of Associations in conjunction with the relevant Annex to this Sales Prospectus). Details of the investment policy of each sub-fund are described in the relevant Annex to this Sales Prospectus.

Each sub-fund may buy and sell only those assets that can be valued in accordance with the valuation criteria set out in Article 12 of these Articles of Association.

The following general investment principles and restrictions apply to all sub-funds, insofar as no derogations or additional provisions are contained in the relevant Annex to this Sales Prospectus for a particular sub-fund.

The respective sub-fund assets are invested pursuant to the principle of risk diversification within the meaning of the provisions of Part I of the Law of 17 December 2010 and in accordance with the following investment policy principles and investment restrictions. These restrictions are distinguished between supervisory and tax-related investment restrictions. If the tax investment restrictions are applied to a sub-fund, they always apply in addition to and taking into account the regulatory investment restrictions.

#### **Supervisory investment restrictions**

1. Definitions:

a) "regulated market"

A regulated market is a market for financial instruments within the meaning of Article 4(21) of Directive 2014/65/EU of the European Parliament and Council dated 15 May 2014 on markets for financial instruments as well as amending Directives 2002/92/EC and 2011/61/EU.

b) "transferable securities"

The term "transferable securities" denotes:

- shares or other securities equivalent to shares (hereinafter "shares"),
- bonds or other forms of securitised debt (hereinafter "debt instruments"),
- all other marketable transferable securities giving the right to acquire transferable securities via subscription or exchange.

The techniques and instruments specified in Article 42 of the Law of 17 December 2010 are excluded.

c) "money market instruments"

The term "money market instruments" refers to instruments that are normally traded on the money markets, are liquid and the value of which can be determined at any time.

- d) "UCIs"  
Undertakings for collective investment
- e) "UCITS"  
Undertakings for collective investment in transferable securities which are subject to Directive 2009/65/EC.

For each UCITS that consists of multiple sub-funds, each sub-fund is considered to be its own UCITS for the purposes of applying the investment limits.

2. Only the following may be acquired:

- a) transferable securities and money market instruments that have been admitted to or are traded on a regulated market as defined in Directive 2014/65/EU;
- b) transferable securities and money market instruments that are traded on another recognised regulated market in an EU Member State ("Member State") which is open to the public and operates regularly;
- c) those that are officially quoted on a stock exchange in a non-Member State of the European Union or on another regulated market of a non-Member State of the European Union which is recognised, open to the public and whose manner of operation is in accordance with the regulations;
- d) recently issued transferable securities and money market instruments may be acquired, provided their terms of issue include an undertaking that an application will be made for admission to official listing to a stock exchange or another regulated market which is recognised, open to the public and operates regularly and that this admission is secured within one year of the issue date.

The transferable securities and money market instruments referred to in point 2(c) and (d) above shall be officially listed or traded in North America, South America, Australia (including Oceania), Africa, Asia and/or Europe.

- e) units in undertakings for collective investment in transferable securities ("UCITS"), which have been admitted in accordance with Directive 2009/65/EC, and/or other undertakings for collective investment ("UCI") in the sense of Article 1(2) a) and b) of Directive 2009/65/EC, irrespective of whether their registered office is in a Member State or a non-Member State, purchased insofar as
- such UCIs are authorised under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection afforded to shareholders in these UCIs is equivalent to that afforded to shareholders in a UCITS and, in particular, the provisions concerning the separate safekeeping of assets, borrowing, granting credit and short sales of securities

and money market instruments are equivalent to the requirements of Directive 2009/65/EC;

- the business of the UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIS, whose acquisition is contemplated, may, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCIs.
- f) deposits may be placed with credit institutions which are repayable on demand or have the right to be withdrawn and which mature in no more than 12 months, provided that the credit institution concerned has its registered office in a EU Member state or, if the credit institution has its registered office in a state other than an EU Member state, provided that it is subject to prudential rules that are considered by the Luxembourg supervisory authorities to be equivalent to those laid down in EU law;
- g) derivative financial instruments (“Derivatives”), including equivalent instruments settled in cash, which are traded on one of the regulated markets stated in paragraphs a), b) and c), and/or derivative financial instruments which are not traded on a stock exchange (“OTC derivatives”), provided
- the underlying of the derivative consists of instruments within the meaning of Article 41(1) of the Law of 17 December 2010, or financial indices, interest rates, foreign exchange rates or currencies in which the respective sub-fund may invest according to its investment objectives as stated in these Articles of Association;
  - the counterparties to OTC derivative transactions are institutions that are subject to official prudential supervision and belong to the categories approved by the CSSF; and
  - the OTC derivatives are subject to a reliable and verifiable valuation on a daily basis and can at any time and at the Investment Company’s initiative, be sold, liquidated or closed-out by a transaction at a reasonable current value.
- h) money market instruments other than those traded on a regulated market, which fall under Article 1 of the Law of 17 December 2010, if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, provided that they are:
- issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a federal state, by one of the members making up the federation, or by a public international body, to which at least one Member State belongs, or
  - issued by an undertaking, any securities of which are traded on regulated markets referred to in (a), (b) or (c) of this Article;

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law;
  - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority, provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third bullet points and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with Fourth Council Directive 78/660/EEC, which is an entity which, within a group of companies that includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles that benefit from a banking liquidity line.
3. However, up to 10% of the net assets of the respective sub-fund may be invested in transferable securities and money market instruments other than those mentioned in point 2 of this Article.
4. Techniques and instruments
- a) Under the conditions and within the limits set out by the Luxembourg supervisory authority, the sub-fund may employ techniques and instruments stated in the Sales Prospectus, provided that such techniques and instruments are used to ensure the efficient management of the sub-fund's assets. If these operations concern the use of derivatives, the conditions and limits must comply with the provisions of the Law of 17 December 2010.

Moreover, when making use of techniques and instruments, the respective sub-fund assets are not permitted to diverge from the investment policy as set out in the relevant Annex to the Sales Prospectus.

- b) The Management Company is required to employ a risk management process in accordance with Article 42(1) of the Law of 17 December 2010 which enables it to monitor and measure at any time the risk connected with the investment holdings as well as their share of the overall risk profile of the investment portfolio. The Management Company must ensure that the overall risk of managed funds associated with derivatives does not exceed the total net value of their portfolios. In particular, it shall not solely or mechanically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the Fund's assets. The procedure used for the corresponding sub-fund to measure risk as well as any more specific information is stated in the Annex for the respective sub-fund.

As part of its investment policy and within the limits laid down by Article 43(5) of the Law of 17 December 2010, the sub-fund may be invested in derivatives as long as the exposure to the underlying assets does not exceed in aggregate the investment limits in Article 43 of the Law of 17 December 2010. If the sub-fund invests in index-based derivatives, such investments will not be taken into account for the investment limits referred to in Article 43 of the Law of 17 December 2010. If a derivative is embedded in a security or money market instrument, it

must be taken into account with regard to compliance with Article 42 of the Law of 17 December 2010.

The Management Company may, on behalf of the Investment Company, make all necessary arrangements and, with the consent of the Depositary, impose all necessary additional investment restrictions in order to comply with the conditions in countries in which shares are to be sold.

#### 5. Risk diversification

- a) A maximum of 10% of the net sub-fund assets may be invested in transferable securities or money market instruments of a single issuer. The sub-fund may not invest more than 20% of its net assets in investments in a single body.

The risk exposure to a counterparty in transactions of the Fund in an OTC derivative transaction must not exceed the following:

- 10% of the net sub-fund assets, if the counterparty is a credit institution within the meaning of Article 41(1)(f) of the Law of 17 December 2010, and
- 5% of the net sub-fund assets in all other cases.

- b) The total value of the transferable securities and money market instruments of issuers, in whose transferable securities and money market instruments more than 5% of the net assets of the respective sub-fund are invested, may not exceed 40% of the net assets of the sub-fund in question. Such limitation shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to prudential supervision.

Notwithstanding the individual upper limits listed under (a), investments may be made up to a maximum of 20% of the respective net sub-fund assets in a single body in a combination of

- securities or money-market instruments issued by such establishment and/or
- deposits made with that body and/or
- OTC derivatives acquired from that body

- c) The investment limit of 10% of the net sub-fund assets referred to in point 5(a), first sentence, of this Article shall be increased to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by a non-Member State or other public international bodies to which one or more Member States belong.

- d) The investment limit of 10% of the net sub-fund assets referred to in point 5(a), first sentence, of this Article shall be increased to 25% if bonds are issued by a credit institution that has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attached to the bonds and which, in the event of failure

of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

If more than 5% of the net sub-fund assets are invested in bonds issued by such issuers, the total value of the investments in such bonds must not exceed 80% of the respective net sub-fund assets.

- e) The restriction of the total value to 40% of the respective net sub-fund assets set out in point 5(b), first sentence of this Article does not apply in the cases referred to in (c) and (d).
- f) The investment limits of 10%, 25% and 35% of the net sub-fund assets set out in point 5(a)–(d) of this Article must not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments transacted with this body shall not exceed a total of 35% of the net sub-fund assets.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Council Directive 83/349/EEC of 13 June 1983 on the basis of Article 54(3)(g) of the Treaty on consolidated accounts (OJ L 193, 18 July 1983, p. 1) or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the investment limits contained in point 5(a)–(f) of this Article.

Each sub-fund is permitted to invest 20% of its net sub-fund assets on a cumulative basis in transferable securities and money market instruments of one and the same company group.

- g) Without prejudice to the investment limits laid down in Article 48 of the Law of 17 December 2010, the upper limits laid down in Article 43 of the Law of 17 December 2010 may be raised to a maximum of 20% of the net sub-fund assets for investments in shares or debt securities issued by the same body when the aim of the relevant sub-fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the Luxembourg supervisory authority. However, this is conditional upon the following:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers; and
  - it is published in an appropriate manner.

The above-mentioned investment limit is increased to 35% of the net sub-fund assets where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. This investment limit only applies to investments with a single issuer.

If the Investment Company makes use of this option, it will be stated for each sub-fund in the corresponding Annex to this Sales Prospectus.

- h) **Notwithstanding the conditions set forth in Article 43 of the Law of 17 December 2010 and whilst simultaneously observing the principle of risk diversification, up to 100% of the respective net sub-fund assets may be invested in transferable securities and money market instruments issued or guaranteed by an EU Member State, its local**



**authorities, an OECD Member State or international bodies to which one or more EU Member States belong. The respective net sub-fund assets must hold transferable securities from at least six different issues, but transferable securities from any single issue must not exceed 30% of the respective net sub-fund assets.**

- i) A sub-fund does not invest more than 10% of its net assets in UCITS or UCI pursuant to point 2(e) of this Article, unless otherwise stipulated in the specific Annex to the Sales Prospectus for the respective sub-fund. Insofar as the investment policy of the respective sub-fund provides for an investment of more than 10% of the respective net sub-fund assets in UCITS or UCI pursuant to point 2(e) of this Article, points (j) and (k) below shall apply.
- j) The sub-fund may not invest more than 20% of its net sub-fund assets in units of a single UCITS or a single UCI pursuant to Article 41(1)(e) of the Law of 17 December 2010.

For the purposes of applying this investment restriction, each sub-fund of a UCI with several sub-funds is treated as a separate issuer, provided that the principle of the separation of the liabilities of the individual sub-funds is ensured with regard to third parties.

- k) The sub-fund may not invest more than 30% of its net assets in other UCI than UCITS.

If the sub-fund has acquired units of another UCITS and/or other UCI, the assets of the UCITS or other UCI in question are not taken into account in respect of the upper limits referred to in point 5(a)–(f).

- l) If units of another UCITS and/or units of other UCIs managed directly or on the basis of a transfer are acquired by the same management company as the Investment Company (where applicable), or a company with which this management company is connected through common management or control or a significant direct or indirect participation of more than 10% of the capital or votes, no fees may be charged for the subscription or redemption of the units of these other UCITS and/or UCIs by the sub-funds (including front-end load and redemption fees).

Upon acquisition of units in target funds, a management fee may generally be charged at the level of the target fund, and allowance must be made for any front-end load or redemption fees, if applicable. The Investment Company will not invest in target funds which are subject to a management fee of more than 3% p.a. The Investment Company's annual report will contain information on the maximum level of the management fee that may be charged to the sub-fund and the target funds.

- m) A sub-fund of an umbrella fund may also invest in other sub-funds of the same umbrella fund. In addition to the conditions for investing in target funds mentioned above, the following conditions apply to investments in target funds that are also sub-funds of the same umbrella fund:
  - Circular investments are not permitted. This means that the target sub-fund may not invest in a sub-fund of the same umbrella fund that is invested in that target sub-fund;

- The sub-funds of an umbrella fund that are to be acquired by other sub-funds of the same umbrella fund may in turn, pursuant to their Articles of Association, invest a maximum of 10% of their assets in units of other target funds;
  - Voting rights resulting from holding units in target funds that are simultaneously target funds of the same umbrella fund are suspended as long as these units of a sub-fund of the same umbrella fund are held. This rule does not affect the appropriate recording of such in the annual accounts and the periodic reports.
  - As long as a sub-fund holds units in another sub-fund of the same umbrella fund, the units of the target sub-fund are not taken into account in the net asset value calculation provided that the calculation is used to determine whether the statutory minimum capital of the umbrella fund is reached.
- n) The Management Company is not permitted to use the UCITS pursuant to Part I of the Law of 17 December 2010 under its management in order to acquire a quantity of shares with voting rights which would enable it to exercise a significant influence on the management of an issuer.
- o) Furthermore, the following may be acquired for the sub-funds:
- up to 10% of non-voting shares of a single issuer,
  - up to 10% of the debt securities of a single issuer,
  - not more than 25% of the units of a single UCITS and/or UCI and
  - not more than 10% of the money market instruments of a single issuer.
- p) The investment limits stated in point 5(n) and (o) do not apply in the case of:
- transferable securities and money market instruments which are issued or guaranteed by an EU Member State or its local authorities, or by a state which is not a member of the European Union;
  - securities and money market instruments issued by a public international body to which one or more EU Member States belong;
  - shares held by a sub-fund in the capital of a company incorporated in a non-Member State which mainly invests its assets in transferable securities of issuers having their registered offices in that country, where under the legislation of that country such a holding represents the only way in which the sub-fund can invest in the transferable securities of issuing bodies of that country. However, this exception shall only apply under the condition that the company of the non-EU Member State complies in its investment policy with the limits laid out in Articles 43, 46 and 48(1) and (2) of the Law of 17 December 2010. If the limits set out in Articles 43 and 46 of the Law of

17 December 2010 are exceeded, Article 49 of the Law of 17 December 2010 shall apply *mutatis mutandis*.

- shares held by an investment company or investment companies in the capital of subsidiary companies pursuing, in the country where the subsidiary is established, administration, advisory or sales activities in regard to the redemption of units at investors' request exclusively on its or their behalf.

#### 6. Liquid assets

The sub-fund may also hold cash deposits and liquid assets in the form of investment accounts (current accounts) and overnight money, which may, however, be held only on an ancillary basis.

#### 7. Subscription rights

On exercise of subscription rights linked to transferable securities or money market instruments which are part of its assets, a UCITS does not necessarily need to meet the investment limits stated in this Article.

If the investment limits stated in this Article are not followed or exceeded in the event of exercise of subscription rights, the Management Company must endeavour as a priority to normalise the position, giving consideration to the interests of the shareholders.

While ensuring observance of the principle of risk diversification, recently authorised UCITS may deviate from the investment limits stated in point 5(a)–(l) for six months following the date of their authorisation.

#### 8. Restrictions on borrowing and pledging

- a) The respective sub-fund must not be pledged or otherwise encumbered, transferred or ceded as collateral, unless this involves borrowing in the sense of (b) below or the provision of collateral within the scope of the settlement of transactions in financial instruments.
- b) Loans encumbering a particular sub-fund may only be taken out for a short period of time and may not exceed 10% of the net sub-fund assets. An exception to this is the acquisition of foreign currencies through *back-to-back* loans.
- c) Loans may not be granted nor may guarantee commitments be entered into for third parties to the detriment of a sub-fund; however, this does not prevent the acquisition of not yet fully paid-up transferable securities, money market instruments or other financial instruments pursuant to Article 41(1), points (e), (g) and (h) of the Law of 17 December 2010.

#### 9. Additional investment guidelines

- a) The short-selling of transferable securities is not permitted.
- b) Sub-fund assets must not be invested in real estate, precious metals or certificates concerning precious metals, precious metal contracts, goods or goods contracts.

10. The investment restrictions referred to in this Article relate to the point in time at which transferable securities are acquired. If the percentages are subsequently exceeded through price changes or for reasons other than purchases, the Management Company shall seek to return to the specified limits without delay, taking into account the interests of the shareholders.

### **Tax-related investment restrictions**

If the sub-fund's specific investment policy in the relevant Annex to the Sales Prospectus specifies that the sub-fund is an equity fund or a mixed fund, the following conditions shall apply in conjunction with the aforementioned supervisory investment restrictions:

An equity fund is a sub-fund which invests more than 50% of its net sub-fund assets in equity participations on an ongoing basis.

A mixed fund is a sub-fund which invests at least 25% of its net sub-fund assets in equity participations on an ongoing basis.

When calculating the amount of the assets invested in equity participations, the loans are deducted from the value of all assets according to the percentage of equity participations (modified net sub-fund assets).

Equity participations are:

1. Listed units in a corporation that are admitted for trading on a stock exchange or another organised market,
2. Units in a corporation that is not a real estate company and which
  - a) is domiciled in a member state of the European Union or in another state party to the Agreement on the European Economic Area where it is subject to and not exempt from corporation tax, or
  - b) is resident in a third country where it is subject to and not exempt from corporation tax of at least 15%,
3. Investment units in equity funds which invest more than 50% of their modified net sub-fund assets or more than 50% of their active assets in the aforementioned units in corporations amounting to 51% of their value according to their investment conditions; if an equity fund stipulates a percentage that is higher than 51% of its value in its investment conditions, the investment unit at the level of this higher percentage shall be deemed as the equity participation by way of derogation
4. Investment units in balanced funds which invest at least 25% of their modified net sub-fund assets or at least 25% of their active assets in the aforementioned units in corporations amounting to 25% of their value according to their investment conditions; if a balanced fund stipulates a percentage that is higher than 25% of its value in its investment conditions, the investment unit at the level of this higher percentage shall be deemed as the equity participation by way of derogation or
5. Units in other investment funds which perform a valuation at least once a week, in the amount of the ratio of their value published on the valuation day at which they actually invest in the aforementioned units in corporations.

## **II. Duration, merger and liquidation of the Investment Company or of one or more sub-funds**

### **Article 5 Duration of the Investment Company**

The Investment Company has been set up for an indefinite duration.

### **Article 6 Merger of the Investment Company or of one or more sub-funds**

1. Pursuant to a resolution of the general meeting and in accordance with the conditions outlined below, the Investment Company may decide to transfer the Investment Company to another UCITS managed by the same management company or by another management company. In the case of mergers where the absorbed Investment Company ceases to exist as a result of the merger, the effective date of the merger must be certified by a notary.
2. Pursuant to a resolution of the Board of Directors of the Investment Company, a sub-fund of the Investment Company may be merged into another sub-fund of the Investment Company or another UCITS or sub-fund of another UCITS.
3. The merger(s) stated in points 1 and 2 above may be decided on in the following cases in particular:
  - insofar as the net fund assets or net sub-fund assets on a valuation day have fallen below an amount which appears to be a minimum amount for the purpose of managing the Fund or sub-fund in a manner which is economically viable. The Investment Company has set this amount at EUR 5 million;
  - if, due to a significant change in the economic or political climate or for reasons of economic viability, it does not appear to make economic sense to manage the Fund or sub-fund.
4. The general meeting shall also vote on the joint merger plan. The resolutions of the general meeting concerning a merger require at least a simple majority of the votes of those shareholders present or represented. In the case of mergers where the absorbed Investment Company ceases to exist as a result of the merger, the effective date of the merger must be certified by a notary. In the event of mergers of individual sub-funds, only the consent of the shareholders affected by the merger of the sub-funds in question is required.
5. The Board of Directors of the Investment Company may decide to absorb another fund or sub-fund managed by the same or by another management company into the Investment Company or a sub-fund of the Investment Company.
6. Mergers are possible between two Luxembourg funds or sub-funds (domestic merger) or between funds or sub-funds that are based in two different Member States (cross-border merger).
7. A merger may only be implemented if the investment policy of the Investment Company or fund/sub-fund to be absorbed does not contradict the investment policy of the absorbing UCITS.
8. Mergers shall be implemented by way of the liquidation of the fund/sub-fund to be absorbed and a simultaneous takeover of all assets by the absorbing fund or sub-fund. The investors of the

absorbed fund receive the units in the absorbing fund; the number of units is calculated on the basis of the ratio of the unit values of the funds in question at the time of merger, along with any settlement of fractional units.

9. Both the absorbing fund or sub-fund and the absorbed fund or sub-fund will inform investors of the planned merger in an appropriate manner and in line with the legal requirements of the respective countries of distribution of the absorbing or absorbed fund or sub-fund.
10. The investors in the absorbing and the absorbed fund or sub-fund have the right, within 30 days and at no additional charge, to request the redemption of all or part of their units at the current net asset value or, if possible, the exchange for units of another fund with a similar investment policy managed by the same management company or by another company with which the Management Company is linked by common management or control or by a substantial direct or indirect holding. This right becomes effective from the date on which the unitholders of the absorbed and absorbing fund have been informed of the planned merger, and it expires five working days before the date of calculation of the conversion ratio.
11. In the case of a merger between two or more funds or sub-funds, the funds or sub-funds in question may temporarily suspend the subscription, redemption and conversion of units if such suspension is justified for reasons of the protection of the unitholders.
12. Implementation of the merger will be audited and confirmed by an independent auditor. A copy of the auditor's report will be made available at no charge to the investors in the absorbing and the absorbed funds or sub-funds, as well as to the respective supervisory authority.
13. The above equally applies to the merger of two sub-funds within the Investment Company.

#### **Article 7 Liquidation of the Investment Company or of one or more sub-funds**

1. The Investment Company may be liquidated by decision of the general meeting. This decision shall be subject to the provisions specified for amending the Articles of Association.

If the assets of the Investment Company fall below two-thirds of the minimum capital, the Board of Directors of the Investment Company is required to convene a general meeting to discuss whether to liquidate the Investment Company. Liquidation shall be decided on by simple majority of shares present and/or represented.

If the assets of the Investment Company fall below one quarter of the minimum capital, the Board of Directors of the Investment Company must also convene a general meeting to discuss whether to liquidate the Investment Company. Liquidation in this case shall be decided by a majority of 25% of the shares present and/or represented at the general meeting.

The aforementioned general meetings shall be convened within 40 days of the discovery of the fact that the assets of the Investment Company have fallen to less than two-thirds or less than one quarter of the minimum capital.

The resolution of the general meeting to liquidate the Investment Company shall be published in line with the applicable legislative provisions.

2. A sub-fund of the Investment Company may be liquidated by resolution of the Board of Directors of the Investment Company. A liquidation may in particular be decided on in the following cases:
  - if the net sub-fund assets on a valuation day have fallen below an amount which is deemed to be a minimum amount for the purpose of managing the sub-fund in an economically viable manner. The Investment Company has set this amount at EUR 5 million;
  - if, due to a significant change in the economic or political climate or for reasons of economic viability, it does not appear to make economic sense to manage the sub-fund.
3. Unless otherwise decided by the Board of Directors, the Investment Company or a sub-fund shall cease to issue or exchange shares in the Investment Company or a sub-fund from the date of the liquidation decision until the liquidation is implemented. The redemption of shares will continue to be possible if the equal treatment of the shareholders is ensured.
4. Any net liquidation proceeds not claimed by shareholders before the end of the liquidation process shall be forwarded on behalf of the entitled shareholders to the Caisse des Consignations in the Grand Duchy of Luxembourg by the Depositary after the end of the liquidation process. These sums shall be forfeited if they are not claimed within the statutory period.

### **III. The sub-funds and their terms**

#### **Article 8 The sub-funds**

1. The Investment Company consists of one or more sub-funds. The Board of Directors of the Investment Company may decide to launch further sub-funds at any time. In this case, the Sales Prospectus shall be amended accordingly.
2. In terms of the relationship between shareholders, each sub-fund is regarded as an independent investment fund. The rights and obligations of the shareholders of a sub-fund are separate from those of the shareholders of the other sub-funds.
3. Each individual sub-fund shall only be liable for claims of third parties incurred by that specific sub-fund.

#### **Article 9 Duration of the individual sub-funds**

One or more sub-funds may be set up for specific periods.

## **IV. Company capital and shares**

### **Article 10 Company capital**

The capital of the Investment Company shall at all times correspond to the total of the net sub-fund assets of all of sub-funds (“net fund assets”) of the Investment Company pursuant to Article 12(4) of these Articles of Association, and is represented by fully paid-up shares of no par value.

Upon foundation, the Investment Company's capital amounted to EUR 31,000 and will at all times be equal to the net asset value of the Investment Company in future.

Pursuant to the law of the Grand Duchy of Luxembourg, the minimum capital of the Investment Company must be equivalent to EUR 1,250,000 and this must be attained within a period of six months after approval of the Investment Company by the Luxembourg supervisory authority. The basis for this will be the net fund assets of the Investment Company.

### **Article 11 Shares**

1. Shares are shares in the respective sub-fund. Shares shall be issued in the denominations determined by the Investment Company. Fund shares shall be issued in the certificates and denominations stated in the Annex for each share class. Registered shares shall be documented by the Registrar and Transfer Agent in the share register kept for the Investment Company. Confirmation of entry in the share register shall be sent to the shareholders at the address specified in the share register. All disclosures and notifications to shareholders by the Investment Company shall be sent to this address. There is no entitlement to receive physical certificates. Details of the type of shares issued by each sub-fund are contained in the corresponding Annex to this Sales Prospectus.
2. In order to ensure the smooth transfer of shares, an application shall be made for the shares to be held in collective custody.
3. The Board of Directors is authorised to issue an unlimited number of fully paid-up shares at any time, without being required to grant existing shareholders a preferential right of subscription to newly issued shares.
4. In principle, all shares in a sub-fund have the same rights, unless the Board of Directors decides to issue different share classes within the same sub-fund pursuant to the following section of this Article.
5. The Board of Directors may decide, from time to time, to establish two or more share classes within a sub-fund. The share classes may differ from one another in their characteristics and rights, their use of income, fee structures, the shareholders (shareholder group) that may acquire and hold shares, or other specific characteristics and rights. From the date of issue, all shares entitle the holder or bearer to participate equally in income, share price gains and liquidation proceeds in their particular share class. Insofar as share classes are established for a particular sub-fund, details of the specific characteristics or rights for each share class can be found in the relevant Annex to the Sales Prospectus.



6. Pursuant to a resolution of the Board of Directors of the Investment Company, the share classes of the sub-funds may be subject to a share split.
7. Pursuant to a resolution of the Board of Directors of the Investment Company, share classes may be merged within a sub-fund.

#### **Article 12 Calculation of the net asset value per share**

1. The company assets of the Investment Company are denominated in euro (EUR) (“reference currency”).
2. The value of a share (“net asset value per share”) is denominated in the currency laid down in the Annex to the Sales Prospectus (“sub-fund currency”), insofar as no other currency is stipulated for this or any other share classes in the respective Annex to the Sales Prospectus (“share class currency”).
3. The net asset value per share is calculated by the Management Company or a third party commissioned for this purpose by the Management Company, under the supervision of the Depositary, on each day specified in the Annex with the exception of 24 and 31 December of each year (“valuation day”) and rounded off to two decimal places and it must be taken into account that the net asset value per share must be calculated at least twice a month.

In the event of a non-daily calculation, the Board of Directors of the Investment Company may decide at any time to carry out a further net asset value per share calculation on a banking day in addition to the day specified in the relevant Annex.

The Management Company may, however, also decide to determine the net asset value per share on 24 and 31 December of any given year for reporting purposes without these determinations of value being considered calculations of the net asset value per share on a valuation day within the meaning of the previous sentence. Consequently, shareholders may not demand the issue, redemption and/or the exchange of shares on the basis of a net asset value per share that is determined as of 24 December and/or 31 December of any given year.

4. In order to calculate the net asset value per share, the value of the assets of each sub-fund less the liabilities of each sub-fund is determined on each valuation day (“net sub-fund assets”), and this figure is divided by the number of shares of the respective sub-fund in circulation on the valuation day. In the case of a sub-fund with several share classes, the calculated pro rata net share class assets shall be determined from the net sub-fund assets and divided by the number of shares of the share class in circulation on the valuation day.

In the case of a share class with a share class currency that differs from the sub-fund currency, the calculated pro rata net share class assets in the sub-fund currency shall be converted with the exchange rate based on the calculation of the net sub-fund assets and divided by the number of shares of the share class in circulation on the valuation day.

In the case of distributing share classes, the net share class assets are reduced by the amount of the distributions of the share class.

5. If applicable legal regulations or the provisions of these Articles of Association require the situation of the net company assets to be described in the annual or semi-annual reports and other financial statistics, the assets of the relevant sub-fund will be converted into the reference currency. Net sub-fund assets are calculated according to the following principles:

- a. Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a stock exchange are valued at the latest available trade price which provides a reliable valuation on the trading day preceding the valuation day.

The Management Company may stipulate for individual sub-funds that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available closing price which provides a reliable valuation. Details on this can be found in the Annexes to the relevant sub-funds.

If transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets are officially listed on several stock exchanges, the one with the highest liquidity shall be applicable.

- b. Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange price is not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market, shall be valued at a price no less than the bid price and no more than the offer price of the trading day preceding the valuation day, and which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold.

For individual sub-funds, the Management Company may stipulate that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rates are not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market be valued at the latest available price which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets can be sold. Details on this can be found in the Annexes to the relevant sub-funds.

- c. OTC derivatives are valued on a daily basis by means of a valuation to be determined and able to be checked by the Management Company.
- d. Units in UCI/UCITS are determined at the last redemption price set before the valuation day or are valued at the latest available price which provides a reliable valuation. If the redemption is suspended or no redemption prices are established for certain investment units, these units and all other assets will be valued at their appropriate market value, as

determined in good faith by the Management Company in line with generally accepted and verifiable valuation rules.

- e. If the prices in question are not fair market prices, if the financial instruments under (b) are not traded on a regulated market, and if no prices are set for financial instruments different from those listed under (a)–(d), then these financial instruments and the other legally permissible assets shall be valued at their current market value, which shall be established in good faith by the Management Company on the basis of generally accepted and verifiable valuation rules (e.g. suitable valuation models taking account of current market conditions). The procedure for this is stipulated in the Management Company's valuation guidelines.
- f. Liquid assets are valued at their par value, plus interest.
- g. Amounts due, for example deferred interest claims and liabilities, shall in principle be rated at the nominal value.
- h. The market value of transferable securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund currency shall be converted into the sub-fund currency at the exchange rate of the trading day preceding the valuation day, using WM/Reuters fixing at 17:00 (16:00 GMT). Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted.

The Management Company may stipulate for individual sub-funds that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets denominated in a currency other than that of the sub-fund be converted into the sub-fund currency at the exchange rate of the valuation day. Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted. Details on this can be found in the Annexes to the relevant sub-funds.

### **Article 13 Suspension of the calculation of the net asset value per share**

- 1. The Management Company is entitled to temporarily suspend calculation of the net asset value per share of a sub-fund if and for as long as circumstances exist which necessitate the suspension of calculations, and if the suspension is justifiable taking into account the interests of the shareholders, in particular:
  - a. during times when a stock exchange or other regulated market on which a significant proportion of the assets are officially listed or traded is closed (other than for public or bank holidays) or trading on such stock exchange or on the relevant market is suspended or restricted;
  - b. in emergencies, if the Investment Company cannot obtain access to the sub-fund's assets or is unable to freely transfer the transaction value of investment purchases or sales or properly calculate the net asset value per share.

- c. If, as a result of disruptions in the communications network or for any other reason, it is not possible to calculate the value of an asset either in a sufficiently timely or accurate manner.
2. While the calculation of the net asset value per share of a sub-fund has been temporarily suspended, the issue, redemption and exchange of shares will also be suspended. The temporary suspension of the calculation of the net asset value per share within a sub-fund shall not lead to a temporary suspension of the calculation with regard to other sub-funds that are not affected by the event.
3. Shareholders who have placed a subscription, redemption or exchange order shall be immediately informed that the calculation of the net asset value per share has been suspended. Subscription, redemption or exchange orders shall not be processed whilst the calculation of the net asset value per share is suspended.
4. Subscription, redemption and exchange orders shall automatically become invalid if the calculation of the net asset value per share is suspended.
5. The suspension and resumption of the calculation of the net asset value shall be published in the media specified for investor information purposes.

#### **Article 14 Issue of shares**

1. Shares are issued on the initial issue date of a sub-fund or within the initial issue period of a sub-fund at the initial share value / initial issue price set forth in the respective Annex to the sub-fund (plus the front-end load paid to the respective intermediary). In conjunction with this initial issue amount or this initial issue period, shares will be issued on the valuation day at the issue price. The issue price is the net asset value per share pursuant to Article 12(4) of the Articles of Association, plus any front-end load payable to the respective issuer, the maximum amount of which is listed for the relevant share class of each sub-fund in the respective Annex to this Sales Prospectus. The issue price may be increased by fees or other charges payable in the particular countries where the Fund is sold.
2. Subscription orders for the acquisition of registered shares may be submitted to the Management Company and the sales agent. The receiving agents are obliged to immediately forward all subscription orders to the registrar and transfer agent. Receipt by the Registrar and Transfer Agent ("relevant agent") is decisive. This agent accepts the subscription orders on behalf of the Management Company.

Purchase orders for the acquisition of bearer shares are forwarded to the Registrar and Transfer Agent by the entity at which the applicant holds his custody account. Receipt by the Registrar and Transfer Agent is decisive. This agent accepts the subscription orders on behalf of the Management Company.

Complete and correctly filled in subscription orders for registered shares and purchase orders of bearer shares received by the Registrar and Transfer Agent no later than the time stated in the Sales Prospectus on a valuation day shall be settled at the issue price of the following valuation day,

provided the equivalent value for the subscribed shares is available. The Management Company shall ensure that the shares are issued on the basis of a net asset value per share unknown to the shareholder at the time when the order is placed. If, however, an applicant is suspected of engaging in late trading or market timing, the Management Company may reject the subscription order/purchase order until the applicant has cleared up any doubts with regard to his subscription order/purchase order. Complete subscription orders of registered shares and purchase orders for bearer shares received by the competent agent after the time stated in the Sales Prospectus for each valuation day are allocated at the issue price of the day after the second following valuation day, provided that the equivalent value for the subscribed registered shares is available.

Immediately following receipt of the issue price by the Depositary, the registered shares shall be allocated by the Registrar and Transfer Agent on behalf of the Management Company and transferred by entry in the share register.

Bearer shares will be transferred after settlement at the Registrar and Transfer Agent via so-called payment / delivery transactions step by step, i.e. against payment of the out-paying investment amount to the point at which the subscriber maintains his custody account.

The issue price is payable at the Depositary in Luxembourg in the respective share class currency within the number of banking days specified in the relevant Annex to the sub-fund after the corresponding valuation day.

If the equivalent value for the subscribed shares is not available at the time of receipt of the complete subscription order by the Registrar and Transfer Agent or if the subscription application is incorrect or incomplete, the subscription order shall be regarded as having been received by the Registrar and Transfer Agent on the date on which the equivalent value of the subscribed shares is available and the subscription order is submitted properly.

If the equivalent value flows out from the sub-fund assets, especially due to a revocation, the non-payment of a debit note or for other reasons, the Management Company redeems the shares in the interests of the Fund. The applicant must bear the costs of any differences that have a negative impact on the sub-fund assets and which result from the redemption of shares.

## **Article 15 Restrictions on and the suspension of the issue of shares**

1. The Management Company may at any time, at its discretion and without giving reasons reject a subscription order or temporarily restrict or suspend or permanently discontinue the issue of shares or buy back shares against payment of the redemption price, if this is deemed necessary in the interests of the shareholders, of the public or to protect the Investment Company or the shareholders. This applies in particular if:
  - a. there is a suspicion that the respective shareholder shall, on acquiring the shares, engage in market timing, late trading or other market techniques that could be harmful to the shareholders as a whole,
  - b. the shareholder does not fulfil the conditions for acquiring shares, or

- c. the shares have been acquired by a person who appears to have ties to the US, the shares have been sold in a state or acquired by a person (e.g. U.S. citizen) in a state where the Fund is not authorised for sale or where the acquisition of shares by such shareholders (e.g. U.S. citizen) is not permitted.
2. In such cases, the Registrar and Transfer Agent and/or sales agent shall immediately repay any incoming payments received, without interest, for subscription orders not already processed.
3. The issue of shares shall in particular be temporarily suspended if the calculation of the net asset value per share is suspended.

## **Article 16 Redemption and exchange of shares**

1. Shareholders are entitled at all times to request the redemption of their shares at the net asset value per share pursuant to Article 12(4) of the Articles of Association less any redemption fee ("redemption price"), if applicable. This redemption will only be carried out on a valuation day. If a redemption fee is payable, the maximum amount of this fee for the relevant share class of the relevant sub-fund is listed in the relevant Annex to the Sales Prospectus.

In certain countries, the payment of the redemption price may be reduced by local taxes and other charges. The corresponding share is cancelled upon payment of the redemption price.

2. Payment of the redemption price, as well as any other payments to the shareholders, shall be made via the depositary and the paying agents. The depositary is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depositary's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Management Company may buy back shares unilaterally against payment of the redemption price, insofar as this is in the interests of or in order to protect the shareholders, the Investment Company or a sub-fund, in particular if

- a. there is a suspicion that the respective shareholder shall, on acquiring the shares, engage in market timing, late trading or other market techniques that could be harmful to the shareholders as a whole,
  - b. the shareholder does not fulfil the conditions for acquiring shares, or
  - c. the shares have been acquired from a person who appears to have ties to the U.S., it has been discovered that the shareholder has ties to the U.S. following the acquisition, the shares have been sold in a state or acquired by a person (e.g. U.S. citizen) in a state where the Fund is not authorised for sale or where such persons are not permitted to acquire shares.
3. In the event that different share classes are offered within a sub-fund, it is also possible to exchange shares of one class for shares of another class within the same sub-fund, unless otherwise stated in the relevant Annex to this Sales Prospectus. In this case, no exchange fee is charged.

The Management Company may reject an order for the exchange of shares within the respective sub-fund or a share class, if this is deemed in the interests of the Investment Company or the sub-fund or in the interests of the shareholders. This applies in particular if

- a. there is a suspicion that the respective shareholder will, on acquiring the shares, engage in market timing, late trading or other market techniques that could be harmful to the shareholders as a whole,
  - b. the shareholder does not fulfil the conditions for acquiring shares, or
  - c. the shares have been acquired by a person who appears to have ties to the U.S., it has been discovered following the acquisition that the shareholder has ties to the U.S., the units are sold in a state where the relevant sub-fund or share class is not authorised for sale or have been acquired by a person (e.g. U.S. citizen) who is not permitted to acquire the shares.
4. Complete orders for the redemption or exchange of registered shares can be submitted to the Management Company, the sales agents or the paying agents. The receiving agents are obliged to immediately forward the redemption or exchange orders to the Registrar and Transfer Agent. Receipt by the Registrar and Transfer Agent is decisive.

An order for the redemption or exchange of registered shares shall only be deemed complete if it contains the name and address of the shareholder, the number and/or transaction value of the shares to be redeemed or exchanged, the name of the sub-fund's share class and the signature of the shareholder.

Complete sales orders for the redemption of bearer shares will be forwarded to the Registrar and Transfer Agent by the agent with whom the shareholder holds his custody account. Receipt by the Registrar and Transfer Agent is decisive. The exchange of bearer shares is excluded.

Complete redemption/sales orders or complete exchange orders received by the reference agent no later than the time stated in the Sales Prospectus on a valuation day shall be settled at the net asset value per share of the following valuation day less any applicable redemption fees and/or an exchange fee. The Management Company shall ensure that shares are redeemed or exchanged on the basis of a net asset value per share that is not known to the shareholder in advance. Complete redemption/sales orders or complete exchange orders received by the reference agent no later than the time stated in the Sales Prospectus on a valuation day shall be settled at the net asset value per share of the second following valuation day less any applicable redemption fees and/or an exchange fee.

The redemption price is payable in the respective share class currency within the number of banking days stipulated in the Annexes to the Sales Prospectus after the relevant valuation day. In the case of registered shares, payment is made to the account specified by the shareholder.

5. The Management Company must temporarily suspend the redemption or exchange of shares due to the suspension of the calculation of the net asset value.

6. Subject to prior approval from the Depositary and while preserving the interests of the shareholders, the Management Company shall only be entitled to process significant volumes of redemptions after selling corresponding assets of the respective sub-fund without delay. In this case, the redemption shall occur at the redemption price valid at that time. The same shall apply for orders for the exchange of shares. The Management Company shall, however, ensure that the respective sub-fund has sufficient liquid assets at its disposal such that, under normal circumstances, the redemption or exchange of shares may take place immediately upon application from shareholders.

## **V. General meeting**

### **Article 17 Rights of the general meeting**

A properly convened general meeting represents all the shareholders of the Investment Company. The general meeting has the authority to initiate and confirm all dealings of the Investment Company. The resolutions of the general meeting are binding on all shareholders, insofar as these resolutions are in accordance with Luxembourg law and these Articles of Association, in particular insofar as they do not interfere with the rights of the separate meetings of shareholders of a particular share class or a particular sub-fund.

### **Article 18 Convening**

1. The annual general meeting will be held, pursuant to Luxembourg law, in Luxembourg at the Company's registered office or at any other location in the commune where its registered office is located, as stated in the convening notice, within 6 months of the financial year-end of the Investment Company. Where this day is a bank holiday in Luxembourg, the annual general meeting will be held on the next banking day in Luxembourg. The annual general meeting may be held abroad if the Board of Directors deems necessary due to prevailing extraordinary circumstances. A resolution of this kind by the Board of Directors may not be contested.
2. Pursuant to the legal provisions, the shareholders may also be called to a meeting convened by the Board of Directors. A meeting may also be convened at the request of shareholders representing at least one tenth of the assets of the Investment Company.
3. The convening notice must contain the agenda and be sent to all holders of registered shares at the addresses stated in the share register at least 8 days before the meeting. The convening notice and the agenda shall be brought to the attention of the owners of bearer shares in accordance with the applicable legal provisions.
4. The agenda shall in principle be drawn up by the Board of Directors. At the request of shareholders representing at least one tenth of the assets of the Investment Company, the Board of Directors shall amend or supplement the agenda. Any such request made by the shareholders must reach the Board of Directors of the Investment Company at least 5 days before the meeting. The Board of Directors shall notify the new agenda to the shareholders immediately. In cases where the general meeting is held at the written request of shareholders representing at least one tenth of the assets of the Investment Company, the agenda shall be drawn up by the shareholders.



The latter shall be attached to the written request for convening the extraordinary general meeting. In this case, the Board of Directors may draw up an additional agenda.

5. Extraordinary general meetings of shareholders shall be held at the time and place specified in the notice of the extraordinary general meeting.
6. The conditions specified in points 2–5 above shall apply accordingly for separate meetings of shareholders for one or several sub-funds or share classes.

## **Article 19 Quorum and voting**

General meetings or separate meetings of shareholders convened for one or more sub-funds or share classes must be conducted in accordance with the applicable statutory provisions, unless otherwise specified in these Articles of Association.

In principle, all shareholders are entitled to participate in the general meetings of shareholders. All shareholders may be represented at the meeting by appointing another person as an authorised representative in writing.

In the case of meetings held for specific sub-funds or share classes, only shareholders who hold shares in the corresponding sub-fund or share class may participate. At such meetings, only resolutions concerning the specific sub-fund or share class in question may be passed. The Board of Directors may allow shareholders to attend general meetings through a video conferencing facility or other communication methods if these methods enable the shareholders to be identified and effectively participate in the general meeting uninterrupted.

Proxies, whose form may be specified by the Board of Directors, must be deposited at the registered office of the Company at least five days before the general meeting.

All shareholders and shareholders' representatives present must sign the attendance register drawn up by the Board of Directors before entering the general meeting.

The Board of Directors may set other conditions (e.g. the blocking of shares held in a transferable securities account by the shareholder, presentation of a blocking certificate, presentation of a proxy) to be met by the shareholders in order to participate in general meetings. In addition, the Board of Directors may suspend the voting rights of those shareholders who fail to meet their obligations to the Company.

The general meeting shall decide on all matters laid down in the Law of 10 August 1915 and the Law of 17 December 2010; resolutions shall be passed in the form and with the relevant quorum/majorities required by these laws. Unless otherwise stated in the aforementioned laws or these Articles of Association, the resolutions voted on by a properly convened general meeting shall be passed by simple majority of the shareholders present and voting.

Each share is entitled to one vote. To this end, fractional shares are ineligible.

Matters concerning the Investment Company as a whole are voted on jointly by the shareholders. However, separate votes shall be cast on matters affecting only one or more sub-funds or one or more share classes.

Resolutions of the general meeting shall be binding on all shareholders, insofar as these are in accordance with the law of the Grand Duchy of Luxembourg and these Articles of Association, in particular insofar as they do not interfere with the rights of the separate meetings of shareholders of a particular share class. If there is a separate vote for one or more share classes, the relevant resolutions shall be binding upon all shareholders of those share classes.

#### **Article 20 Chairman, scrutineer and secretary**

1. The general meeting shall be chaired by the Chairman of the Board of Directors or, in his absence, by a chairman elected from the general meeting.
2. The Chairman shall appoint a secretary, who does not necessarily have to be a shareholder, and a scrutineer shall be appointed from among those eligible to attend the general meeting.
3. The minutes of the general meeting of shareholders shall be signed by the chairman, the scrutineer and the secretary of each general meeting, and by any shareholders who so request.
4. Copies and extracts to be drawn up by the Investment Company shall be signed by the Chairman of the Board of Directors or by two members of the Board of Directors.

### **VI. Board of Directors**

#### **Article 21 Composition**

1. The Board of Directors shall consist of at least three members who shall be appointed by the general meeting of shareholders and who must not be shareholders in the Investment Company.

The first appointment to the Board of Directors is made by the general meeting that takes place following the formation of the Company.

At the general meeting, a new member who does not yet belong to the Board of Directors may only be selected as a member of the Board of Directors if

- a. this person has been proposed by the Board of Directors, or
- b. a shareholder who is fully authorised to vote at the upcoming general meeting convened by the Board of Directors informs the Chairman - or if this is not possible, another member of the Board of Directors - in writing at least six and no longer than thirty days before the date envisaged for the general meeting of his intention to propose a person other than himself for election or re-election together with a written confirmation from this person that they want to run for the vote, but the Chairman of the general meeting may decide to waive the aforementioned declarations subject to the requirement of unequivocal approval from all shareholders present and suggest the person nominated for election.

2. The general meeting shall determine the number of members of the Board of Directors, as well as their term of office. A term of office may not exceed a period of six years. Members of the Board of Directors may be re-elected.
3. If a member of the Board of Directors leaves before the end of his term of office, the remaining members of the Board of Directors appointed by the general meeting may appoint a temporary successor until the next general meeting (co-option).  
The successor appointed in this way shall complete his predecessor's term of office and is entitled, along with all other members of the Board of Directors, to determine the temporary successors of other members who have left the Board of Directors.
4. The members of the Board of Directors may be dismissed at any time by the general meeting.

### **Article 22 Powers**

The Board of Directors of the Investment Company is authorised to carry out all transactions necessary or beneficial for fulfilling the Company's purpose. The Board of Directors is responsible for all matters concerning the Investment Company, unless provision is made in the Law of 10 August 1915 concerning commercial companies (including amendments) or the Articles of Association of the Investment Company that this function is reserved for the general meeting.

The Board of Directors may transfer the day-to-day management of the Investment Company to natural or legal persons who are not necessarily members of the Board of Directors. They are authorised to pay these persons fees and commissions to this effect. The transfer of duties to third parties shall in all cases be subject to the supervision of the Board of Directors.

The Board of Directors is also authorised to pay interim dividends.

### **Article 23 Internal organisation of the Board of Directors**

The Board of Directors shall appoint a chairman from among its members.

The Chairman of the Board of Directors is responsible for chairing all meetings of the Board of Directors; in his absence, the Board of Directors shall appoint another member of the Board of Directors to this effect.

The Chairman may appoint a secretary, who is not necessarily a member of the Board of Directors and who is responsible for recording the minutes of the Board of Director meetings, as well as the general meeting.

The Board of Directors is authorised to appoint a management company, a fund manager and an investment adviser, and to determine the powers thereof.

### **Article 24 Frequency and convening**

The Board of Directors shall be convened by the Chairman or by two members of the Board of Directors at the location specified in the convening notice; the Board of Directors shall meet as often as the interests of the Investment Company require - and at a minimum twice a year.

The members of the Board of Directors shall be notified in writing of meetings at least 48 (forty-eight) hours in advance by letter, fax or e-mail, except in emergency situations where it is impossible to comply with the deadline. In this case, detailed grounds shall be given in the notice.

A letter of invitation is not required if the members of the Board of Directors do not raise an objection when attending the meeting against the form of the invitation or give written agreement by letter, telefax or e-mail. Objections to the form of the invitation may only be raised in person at the meeting.

It is not necessary to issue a specific convening notice if a meeting is to take place at a time and place already specified in a resolution passed by the Board of Directors.

#### **Article 25 Meetings of the Board of Directors**

Each member of the Board of Directors may participate in any Board meetings by appointing another Board member as his representative in writing, i.e. by letter or fax.

Furthermore, any member of the Board of Directors may take part in a Board meeting via a telephone conference or similar communication method which allows all the participants in the Board meeting to hear each other. This form of participation is equivalent to personal attendance at the meeting of the Board of Directors.

The Board of Directors shall only be able to pass resolutions if at least half the number of the Board members is present, or represented, at the meeting. Resolutions shall be passed by simple majority of the votes cast by the Board members present or represented. In the event of a tied vote, the chairman of the meeting shall have the casting vote.

The members of the Board of Directors may only pass resolutions at meetings of the Board of Directors of the Investment Company which have been properly convened, except for resolutions passed by written procedure.

The members of the Board of Directors may also pass resolutions by way of a written procedure insofar as all members agree to pass the resolution. Resolutions passed in this way and signed by all members of the Board of Directors are equally valid and enforceable as resolutions passed during a properly convened Board meeting. The signatures of the members of the Board of Directors may be obtained collectively on one single document or individually on several copies of the same document, either by letter or fax.

The Board of Directors may delegate its powers and duties for the day-to-day administration of the Investment Company to natural persons and/or legal entities that are not members of the Board of Directors and may pay these persons and/or entities the fees or commissions set out in Article 35 in return for providing these services.

#### **Article 26 Minutes**

Resolutions passed by the Board of Directors shall be documented in minutes entered in the register kept for this purpose and signed by the Chairman of the meeting, as well as the secretary. Copies and extracts of these minutes shall be signed by the Chairman of the Board of Directors or by two members of the Board of Directors.

## **Article 27 Authorised signatories**

The Investment Company shall be legally bound by the signatures of two members of the Board of Directors. The Board of Directors may authorise one or more members of the Board of Directors to represent the Investment Company by way of sole signature. Furthermore, the Board of Directors may authorise other legal entities or natural persons to represent the Investment Company either by way of a sole signature or jointly with one member of the Board of Directors or another legal entity or natural person authorised by the Board of Directors.

## **Article 28 Incompatibility provisions**

No agreement, settlement or other transaction entered into by the Investment Company with other companies will be influenced or invalidated due to the fact that one or more members of the Board of Directors, directors, managers or authorised agents of the Investment Company have any interests or holdings in any other company or due to the fact that such persons are members of the Board of Directors, shareholders, directors, managers, authorised agents or employees of other companies.

Any such member of the Board of Directors, director, manager or authorised agent of the Investment Company who is simultaneously a member of the Board of Directors, director, manager, authorised agent or employee of another company with which the Investment Company has agreements or has business relations of another kind shall not lose the entitlement to advise, vote and negotiate matters concerning such agreements or transactions.

However, where a member of the Board of Directors, director or authorised agent has a personal interest in any matters pertaining to the Investment Company, this member of the Board of Directors, director or authorised agent of the Investment Company must inform the Board of Directors of this personal interest, whereupon he/she may no longer advise, vote on and negotiate issues connected with the matter concerned. A report on this must be presented to the next general meeting of shareholders.

The term "personal interest", as used in the previous paragraph, does not apply to any relationships and interests that come into being solely as a result of legal transactions between the Investment Company on the one hand, and the Fund Manager, the Central Administration Agent, the Registrar and Transfer Agent, the sales agent(s) (or a directly or indirectly affiliated company) or any other company appointed by the Investment Company on the other hand.

The above conditions do not apply in cases where the Depositary is party to such an agreement, settlement or other legal transaction. Managing directors, authorised signatories and holders of commercial mandates for the company-wide operations of the Depositary may not be appointed at the same time as an employee of the Investment Company in a day-to-day management capacity. Managing directors, authorised signatories and holders of commercial mandates for company-wide operations of the Investment Company may not be appointed at the same time as an employee of the Depositary in a day-to-day management capacity.

## **Article 29 Indemnification**

The Investment Company shall be obliged to hold harmless all members of the Board of Directors, directors, managers or authorised agents, their heirs, executors and administrators against all lawsuits, claims and

liability of all kinds, insofar as the affected parties have properly fulfilled their duties. Furthermore, the Investment Company shall reimburse the aforementioned parties all costs, expenses and liabilities incurred as a result of any such lawsuits, legal proceedings, claims and liability.

The right to compensation does not exclude other rights in favour of members of the Board of Directors, directors, managers or authorised agents.

### **Article 30 Management Company**

The Board of Directors of the Investment Company may entrust a Management Company with management of the assets, administration and the distribution of the shares of the Investment Company, assuming full responsibility for this.

The Management Company shall be responsible for the management and administration of the Investment Company. Acting on behalf of the Investment Company, it may take all management and administrative measures and exercise all rights directly or indirectly connected with the assets of the Investment Company, in particular delegate its duties to qualified third parties in whole or in part; it also has the right to obtain advice from third parties, particularly from various investment advisers and/or an investment committee, at its own cost and responsibility.

The Management Company fulfils its obligations with the care of a paid authorised agent (mandataire salarié).

If the Management Company delegates asset management to a third party, only companies that are authorised or registered to exercise fund management activities and that are subject to supervision may be appointed.

Investment decisions, the placement of orders and the selection of brokers are solely the responsibility of the Management Company, insofar as no fund manager has been appointed to manage the Fund's assets.

The Management Company is entitled to authorise third parties to place orders, under its own responsibility and control.

The delegation of duties must not impair the effectiveness of supervision by the Management Company in any way. In particular, the delegation of duties must not obstruct the Management Company from acting in the interests of the shareholders and ensuring that the Investment Company is managed in the best interests of the shareholders.

### **Article 31 Fund Manager**

If the Investment Company acts in accordance with Article 30 and the Management Company subsequently outsources the asset management to a third party, the Fund Manager is responsible for implementing the respective sub-fund's investment policy on a daily basis, and managing the day-to-day business associated with asset management, as well as other related services, all under the supervision, responsibility and control of the Management Company. It must perform these tasks in line with the principles of the sub-fund's investment policy and restrictions, as described in these Articles of Association and the Sales Prospectus (including Annex) of the Investment Company, as well as the statutory investment restrictions.

The Fund Manager must be authorised to manage assets and must be subject to proper supervision in its country of registration.

The Fund Manager is authorised to select brokers and traders to carry out transactions using the Investment Company assets. The Fund Manager is also responsible for investment decisions and placing orders.

The Fund Manager is entitled to seek advice at their own cost and responsibility from third parties, especially from different investment advisers.

With the approval of the Management Company, the Fund Manager is permitted to delegate some or all of its duties to third parties, whose remuneration will be borne in full by the Fund Manager.

The Fund Manager shall bear all expenses incurred in connection with the services it performs on behalf of the Investment Company. Commissions for brokers, transaction fees and other transaction costs arising in connection with the purchase and sale of assets are borne by the sub-fund.

## **VII. Auditors**

### **Article 32 Auditors**

An auditing company or one or more auditors shall be appointed to audit the annual accounts of the Investment Company; this auditing company or auditor(s) must be approved in the Grand Duchy of Luxembourg and shall be appointed by the general meeting.

The auditor(s) shall be appointed for a term of up to six years and may be dismissed at any time by the general meeting.

Upon expiry of the six-year term, the auditor(s) may be re-elected by the general meeting.

## **VIII. General and final provisions**

### **Article 33 Use of income**

1. The Board of Directors may either distribute income generated by a sub-fund to the shareholders of this sub-fund or reinvest this income in the respective sub-fund. The appropriation of income of the respective share class of the respective sub-fund can be found in the respective Annex to the Sales Prospectus.
2. Ordinary net income and realised gains may be distributed. Furthermore, unrealised price gains, other assets and, in exceptional cases, equity interests may also be paid out as distributions, provided that the net fund assets do not, as a result of the distribution, fall below the minimum capital set out in Article 10 of these Articles of Association.
3. Distributions shall be paid out on the basis of the shares in circulation on the date of distribution. Distributions may be paid wholly or partially in the form of bonus shares. Any fractions remaining may be paid in cash. Income not claimed five years after publication of notification of a distribution shall be forfeited in favour of the respective sub-fund.

4. Distributions to holders of registered shares shall be paid out via the reinvestment of the distribution amount in favour of the holders of registered shares. If this is not desired, the holder of registered shares may submit an application to the Registrar and Transfer Agent, within 10 days of the receipt of the notification of the distribution, for the payment of the distribution to the account that he specifies. Distributions to holders of bearer shares shall be made in the same manner as the payment of the redemption price to holders of bearer shares.
5. Distributions declared but not paid on distributing bearer shares may no longer be claimed after a period of five years from the payment declaration by the shareholders of such shares, and shall be credited to the respective sub-fund assets of the Investment Company and, if there are share classes, allocated to the relevant share class. No interest shall be payable on declared distributions from their time of maturity.

#### **Article 34 Reports**

An audited annual report and a semi-annual report will be created for the Investment Company in accordance with legal provisions in Luxembourg.

1. No later than four months after the end of each financial year, the Board of Directors shall publish an audited annual report in accordance with the regulations applicable in the Grand Duchy of Luxembourg.
2. Two months after the end of the first half of each financial year, the Board of Directors shall publish an unaudited semi-annual report.
3. Insofar as this is necessary for entitlement to distribute in other countries, additional audited and unaudited interim reports may also be drawn up.

#### **Article 35 Costs**

Each sub-fund shall bear the following costs, provided they arise in connection with its assets:

1. The Management Company may receive a fee payable from the respective sub-fund assets; details on the maximum amount, the calculation and the payment of this fee are contained for the relevant share class of each sub-fund in the respective Annex to this Sales Prospectus. VAT shall be added to this fee, as applicable.

In addition, the Management Company or, if applicable, the Investment Adviser(s)/Fund Manager(s) may also receive a performance fee from the assets of the respective sub-fund. The relevant percentage amount, as well as the calculation and payment methods for each sub-fund, can be found in the relevant Annex to the Sales Prospectus.

In addition, in its function as the Management Company of the Fund, the Management Company may receive non-cash benefits (or "soft commissions", e.g. broker research, financial analyses, market and exchange rate information systems), which are used in the interests of the unit holders when making investment decisions. In connection with non-cash benefits, such trading operations



shall not be concluded with natural persons, they shall be taken into account in the Fund's annual report, the relevant service providers shall not act against the interests of the Fund, the service providers shall render their services in direct connection with the activities of the Fund, and the Supervisory Board or the Board of Directors of the Management Company shall be kept informed on an ongoing basis regarding the soft commissions that are provided. The Management Company is obligated to disclose to the shareholders upon request additional details on the cash benefits received.

2. If a fund manager is contracted, he may receive a fee, payable from the Management Company fee or from the or the respective sub-fund assets; details of the maximum amount, the calculation and the payment thereof for each sub-fund can be found in the respective Annex to this Sales Prospectus. VAT shall be added to this fee, as applicable.
3. If an investment adviser is contracted, he may receive a fee, payable from the Management Company or Fund Manager fee or from the respective sub-fund assets; details of the maximum amount, the calculation and the payment thereof for each sub-fund can be found in the respective Annex to this Sales Prospectus. VAT shall be added to this fee, as applicable.
4. In return for the performance of their duties, the Depositary as well as the Central Administrative Agent and the Registrar and Transfer Agent shall receive a fee considered to be customary in the banking sector in the Grand Duchy of Luxembourg; details of the amount, calculation and payment thereof can be found in the Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
5. If a sales agent is contracted, he may receive a fee payable from the respective sub-fund assets; details of the maximum amount, the calculation and the payment thereof for each sub-fund can be found in the respective Annex to this Sales Prospectus. VAT shall be added to this fee, as applicable.
6. In addition to the aforementioned costs, the respective sub-fund shall also bear the following costs, provided they arise in connection with its assets:
  - a) costs incurred in connection with the acquisition, holding and disposal of assets, in particular customary bank charges for transactions in transferable securities and other assets and rights of the Fund or a sub-fund and the safekeeping thereof, as well as customary bank charges for the safekeeping of foreign investment units abroad;
  - b) all foreign administration and safekeeping charges, which are charged by other correspondent banks and/or clearing agencies (e.g. Clearstream Banking S.A.) for the assets of the respective sub-fund, as well as all foreign settlement, dispatch and insurance fees that are incurred in connection with the transferable securities transactions of the respective sub-fund in units of other UCITS or UCI;
  - c) the transaction costs for the issue and redemption of Fund shares;
  - d) the expenses and other costs incurred by the Depositary, the Registrar and Transfer Agent and the Central Administration Agent in connection with the respective sub-fund's assets

and due to the necessary use of third parties, particularly for the selection, analysis and usage of any sub-custodians, will also be reimbursed. Furthermore, the Depositary also receives customary bank fees;

- e) taxes levied on the Fund's/sub-fund's assets, its income and the expenses charged to the respective sub-fund;
- f) the costs of legal advice incurred by the Investment Company, the Management Company or the Depositary if they have acted in the interests of the shareholders of the respective sub-fund;
- g) costs of the auditors of the Investment Company;
- h) costs for the creation, preparation, deposit, publication, printing and dispatch of all documents for the Investment Company, in particular any share certificates, the "KID", the Sales Prospectus (including Annexes), the annual and semi-annual reports, the statement of assets, notices to shareholders, notices for convening meetings, sales notifications and/or applications for approval in the countries in which shares in the Investment Company or a sub-fund are sold and correspondence with the respective supervisory authorities;
- i) the administrative fees, which are to be paid for the Investment Company or a sub-fund to all relevant authorities, in particular the administrative fees of the Luxembourg Supervisory Authority, as well as the fees for filing documents for the Investment Company;
- j) costs in connection with any admission to stock exchanges;
- k) advertising costs and costs incurred directly in connection with the offer and sale of shares;
- l) insurance costs;
- m) fees, expenses and other costs of the paying agents, the sales agents and other agents that must be appointed abroad, which are incurred in connection with the sub-fund assets;
- n) interest incurred within the scope of loans taken out in accordance with Article 4 of the Articles of Association;
- o) fees and expenses of the investment committee, if any;
- p) any fees and expenses of the Board of Directors of the Investment Company;
- q) costs connected with the formation of the Investment Company and/or the individual sub-funds and the initial issue of shares;
- r) costs arising through the analysis and assessment of portfolio transactions;
- s) further administrative costs including costs for interest groups;

- t) costs of ascertaining the split of the investment result into its success factors (known as performance attribution);
- u) costs for assessing the Fund's/sub-fund's credit rating by nationally and internationally recognised credit rating agencies; and
- v) reasonable costs for risk management;
- w) costs of checking, managing and settling the exchange of collateral in standardised and non-standardised derivative transactions ("OTC derivatives")

All costs will be charged first against each sub-fund's ordinary income, then against the capital gains and finally against the sub-fund assets.

Costs incurred for the establishment of the Investment Company and the initial issue of shares will be amortised over the first five financial years against the assets of the sub-funds existing at the time of establishment. The set-up costs and the aforementioned costs that are not solely attributable to a specific sub-fund shall be allocated to the respective sub-fund assets on a pro rata basis. Costs that are incurred as a result of the launching of additional sub-funds will be amortised over a period of a maximum of five financial years after launch to the detriment of the assets of the sub-fund to which these costs can be attributed.

VAT may be charged on all the aforementioned costs, fees and expenditures.

### **Article 36 Financial year**

The Investment Company's financial year shall begin on 1 January and end on 31 December of the each year.

### **Article 37 Depositary**

1. The Investment Company shall ensure that only one Depositary is appointed. The appointment of the Depositary is agreed in writing in the Depositary Agreement. The depositary is contractually bound by the management company on the basis of the decision of the board of directors of the SICAV. The rights and obligations of the Depositary are governed by the Law of 17 December 2010, the applicable regulations, the Depositary Agreement, these Articles of Association and the Sales Prospectus (including Annexes).
2. The Depositary
  - a) ensure that the sale, issue, repurchase, redemption and cancellation of shares of the Investment Company are carried out in accordance with the applicable statutory provisions and the procedure set out in the Articles of Association;
  - b) ensure that the Investment Company's net asset value per share is calculated in accordance with the applicable statutory provisions and the procedure set out in the Articles of Association;

- c) carry out the instructions of the Management Company, unless they conflict with the applicable statutory provisions or the Articles of Association;
  - 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 Fund income is applied in accordance with the applicable statutory provisions and the procedure set out in the Articles of Association.
3. 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, shareholders upon the subscription of shares of the Investment Company have been received, and that all of the cash of the Fund has been booked in cash accounts that are:
- a) opened in the name of the Fund, of the Management Company acting on behalf of the Fund, or of the Depositary acting on behalf of the Fund;
  - b) are opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (“Directive 2006/73/EC”), and
  - c) are maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

Where the cash accounts are opened in the name of the Depositary acting on behalf of the Fund, no cash of the entity referred to in point 3(b) or any of the Depositary’s own cash shall be booked in such accounts.

4. 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:
    - i. the Depositary shall 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 UCITS or the management company acting on behalf 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, or by the Management Company acting on behalf of the Fund, of such assets by assessing whether the Fund or the Management Company

acting on behalf of the Fund holds the ownership based on information or documents provided by the Fund or by the Management Company and, where available, on external evidence;

- ii. maintain a record of those assets for which it is satisfied that the Fund or the management company acting on behalf of the Fund holds the ownership and keep that record up to date.
5. The Depositary shall provide the Management Company, on a regular basis, with a comprehensive inventory of all of the assets of the Fund.
  6. The assets held in custody by the Depositary shall not be reused by the Depositary, or by any third party to which the custody function has been delegated, for their own account. Reuse comprises any transaction of assets held in custody including, but not limited to, transferring, pledging, selling and lending.

The assets held in custody by the Depositary are allowed to be reused only where:

- a) the assets are reused on behalf of the Fund,
- b) the Depositary is carrying out the instructions of the Management Company acting on behalf of the Fund,
- c) the reuse is for the benefit of the Fund and in the interest of the unitholders; and
- d) the transaction is covered by high-quality, liquid collateral received by the Fund under a title transfer arrangement.

The market value of the collateral shall, at all times, amount to at least the market value of the reused assets plus a premium.

7. In the event of insolvency of the Depositary to which custody of fund assets has been delegated, the assets of a Fund held in custody are unavailable for distribution among, or realisation for the benefit of, creditors of such a Depositary.
8. The Depositary may delegate its depositary duties under point 4 above to another company (sub-custodian) in accordance with the statutory provisions. Sub-custodians may, in turn, delegate the depositary duties assigned to them in compliance with the statutory provisions. The Depositary may not transfer the duties described in points 2 and 3 above to third parties.
9. In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and the shareholders of the Fund.
10. No company shall act as both Management Company and Depositary.
11. The Depositary shall not carry out activities with regard to the Fund or the management company acting on behalf of the Fund that may create conflicts of interest between the Fund, the shareholders in the Fund, the Management Company, the delegates of the Depositary and itself. This does not apply if the Depositary has functionally and hierarchically separated the performance

of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the shareholders of the Fund.

12. The Depositary shall be liable vis-à-vis the Fund and its unitholders for the loss by the Depositary or a third party to which the custody of financial instruments has been delegated.

In the case of a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of an identical type or a corresponding amount to the Fund or the Management Company acting on behalf of the Fund without undue delay. In accordance with the Law of 17 December 2010 and the applicable regulations, 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.

The Depositary is also liable to the Fund, and to the shareholders of the Fund, for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its statutory obligations.

The liability of the Depositary shall not be affected by any delegation as referred to in point 8.

Shareholders in the Fund may invoke the liability of the Depositary directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

### **Article 38 Amendments to the Articles of Association**

These Articles of Association may be amended or supplemented at any time by a decision of the shareholders, provided the conditions for amending the Articles of Association as per the Law of 10 August 1915 are adhered to.

### **Article 39 General**

With regard to any points not regulated in these Articles of Association, reference is made to the provisions of the Law of 10 August 1915 and the Law of 17 December 2010.