

# PROSPECTUS

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## IKC FUND

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IKC FUND (the “Fund”) is a Luxembourg contractual common investment fund which offers investors a choice between several classes of units (each a “Class”) in a number of sub-funds (each a “Sub-Fund”). The Fund is registered under Part I of the Law (as defined hereinafter).

**June 2023**

## IMPORTANT INFORMATION

The Units of the Fund are offered solely on the basis of the information and representations contained in this prospectus (the “Prospectus”) and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Management Company. Neither the delivery of this Prospectus nor the issue of Units shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

The Units are not listed on the Luxembourg Stock Exchange or any other stock exchange. The Management Company may decide to make an application to list the Units on any recognised stock exchange at any time.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund, copies of which may be obtained free of charge from the registered office of the Fund.

The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus may come are required by the Fund to inform themselves of and to observe any such restrictions.

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

**United States:** The Units have not been registered under the United States Securities Act of 1933 (the “Securities Act”), and the Fund has not been registered under the United States Investment Company Act of 1940 (the “Investment Company Act”). The Units may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions or to US Persons (as defined in Regulation S under the Securities Act) except to certain qualified US institutions in reliance on certain exemptions from the registration requirements of the Securities Act and the Investment Company Act and with the consent of the Fund. Neither the Units nor any interest therein may be beneficially owned by any other US Person.

**Investor rights:** The Management Company draws the investors’ attention to the fact that any investor will only be able to fully exercise their investor rights directly against the Fund, if the investor is registered itself and in their own name in the unitholders’ register of the Fund.

In cases where an investor invests in the Fund through an intermediary, investing into the Fund in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain unitholder rights directly against the Fund. Investors are advised to take advice on their rights.

**Data Protection:** Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained for and on behalf of the Fund will be processed by the Management Company (Controller) in accordance with the privacy policy which is available and can be accessed or obtained online (<https://www.fundrock.com/policies-and-compliance/privacy-policy>). All persons contacting, or otherwise dealing directly or indirectly with the Controller are invited to read and carefully consider the privacy policy, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Controller.

**Generally:** The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Units to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Units should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

This Prospectus has been drafted in English. It may be translated into any other language the Management Company may deem useful and such translations must only contain the information contained in this English version. In case of divergences between the English and the translated version, the English version shall prevail.

## **DIRECTORY**

### **IKC Fund**

#### **Management Company**

#### **FundRock Management Company S.A.**

33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

#### **Board of Directors of the Management Company**

Mr. Michel Marcel Vareika (Chairman)  
Independent Non-Executive Director  
Luxembourg, Grand Duchy of Luxembourg

Mr Romain Denis (Executive Director)  
Head of FRMC  
FundRock Management Company S.A.  
Grand Duchy of Luxembourg

Mrs. Carmel Mc Govern  
Independent Non-Executive Director  
Luxembourg, Grand Duchy of Luxembourg

Mr. Thibault Gregoire (Executive Director)  
Chief Financial Officer  
FundRock Management Company S.A.  
Grand Duchy of Luxembourg

#### **Conducting Officers of the Management Company**

Mr. Romain Denis  
Executive Director, Head of FRMC

Mr. Emmanuel Nantas  
Director – Compliance

Mr. Franck Caramelle  
Director – Head of Alternatives Investments

Mr. Khalil Haddad  
Director – Head of Valuation

Mr. Karl Fuhrer  
Global Head of Investment Management  
Oversight

**Administration Agent, Registrar  
and Transfer Agent**

**European Fund Administration S.A.**  
2, rue d'Alsace  
P.O. Box 1725  
L-1122 Luxembourg  
Grand Duchy of Luxembourg

**Depositary and Paying Agent**

**Skandinaviska Enskilda Banken AB (publ) -  
Luxembourg Branch**  
4, rue Peternelchen  
L-2370 Howald  
Grand Duchy of Luxembourg

**Investment Manager**

**IKC Capital AB**  
Kungsgatan 6  
211 49 Malmö  
Sweden

**Placement and Distribution Agent**

**IKC Capital AB**  
Kungsgatan 6211 49 Malmö  
Sweden

**Paying Agent in Sweden**

**Skandinaviska Enskilda Banken AB (publ)**  
Kungsträdgårdsgatan 8  
SE-106 40 Stockholm  
Sweden

**Independent Auditor of the Fund**

**PricewaterhouseCoopers, *société coopérative***  
2, rue Gerhard Mercator,  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

**The independent authorised auditor of  
the Management Company is:**

**Deloitte Audit S.à r.l.**  
20, Boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand Duchy of Luxembourg

## CONTENTS

|   | <b>Page</b> |
|---|-------------|
| DEFINITIONS.....  | 8           |
| PART A - GENERAL INFORMATION .....  | 11          |
| FORMATION – LEGAL STATUS.....   | 11          |
| INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS .....  | 13          |
| RISK MANAGEMENT PROCEDURE.....  | 23          |
| TECHNIQUES AND INSTRUMENTS.....   | 24          |
| RISK FACTORS APPLICABLE TO THE INVESTMENT IN THE FUND.....  | 35          |
| MANAGEMENT COMPANY.....   | 41          |
| INVESTMENT MANAGER.....   | 42          |
| DEPOSITARY AND PAYING AGENT .....   | 43          |
| ADMINISTRATION AGENT .....  | 46          |
| AUDITOR.....  | 46          |
| SUBSCRIPTIONS .....   | 47          |
| REDEMPTIONS.....  | 51          |
| CONVERSIONS.....  | 54          |
| SUSPENSION .....  | 55          |
| SWING PRICING .....   | 55          |
| MARKET TIMING, FREQUENT TRADING AND LATE TRADING POLICY.....  | 56          |
| NET ASSET VALUE.....  | 57          |
| FEES AND EXPENSES.....  | 59          |
| REPORTS AND FINANCIAL STATEMENTS.....   | 60          |
| PUBLICATION OF PRICES .....   | 60          |
| DIVIDEND POLICY.....  | 61          |
| TAXATION.....   | 61          |
| SUSTAINABLE FINANCE DISCLOSURES .....   | 66          |
| TAXONOMY REGULATION DISCLOSURES.....  | 66          |
| TEMPORARY SUSPENSION OF NET ASSET VALUE CALCULATIONS AND OF ISSUES,<br>REDEMPTION AND CONVERSION OF UNITS ..... | 67          |
| LIQUIDATION OF THE FUND.....  | 68          |

|   |           |
|---|-----------|
| DISSOLUTION AND AMALGAMATION OF SUB-FUNDS / CLASSES OF UNITS .....  | 69        |
| POLICIES .....  | 70        |
| MATERIAL AGREEMENTS .....   | 73        |
| DOCUMENTS AVAILABLE FOR INSPECTION.....   | 73        |
| PART B.....   | 74        |
| ANNEX 1: IKC FUND – Lux 0 - 100.....  | 74        |
| <i>Template pre-contractual disclosure for financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852 .....</i> | <i>81</i> |

## DEFINITIONS

|                          |   |
|--------------------------|---|
| “Administration Agent”   | European Fund Administration S.A. (“EFA”), acting as administration agent of the Fund.  |
| “Annex”                  | An annex to this Prospectus containing information with respect to a particular Sub-Fund.   |
| “Business Day”           | Any day as defined per Sub-Fund in the relevant Annex.  |
| “Classes”                | The Management Company may decide to issue, within each Sub-Fund, separate classes of Units (hereinafter referred to as a “Class” or “Classes”, as appropriate) whose assets will be commonly invested but where different currency hedging techniques and/or subscription, conversion or redemption fees and management charges and/or distribution policies, minimum subscription or holding amount or any other specific feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Annex. |
| “CSSF”                   | <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg authority for the supervision of the financial sector.  |
| “Depositary”             | Skandinaviska Enskilda Banken S.A., acting as depositary of the Fund.   |
| “EU”                     | European Union.   |
| “Eligible Market”        | A Regulated Market in an Eligible State.  |
| “Eligible State”         | Any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.  |
| “FATCA”                  | The U.S. Foreign Account Tax Compliance Act.  |
| “Fund”                   | IKC Fund.   |
| “Ineligible Applicant”   | An ineligible applicant as described under “Subscriptions”.   |
| “Investment Company Act” | The United States Investment Company Act of 1940.   |
| “Investment Manager”     | IKC Capital AB.   |
| “KID”                    | The Key Information Document according to Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance –based investment products.   |
| “Law”                    | The Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.   |
| “Management Company”     | FundRock Management Company S.A.  |
| “Management Regulations” | The Fund’s management regulations, as may be amended from time to time.   |



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| “Minimum Holding Amount”           | The minimum value of a holding of a Unitholder in a Sub-Fund as defined per Sub-Fund in the relevant Annex.  |
| “Minimum Subscription Amount”      | The minimum value of the first subscription of a Unitholder in a Sub-Fund as defined per Sub-Fund in the relevant Annex.   |
| “Money Market Instruments”         | Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.   |
| “Net Asset Value”                  | The net asset value of the Fund, a Sub-Fund or a Class, as the case may be, determined in accordance with the Management Regulations.  |
| “Net Asset Value per Unit”         | The Net Asset Value divided by the number of Units in issue or deemed to be in issue in a Sub-Fund or Class.   |
| “OECD”                             | Organisation for Economic Co-operation and Development.  |
| “Other UCI”                        | An Undertaking for Collective Investment within the meaning of points a) and b) of Article 1(2) of Directive 2009/65/EC.   |
| “Placement and Distribution Agent” | IKC Capital AB.  |
| “Redemption Charge”                | A charge not exceeding the percentage of the Redemption Price disclosed in the relevant Annex that may be applied to redemptions of Units.   |
| “Redemption Price”                 | The Net Asset Value per Unit, as calculated as of the relevant Valuation Day.  |
| “Registrar and Transfer Agent”     | European Fund Administration S.A., acting as registrar and transfer agent.   |
| “Regulated Market”                 | A market within the meaning of Article 4(1)21 of directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public.  |
| “Securities Act”                   | The United States Securities Act of 1933.  |
| “Sub-Fund”                         | A separate portfolio of assets for which a specific investment policy applies and to which specific liabilities, income and expenditure will be applied. The assets of a Sub-Fund are exclusively available to satisfy the rights of unitholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of that Sub-Fund. |

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|---------------------------|---|
| “Subscription Charge”     | A sales commission not exceeding 2% per cent of the Subscription Price levied for the benefit of the Placement and Distribution Agent and/or financial intermediaries. The Subscription Charge is to be considered as a maximum rate and the Placement and Distribution Agent may decide at its discretion to waive this charge in whole or in part.  |
| “Subscription Price”      | The Net Asset Value per Unit, as calculated as of the relevant Valuation Day.   |
| “Transferable Securities” | Shall mean: <ul style="list-style-type: none"> <li>- shares and other securities equivalent to shares,</li> <li>- bonds and other debt instruments,</li> <li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange,</li> </ul> excluding techniques and instruments relating to transferable securities and money market instruments. |
| “UCITS”                   | An Undertaking for Collective Investment in Transferable Securities authorised pursuant to Directive 2009/65/EC as amended from time to time.   |
| “Unit”                    | A unit of no par value of any Class in the Fund.  |
| “Unitholder”              | A person recorded as a holder of Units in the Fund’s register of unitholders.   |
| “United States”           | The United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.   |
| “U.S. Person”             | A citizen or resident of the United States, a corporation, partnership or other entity created in or under the laws of the United States or any person falling within the definition of the term “United States Person” under Regulation S promulgated under the Securities Act.  |
| “Valuation Day”           | Any day as defined per Sub-Fund in the relevant Annex.  |

All references to a Class shall, where no Classes have been created within a Sub-Fund, be deemed to be references to the Sub-Fund.

In this Prospectus all references to “SEK” are to the Swedish Krona, all references to “Euro”, “EUR” and “€” are to the Single European Currency.

## PART A - GENERAL INFORMATION

### FORMATION – LEGAL STATUS

The Fund is an umbrella contractual common investment fund (*fonds commun de placement*) governed by Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended (the “Law”).

The Fund has designated FundRock Management Company S.A., a management company subject to chapter 15 of the Law as its management company (the “Management Company”).

The Fund is set up in accordance with management regulations signed in Luxembourg with effect as of 12 June 2012 (the “Management Regulations”). The Management Regulations are deposited with the “*Registre de Commerce et des Sociétés*”, where they may be inspected and copies obtained.

A notice of the deposit of the lastly amended Management Regulations was published in the *Recueil Electronique des Sociétés et Associations*, official gazette of the Grand Duchy of Luxembourg (the “RESA”) on 28 February 2019. The Fund is registered with the *Registre de Commerce et des Sociétés* under number K 20.

The Fund’s assets are the undivided joint property of the Unitholders and are separate from the assets of the Management Company.

The net assets of the Fund must reach a minimum equivalent to Euro 1,250,000 must be reached within a period of six months following the authorisation of the Fund by the CSSF.

The Management Company offers investors under one single contractual common investment fund the possibility to subscribe to one or several Sub-Funds (individually a “Sub-Fund” and collectively the “Sub-Funds”) on the basis of the information contained in this Prospectus and in the documents referred to herein.

Units of the Fund may be issued in one or several separate Sub-Funds of the Fund. The entirety of the Sub-Funds forms the Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective and policy applicable to the relevant Sub-Fund. As a result, the Fund is an “umbrella fund” enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose one or more Sub-Fund(s) which may be most appropriate for their specific risk and return expectations as well as their diversification needs. The Management Company is empowered to establish new Sub-Funds and liquidate existing ones at any time upon notice to the Unitholders and by updating this Prospectus.

The rights of the Unitholders and of creditors concerning a Sub-Fund or which have arisen in connection with the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively available to satisfy the rights of the Unitholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Sub-Fund. For the purpose of the relations as between the Unitholders, each Sub-Fund will be deemed to be a separate entity.

The Management Company may provide for the issue of Units of different classes of Units (individually a “Class” and collectively the “Classes”) which may correspond to (i) a specific distribution policy, such as entitling to distributions or not entitling to distributions and/or (ii) a specific sales and redemption charge structure and/or (iii) a specific management or advisory fee structure and/or (iv) different distribution, unitholder servicing or other fees, and/or (v) the currency or currency unit in which the class may be quoted and based on the rate of exchange of the same Valuation Day between such currency or currency unit and the reference currency of the relevant Sub-Fund and/or (vi) the use of different hedging techniques in order to protect in the reference currency of the relevant Sub-Fund the assets and returns quoted in the unit currency of the relevant class of units against long-term movements of their unit currency and/or (vii) specific jurisdictions where the units are sold and/or (viii) specific distributions channels and/or (ix) different types of targeted investors and/or (x) specific protection against certain currency fluctuations and/or (xi) such other features as may be determined by the Management Company from time to time in compliance with applicable law. If different Classes are issued within a Sub-Fund, the details of each Class are described in Part B of this Prospectus.

The Sub-Funds and their Classes, if any, are designated by the Management Company and their specific terms and conditions, if deviating from the general rules defined in Part A of this Prospectus, are regulated by the specific rules set out in Part B of this Prospectus for the relevant Sub-Fund.

At the date hereof, the following Sub-Funds are offered to investors:

- IKC FUND – Lux 0 - 100

The Sub-Funds are managed as separate assets by the Management Company in the interest and for the account of the Unitholders. The Management Company may delegate discretionary management to one or several Investment Managers with discretion to further delegate investment management to Sub-Investment Manager(s) approved by the Management Company. In case where such a delegation is effectively made, this Prospectus will be updated.

The Sub-Funds’ net asset value is calculated as of each Valuation Day, as defined for each Sub-Fund under Part B of this Prospectus.

The consolidated currency of the Fund is the Swedish Krona (SEK).

The currency of account of the Sub-Funds indicates solely the currency in which the Net Asset Value of the respective Sub-Fund is calculated and not the investment currency of the Sub-Fund concerned. Investments are made in those currencies which best benefit the performance of the Sub-Funds.

As an investment in the Fund is subject to market risks, realisation of the main objective cannot be guaranteed.

There is no restriction on the amount of the Fund's assets or on the number of its Units.

The expenses in connection with the formation of the Fund of around EUR 50,000 will be borne by the Fund and amortized over a period not exceeding the first five accounting years.

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

### Investment Objectives and Policies

The main objective of each Sub-Fund will be to invest in transferable securities and other eligible assets with the purpose of spreading investment risks and achieving long-term capital growth. Under normal circumstances, the Sub-Funds will be fully invested in accordance with the investment policy set out in the relevant Annex. Part of a Sub-Fund's net assets can be held temporarily in liquid assets (bank deposits at sight, such as cash held in current accounts with a bank accessible at any time), including cash or cash equivalents for a maximum of 20% of the Sub-Fund's net assets. Exceptionally and under certain negative market conditions this limit can be temporarily breached. In accordance with the below investment restrictions, the Fund may use derivatives. Their use need not be limited to hedging the Fund's assets; they may also be part of the investment strategy. The extent of usage of derivatives is laid down in the relevant Annex.

Trading in derivatives is conducted within the confines of the investment restrictions and provides for the efficient management of the Fund's assets, while also regulating maturities and risks.

Where the financial derivative instrument is cash-settled automatically or at the Fund's discretion, the Fund will be allowed not to hold the specific underlying instrument as cover. As acceptable cover are considered:

- a) cash
- b) liquid debt instruments with appropriate safeguards
- c) other highly liquid assets

which are recognised by the competent authorities considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards.

The Management Company may take any measures and carry out any operation, which it deems useful to the accomplishment and to the development of the Fund's object in the broadest sense within the context of the Law. It cannot however guarantee that it will achieve its objectives given financial market fluctuations and the other risks to which investments are exposed.

### Investment Restrictions

The Fund is an umbrella structure. The following provisions will therefore be applicable at Sub-Fund level.

Unless otherwise provided in the relevant Sub-Fund annex, the following provisions shall apply to the investments made by the Management Company on behalf of the Fund and/or a Sub-Fund.

- I. (1) The investments of a Sub-Fund must consist solely of:
  - a) transferable securities and money market instruments admitted to or dealt in on an Eligible Market;
  - b) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
  - c) units of UCITS and/or other UCI, whether situated in an EU Member State or not, provided that:
    - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union law, and that cooperation between authorities is sufficiently ensured,

- the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- d) Units of other Sub-Funds of the Fund provided that:
- the target Sub-Fund does not, in turn, invest in the Sub-Fund; and
  - no more than 10% of the assets of the target Sub-Fund can, according to its investment policy, be invested in aggregate in units of other UCITS or other UCIs; and
  - voting rights, if any, attached to the relevant Units are suspended for as long as the Units are held by the Sub-Fund concerned.
- For as long as the Units of a Sub-Fund are held by another Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by Law.
- e) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the EU or, if the registered office of the credit institution is situated in a non-Member State of the EU, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Union law;

- f) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Management Company’s initiative;

and/or

- g) money market instruments other than those dealt in on an Eligible Market and referred to under “Definitions”, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Eligible Markets, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, or



- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (2) In addition, a maximum of 10% of the net assets of any Sub-Fund may be invested in transferable securities and money market instruments other than those referred to under (1) above.
- II. A Sub-Fund may hold ancillary liquid assets. From time to time, a maximum of 20% of the Sub-Fund's net assets might be invested in liquid assets with due regard to the principle of risk spreading. Such assets might be kept in the form of bank deposits at sight, such as cash held in current accounts with a bank accessible at any time.
- a) (i) A Sub-Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same issuing body.
  - (ii) A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. e) above or 5% of its net assets in other cases.
- b) The total value of the transferable securities and money market instruments held by a Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), a Sub-Fund may not combine where this would lead to investment of more than 20% of its assets in a single body, any of the following:

- investments in transferable securities or money market instruments issued by,
  - deposits made with, and/or
  - exposures arising from OTC derivative transactions undertaken with a single body.
- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

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

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

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

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

- f) **Notwithstanding the above provisions, a Sub-Fund may invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by any other OECD member state, Singapore, Brazil, Russia, Indonesia and South Africa, or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

- III. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or debt securities issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF on the basis that the index is sufficiently diversified on the terms of its composition, represents an adequate benchmark for the market to which it refers and is published in an appropriate manner.

- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- IV. a) The Management Company acting in connection with all of the common funds which it manages and which fall under the scope of Part I of the Law or Directive 2009/65/EC may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

- b) The Fund may acquire no more than:
- 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 10% of the money market instruments of the same issuer.

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

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

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

- V. a) A Sub-Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph I. (1) c) and d), provided that no more than 20% or any lower percentage (as may be disclosed in the relevant Annex) of a Sub-Fund's net assets be invested in the units of a single UCITS or other UCI. Each compartment of a UCITS or UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

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

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

- c) For investments which will be made in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, 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, the management company or such other company may not charge subscription or redemption fees on account of the Sub-Fund's investments in the units of such UCITS or other UCIs.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the management company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 5% of the relevant net assets under management. The Management Company will indicate in the Fund's annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

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

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

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Sub-Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

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

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

- c) The Management Company on behalf of a Sub-Fund may not carry out uncovered sales (“short sales”) of transferable securities, money market instruments or other financial instruments.
- d) The Management Company on behalf of a Sub-Fund may only acquire movable or immovable property which is essential for the direct pursuit of its business.
- e) The Management Company on behalf of a Sub-Fund may not acquire either precious metals or certificates representing them.
- VIII. a) The Management Company needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of the assets of the Fund/Sub-Fund. While ensuring observance of the principle of risk spreading, newly authorised Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their authorisation.
- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.

## **RISK MANAGEMENT PROCEDURE**

In accordance with applicable laws and regulations, and in particular CSSF Circular 11/512 as amended by Circular 18/698, the Management Company on behalf of the Fund employs a risk management process which enables it to assess the exposure of any Sub-Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Fund.

In relation to financial derivative instruments the Management Company employs a process for accurate and independent assessment of the value of OTC Derivatives and the Management Company ensures for each of the Sub-Funds that its global exposure relating to financial derivative instruments does not exceed the limits as set out in the chapter "Investment Restrictions".

The global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Any Sub-Fund may invest, according to its investment policy and within the limits laid down in the chapter "Investment Restrictions", in financial derivative instruments, provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the chapter "Investment Restrictions".

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to any such limits set out in the chapter "Investment Restrictions".

When a transferable security or money market instrument embeds a financial derivative instrument, the latter must be taken into account when complying with these requirements set out in the chapter "Investment Restrictions".

The global exposure of the Fund is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Unless otherwise provided for any Sub-Fund in the Part B of the Prospectus, the commitment approach is used to monitor and measure the global exposure of each Sub-Fund.

This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting or hedging.

## TECHNIQUES AND INSTRUMENTS

Subject to the following conditions, the Fund is authorised for each Sub-Fund to resort to techniques and instruments bearing on Transferable Securities, Money Market Instruments, currencies and other eligible assets, on the condition that any recourse to such techniques and instruments be carried out for the purpose of hedging and/or efficient management of the portfolio, altogether within the meaning of the Grand-ducal regulation of 8 February 2008.

### **A. Techniques and Instruments relating to Transferable Securities, Money Market Instruments and other eligible assets**

#### (1) General

To optimise portfolio management and/or to protect its assets and liabilities, the Fund may use techniques and instruments involving Transferable Securities, Money Market Instruments, currencies and other eligible assets within the meaning of the Grand-ducal regulation of 8 February 2008 for each Sub-Fund provided that such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and CSSF-Circulars issued from time to time, in particular, but not limited to CSSF-Circulars 08/356 and 13/559 and ESMA-Guidelines 2014/937. In particular, those techniques and instruments should not result in a change of the investment objective of the relevant Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of such Sub-Fund.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under Part A, chapter “Risk factors applicable to the investment in the Fund”, section C. of this Prospectus. All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the respective Sub-Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation for their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Management Company – will be available in the annual report of the Fund. Furthermore, each Sub-Fund is notably authorised to carry out transactions intended to sell or buy foreign exchange rate futures, to sell or buy currency futures and to sell call options or to buy put options on currencies, in order to protect its assets against currency fluctuations or to optimise yield, i.e., for the purpose of sound portfolio management.



## (2) Limitation

When transactions involve the use of derivatives, the Fund must comply with the terms and limits stipulated above in Part A, chapter “Investment Restrictions”, sections I. f), III. a) (ii) and b) and VII. of this Prospectus. The use of transactions involving derivatives or other financial techniques and instruments may not cause the Fund to stray from the investment objectives set out in the Prospectus.

## (3) Risks - Notice

In order to optimise their portfolio yield, all Sub-Funds are authorised to use the derivatives techniques and instruments described in this chapter and the chapter “Investment Restrictions” (particularly swaps of rates, currencies and other financial instruments, futures, and securities, rate or futures options), on the terms and conditions set out in said chapters. The investor’s attention is drawn to the fact that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume risks and incur costs they would not have assumed or incurred if they had not used such techniques. The investor’s attention is further drawn to the increased risk of volatility generated by Sub-Funds using these techniques for other purposes than hedging. If the managers and sub-managers forecast incorrect trends for securities, currency and interest rate markets, the affected Sub-Fund may be worse off than if no such strategy had been used. In using derivatives, each Sub-Fund may carry out over-the-counter futures or spot transactions on indices or other financial instruments and swaps on indices or other financial instruments with highly-rated banks or brokers specialised in this area, acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.

## **B. Securities Lending**

The Fund may enter into securities lending transactions in accordance with the provisions of CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments (“Circular 08/356”). Such securities lending transactions may be used provided that the following rules are complied with in addition to the abovementioned conditions:

- (i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Fund may only lend securities to a borrower either directly or through a standardized system organized by a recognized clearing institution or through a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialized in this type of transaction;
- (iii) The Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

## **C. Repurchase Agreement Transactions**

### (1) General

The Fund may, in accordance with the provisions of Circular 08/356, enter into (i) repurchase transactions which consist in the purchase or sale of securities with a clause reserving for the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and time agreed by the two parties in their contractual arrangement, (ii) repurchase agreement transactions, which consist of a forward transaction at the maturity of which the Fund has the obligation to repurchase the securities sold and the buyer (counterparty) the obligation to return the securities received under the transaction and (iii) reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities sold and the Fund the obligation to return the securities received under the transaction.

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

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations.

However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

### (2) Risks

The principal risk when engaging in securities lending, repurchase or reverse repurchase transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the relevant Sub-Fund as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favour of the relevant Sub-Fund. However, securities lending, repurchase or reverse repurchase transactions may not be fully collateralised. Fees and returns due to the relevant Sub-Fund under securities lending, repurchase or reverse repurchase transactions may not be collateralised. In addition, the value of collateral may decline in between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the relevant Sub-Fund may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the Sub-Fund.

A Sub-Fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the counterparty as required by the terms of the transaction.

The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

Securities lending, repurchase or reverse repurchase transactions also entail operational risks such as the non-settlement or delay in settlement of instructions and legal risks related to the documentation used in respect of such transactions.

A Sub-Fund may enter into securities lending, repurchase or reverse repurchase transactions with other companies in the same group of companies as the Management Company. Affiliated counterparties, if any, will perform their obligations under any securities lending, repurchase or reverse repurchase transactions concluded with the Sub-Fund in a commercially reasonable manner. In addition, the Management Company will select counterparties and enter into transactions in accordance with best execution and at all times in the best interests of the Sub-Fund and its investors. However, investors should be aware that the Management Company may face conflicts between its role and its own interests or that of affiliated counterparties.

## **D. Financial Derivative Instruments**

### (1) General

Over-the-counter (OTC) financial derivative instruments (including total return swaps and other derivatives with similar characteristics) used by the Sub-Funds to gain exposure to underlying assets will be entered into with counterparties selected among first class financial institutions specialised in the relevant type of transaction, subject to prudential supervision and belonging to the categories of counterparties approved by the CSSF.

### (2) Counterparty Risk

In accordance with its investment objective and policy, a Sub-Fund may trade “over-the-counter” (OTC) financial derivative instruments such as non-exchange traded futures and options, forwards, swaps or contracts for difference. OTC derivatives are instruments specifically tailored to the needs of an individual investor that enable the user to structure precisely its exposure to a given position. Such instruments are not afforded the same protections as may be available to investors trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house.

The counterparty to a particular OTC derivative transaction will generally be the specific entity involved in the transaction rather than a recognised exchange clearing house. In these circumstances the Sub-Fund will be exposed to the risk that the counterparty will not settle the transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. This could result in substantial losses to the Sub-Fund.

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. Unless otherwise indicated in the Prospectus for a specific Sub-Fund, the Fund will not be restricted from dealing with any particular counterparties.

The Fund’s evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and fool proof evaluation of the financial capabilities of the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses. The Fund may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets.

Investors should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

If there is a default by the counterparty to a transaction, the Fund will under most normal circumstances have contractual remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays and costs. If one or more OTC counterparties were to become insolvent or the subject of liquidation proceedings, the recovery of securities and other assets under OTC derivatives may be delayed and the securities and other assets recovered by the Fund may have declined in value.

Regardless of the measures that the Fund may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result. Such counterparty risk is accentuated for contracts with longer maturities or where the Sub-Fund has concentrated its transactions with a single or small group of counterparties.

## **E. Management of Collateral and Collateral Policy**

### General

In the context of OTC financial derivative transactions and efficient portfolio management techniques, the Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Management Company in such case. All assets received by the Fund in the context of efficient portfolio management techniques shall be considered as collateral for the purpose of this section.

### Eligible Collateral

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and CSSF-Circulars issued from time to time notably in terms of liquidity and issuer credit quality, valuation, correlation, collateral diversification, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (i) liquidity and issuer credit quality – any collateral received other than cash shall be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (ii) valuation – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place;
- (iii) correlation – the collateral received by the Fund shall be issued by an entity that is independent from the counterpart and is expected not to display a high correlation with the performance of the counterpart;

- (iv) collateral diversification (asset concentration) – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterpart of efficient portfolio management and OTC financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the respective Sub-Fund's net asset value. When the Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such a case, the Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the respective Sub-Fund's net asset value. The list of eligible jurisdictions includes, but is not limited to, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America; Besides, collateral received shall also comply with the provisions of Article 48 of the 2010 Law;
- (v) it should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty;
- (vi) risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process;
- (vii) where there is a title transfer, the collateral received shall be held by the depositary of the Fund. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Subject to the abovementioned conditions, collateral received by the Fund may consist of:

- (i) Cash and short term bank certificates, but also money market instruments such as defined within Directive 2007/16/EC. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty is considered as equivalent to liquid assets;

- (ii) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope at least equivalent to “investment grade” (i.e. at least BBB- rating by S&P or its equivalent);
- (iii) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (iv) Debt instruments with an external rating at least equivalent to “investment grade”; or
- (v) Shares or convertible bonds admitted to or dealt in on a regulated market, on the condition that these shares are included in a main index.

#### Level of Collateral

The Management Company on behalf of the Fund will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

#### Rules for application of Haircuts

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Management Company for each asset class based on its rules for application of haircuts. These rules take into account a variety of factors, depending on the nature of the collateral received, such as the historical analysis of the price volatility of a representative proxy of each asset class.



According to the Management Company's policy regarding collateral for OTC derivatives and EPM techniques the following haircuts will be made:

| Collateral   | Haircut                           |           |            |
|--|-----------------------------------|-----------|------------|
| 1. cash in Fund's (or relevant Sub-Fund's) currency  | 0%-5%                             |           |            |
| 2. money market instruments with an external credit rating A or above  | 0.5%-5%                           |           |            |
| 3. debt instruments  | residual maturity                 |           |            |
|  | less than 1 year                  | 1-5 years | 5-10 years |
| corporate debt instruments with a rating of A or above   | 1.5%-4%                           | 3%-7%     | 6%-12%     |
| bonds issued or guaranteed by an eligible jurisdiction   | 0.5%-2%                           | 1%-5%     | 4%-8%      |
| 4. shares or units issued by money market UCITS offering a daily liquidity, calculating a daily net asset value, and investing in instruments being assigned a rating of AAA or its equivalent | 0.5%-2%                           |           |            |
| 5. shares or units of UCITS offering a daily liquidity and primarily investing in bonds or equities fulfilling requirements of the eligible collateral   | look-through per time to maturity |           |            |
| 6. convertible bonds dealt on a regulated market whose underlying share are included in a main index   | 20%                               |           |            |
| 7. security part of a main market index (e.g. DAX, FTSE 100, DJIA, NASDAQ 100)   | 10%-15%                           |           |            |
| 8. security part of other market index (e.g. HDAX, S&P 500)  | 15%-20%                           |           |            |

The Management Company reserves the right to review and amend the above haircuts at any time when the market conditions have changed and when and if this is deemed in the best interest of the Fund.

#### Reinvestment of Collateral

Non-cash collateral received by the Fund may not be sold, re-invested or pledged.

Cash collateral received by the Fund can only be:

- (i) placed on deposit with credit institutions which have their registered office in an EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (ii) invested in high-quality government bonds;
- (iii) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; and/or
- (iv) invested in short-term money market funds as defined in the ESMA-Guidelines on Money Market Funds in force from time to time.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above.

The Sub-Fund concerned may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Fund on behalf of such Sub-Fund to the counterparty at the conclusion of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

## **RISK FACTORS APPLICABLE TO THE INVESTMENT IN THE FUND**

Potential investors should consider the following risk factors before investing in the Fund. Potential investors should also inform themselves of, and where appropriate consult their professional advisers, as to the tax consequences of subscription for buying, holding, exchanging, redeeming or otherwise disposing of units under the law of their country of citizenship, residence or domicile.

An investment in a Sub-Fund involves certain risks relating to the particular Sub-Fund's structure and investment objectives which investors should evaluate before making a decision to invest in such Sub-Fund. Any specific risks related to investments within each Sub-Fund will be described for each Sub-Fund in Part B of this Prospectus.

### **General**

Prospective investors should be aware that the investments of the Sub-Funds are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation of value of investments will occur. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. There is no assurance that the investment objective of the Sub-Funds will actually be achieved.

The net asset value of the Fund may vary in value as a result of fluctuations in the value of the Fund's underlying assets and the income derived therefrom.

Investors are reminded that in certain circumstances their right to redeem units may be suspended.

Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment in the Sub-Funds.

The Fund invests with long-term investment horizons and therefore purchase of units in the Sub-Funds should be regarded as long-term investment.

Due to the market concentration ratio, the possibilities of diversification in the Sub-Funds' portfolio can be reduced. The market capitalisation may be low, high volatility can appear.

## **A. INVESTMENT IN SECURITIES**

Investment in securities of issuers from different countries and denominated in different currencies offer potential benefits not available from investments solely in securities of issuers from a single country, but also involve certain significant risks that are not typically associated with investing in the securities of issuers located in a single country. Among the risks involved are fluctuations in currency exchange rates and the possible imposition of exchange control regulations of other laws or restrictions applicable to such investments.

The risks associated with investments in equity (and equity-related) securities include fluctuations in market prices, adverse issuer or market information and the fact that equity (and equity-related) interests are subordinated in the right of payment to other corporate securities, for example, debt securities.

The following risks may also be associated with securities:

- a. Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries. In addition, the level of government supervision and regulations of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the ability of the Management Company to invest the Fund's assets in securities of certain issuers located in those countries.
- b. Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the Sub-Funds' assets is uninvested and no return is earned thereon. The inability of the Management Company to make intended security purchases due to settlement problems could cause the Sub-Funds to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Sub-Funds due to subsequent declines in value of the portfolio security or, if the Sub-Funds have entered into a contract to sell the security, could result in possible liability to the purchaser.
- c. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may fluctuate independently of each other.

## **B. FOREIGN EXCHANGE/CURRENCY RISK**

The assets of the Sub-Funds may be invested in securities denominated in currencies which will be different from the Sub-Funds currency. The Sub-Funds will be exposed to foreign exchange rate fluctuations with respect to the currencies in which the Sub-Funds' investments are denominated. The Sub-Funds may therefore be exposed to a foreign exchange/currency risk and it may not be possible or practicable to hedge against the consequent foreign exchange/currency risk exposure.

The performance of investments in securities denominated in a specific currency will also depend on the interest rate environment in the country issuing the currency. Because each Sub-Fund's net asset value will be calculated in its reference currency, the performance of investments denominated in a non-reference currency will also depend on the strength of such currency against the reference currency and the interest rate environment in the country issuing the currency. Absent other events that could otherwise affect the value of non-reference currency investments (such as a change in the political climate or an issuer's credit quality), appreciation in the value of the non-reference currency generally can be expected to increase the value of the Sub-Fund's non-reference currency investments in terms of the reference currency. A rise in interest rates or decline in the value of non-reference currencies relative to the reference currency generally can be expected to depress the value of the Sub-Fund's non-reference currency investments.

## **C. USE OF DERIVATIVES**

The Sub-Funds may participate in both the on-exchange and OTC derivatives markets to protect the returns from the underlying assets. Derivatives contracts may involve the Sub-Funds in long term performance or financial commitments, which may be magnified by leverage and changes in the market value of the underlying. Leverage means that the initial consideration for entering the transaction is considerably less than the face value of the subject matter of the contract. If a transaction is leveraged a relatively small market movement will have a proportionately larger impact on the value of the investment to the Sub-Funds, and this can work against the Sub-Funds as well as for it.

When participating in the on-exchange and OTC derivatives markets the Sub-Funds will be exposed to:

- market risk, which is the risk of adverse movements in the value of a derivative contract in consequence of changes in the price or value of the underlying;
- liquidity risk, which is the risk that a party will be unable to meet its current obligations, and

- managerial risk, which is the risk that a party's internal risk management system is inadequate or otherwise may fail to properly control the risks of transacting in derivatives.

OTC market participants are exposed to counterparty credit risk. This is a central risk factor in the OTC market, given that, in most instances, each party must rely on the continuing ability of the counterparty to meet its obligations. By contrast, counterparty credit risk can be dealt with in the on-exchange markets through clearing arrangements to transfer counterparty credit risk from the Sub-Funds to the clearing house. Participants in the OTC market also incur the risk that a counterparty's performance may be legally unenforceable.

There can be no assurance that the objective sought to be obtained from the use of the derivatives will be achieved.

#### **D. EMERGING MARKETS**

Investments in securities of issuers from emerging markets may be subject to greater risks than investments in securities of issuers from member-States of the OECD due to a variety of factors including currency controls and currency exchange fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations.

Dividends paid by issuers may be subject to withholding and other foreign taxes that may decrease the net return on these investments. There may be less publicly available information about foreign issuers in certain emerging countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of the Sub-Funds or most OECD issuers. Emerging markets securities may be also less liquid, more volatile and subject to lower levels of government supervision than those in the OECD. Investment in emerging countries could be affected by other factors not present in the OECD, including expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. Investments of the Sub-Funds in such markets may be considered speculative and subject to significant custody and clearance risks and delays in settlement.

## **E. ACCUMULATION OF FEES**

As certain Sub-Funds may invest in target funds, the Unitholders of the relevant Sub-Funds will incur a duplication of fees and commissions (such as, but not limited to, management fees including performance fees, custody and transaction fees, administration fees and audit fees).

For investments in target funds that are managed, directly or by delegation by the Management Company or by any other company with which the Management Company is linked by common management or control or by a substantial direct or indirect holding, the total investment management fee that can be charged at the level of the relevant Sub-Fund and the target fund must in aggregate not exceed 5%.

## **F. EPIDEMICS, PANDEMICS, AND OUTBREAKS OF DISEASE**

The Company and its service providers' activities could be materially adversely affected by outbreaks of disease, epidemics and public health issues globally. A novel coronavirus was first detected in late December 2019 and is causing an outbreak of respiratory disease in countries around the world. On February 11, 2020 the World Health Organisation (the "WHO") named the disease "COVID-19" and on March 11, 2020 the WHO declared a pandemic. Countries that have already suffered outbreaks of the disease are likely to suffer a continued increase in recorded cases of the disease. Furthermore, the disease is likely to spread to additional countries around the world. Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of the virus) cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A continued escalation in the COVID-19 outbreak could see a continual decline in global economic growth (worst-case predictions estimate that global economic growth could be halved and according to the OECD, plunge several countries into recession).

Many businesses around the world have curtailed their travel and meeting plans. This may slow business activity, including in particular international business activity. The spread of COVID-19 may have an adverse impact on the Company and its Sub-Funds. Covid-19 may negatively impact the business activities of the Investment Manager and other service providers to the Company, resulting, for example, in employees being either absent from work or to work remotely for prolonged periods of time. The ability of the employees of the Investment Manager and/or other service providers of the Company to work effectively on a remote basis may adversely impact the day-to-day operations of the Company. The Investment Manager has implemented policies and procedures to mitigate risks to business continuity.

## **G. SUSTAINABILITY RISKS**

In accordance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (“SFDR”), the Management Company and the Investment Manager identifies and analyses sustainability risk as part of their risk management process.

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actual cause a material negative impact on the value of a sub-fund’s investment. Sustainability risks can either represent a risk of its own or have an impact on other risks and may contribute significantly to risks, such as market risk, operational risk, liquidity risk or counterparty risk. Sustainability risk may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social, or governance data, which is difficult to obtain and may be incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Consequential impacts to the occurrence of sustainability risk can be many and varied according to a specific risk, region, or asset class. Generally, when sustainability risk occurs for an asset, there will be a negative impact and potentially a total loss of its value and therefore an impact on the net asset value of the concerned sub-fund.



## MANAGEMENT COMPANY

The Fund is managed on behalf of the Unitholders by FundRock Management Company S.A.

FundRock Management Company S.A. was incorporated for an unlimited period on 10 November 2004 in the form of a “*société anonyme*” in Luxembourg under the name of RBS (Luxembourg) S.A.

It is authorised and regulated by the CSSF as (i) a management company Chapter 15 of the Law, and (ii) as alternative investment fund manager regulated under Chapter 2 of the law of 12 July 2013 on alternative investment funds managers. It has a subscribed and paid-up capital of EUR 10,000,000.

It has its registered office in Luxembourg at 33, rue de Gasperich, L-5826 Hesperange, Grand Duchy of Luxembourg. The articles of incorporation of the Management Company were published in the *Mémorial C*, official gazette of the Grand-Duchy of Luxembourg, as of on 6 December 2004. A notice of the deposit of the last amendment of the articles was published on 31 March 2016.

The Management Company shall ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Fund's strategies and investment policy.

The Management Company will receive periodic reports from Investment Managers detailing each Sub-Fund's performance and analysing its investment portfolio. The Management Company will receive similar reports from the other service providers in relation to the services which they provide for the Fund.

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

The accounts of the Management Company are audited by an independent authorised auditor. This task has been entrusted to Deloitte Audit S.à r.l.

The Management Company currently also acts as management company for other investment funds. The names of these investment funds are available on request at the Management Company's registered office.

The Management Company may, under its own responsibility, control and coordination, transfer some or all of its tasks to third parties for the purpose of efficient management.

The Management Company has designated IKC Capital AB as investment manager and placement and distribution agent for the Fund and its Sub-Funds, as further described in Part B of the Prospectus.

The Management Company has delegated, at its own expense, the duties relating to the administration of the Fund, including the transfer and registrar agent function to European Fund Administration S.A. (hereinafter the "Administrative Agent"). The Administrative Agent will carry out all administrative duties related to the administration of the Fund, including the calculation of the Net Asset Value of the Units and the provision of accounting services to the Fund. Furthermore, it will process all subscriptions, redemptions and transfers of Units and will register these transactions in the register of the Fund.

## **INVESTMENT MANAGER**

The Management Company has appointed IKC Capital AB as investment manager of the Fund.

IKC Capital AB, a securities firm supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) and registered with number 556538-0325 and was incorporated on 27 June 07 February 2017 with a primary focus to manage discretionary portfolios. Its offices are located at Kungsgatan 6, 211 49 Malmö.

The Investment Manager was appointed pursuant to an Investment Management Agreement with the Management Company (the "Investment Management Agreement") to provide day-to-day management of the Fund's investments, subject to the overall supervision and responsibility of the Management Company. The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Fund and each Sub-Fund are invested in a manner consistent with the Fund's and the Sub-Funds' investment restrictions and that cash belonging to the Fund and each Sub-Fund is invested in accordance with the guidelines laid down by the Management Company.

According to the Investment Management Agreement, the Investment Manager may, with the prior approval of the Management Company, delegate to a third party all or a part of its management duties. Any new delegation shall be reflected in an updated Prospectus.

## DEPOSITARY AND PAYING AGENT

Pursuant to a depositary and paying agent services agreement (the “**Depositary Agreement**”), Skandinaviska Enskilda Banken AB (publ) – Luxembourg Branch has been appointed as depositary of the Fund (the “**Depositary**”). The Depositary will also provide paying agent services to the Fund.

Skandinaviska Enskilda Banken AB (publ) – Luxembourg Branch registered with the Luxembourg Trade and Companies Register under number B39819, having its place of business at 4, rue Peternelchen, L-2370 Howald, Grand-Duchy of Luxembourg, is a branch of Skandinaviska Enskilda Banken AB (publ), a credit institution incorporated under and pursuant to the laws of Sweden and registered with the Swedish Companies Registration Office under number 502032-9081 with registered office address at 106 40 Stockholm, Sweden (“SEB AB”). SEB AB is subject to the prudential supervision of the Swedish Financial Supervisory Authority, Finansinspektionen. The Depositary is furthermore supervised by the CSSF, in its role as host member state authority.

The Depositary has been appointed for the safe-keeping of the assets of the Fund which comprises the custody of financial instruments, the record keeping and verification of ownership of other assets of the Fund as well as the effective and proper monitoring of the Fund’s cash flows in accordance with the provisions of the Law, as amended from time to time, and the Depositary Agreement.

In addition, the Depositary shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with Luxembourg law and the Management Regulations; (ii) the value of the Units is calculated in accordance with Luxembourg law and the Management Regulations; (iii) the instructions of the Management Company are carried out, unless they conflict with applicable Luxembourg law and/or the Management Regulations; (iv) in transactions involving the Fund’s assets any consideration is remitted to the Fund within the usual time limits; and (v) the Fund’s incomes are applied in accordance with Luxembourg law and the Management Regulations.

In carrying out its functions the Depositary acts honestly, fairly, professionally and independently and solely in the interest of the investors. The Depositary is on an ongoing basis analyzing, based on applicable laws and regulations as well as its conflict of interest policy potential conflicts of interests that may arise while carrying out its functions.

When performing its activities, the Depositary obtains information relating to funds which could theoretically be misused (and thus raise potential conflict of interests issues) in relation to e.g. the interests of other clients of the SEB Group, whether engaging in trading in the same securities or seeking other services, particularly in the area of offering services competing with the interests of other counterparties used by the funds/fund managers, and the interests of the Depositary's employees in personal account dealings.

Consequently, to mitigate the potential conflicts of interest, it has been ensured that the activities of a depositary function are physically, hierarchically and systematically separated from other functions of the Depositary in order to establish information firewalls. Moreover, the depositary function has a mandate and a veto to approve or decline fund clients independent of other functions and has its own committees for escalation of matters connected to its role as a depositary, where other functions with potentially conflicting interests are not represented.

For further details on management, monitoring and disclosure of potential conflicts of interest please refer to Instruction for Handling of Conflicts of Interest in Skandinaviska Enskilda Banken AB (publ) – Luxembourg Branch which can be found on the following webpage: <https://sebgrouplu/legal-and-regulatory-information/policies-seb-investment-management-ab>

In compliance with the provisions of the Depositary Agreement and the Law, as amended from time to time, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all of its safe-keeping duties in relation to financial instruments that can be held in custody, duly entrusted to the Depositary for custody purposes, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Fund to one or more delegate(s), as they are appointed by the Depositary from time to time.

In order to avoid any potential conflicts of interest, irrespective of whether a given delegate is part of the SEB Group or not, the Depositary exercise the same level of due skill, care and diligence both in relation to the selection and appointment as well as in the on-going monitoring of the relevant delegate. Furthermore, the conditions of any appointment of a delegate that is member of the SEB Group will be negotiated at arm's length in order to ensure the interests of the investors. Should a conflict of interest occur and in case such conflict of interest cannot be neutralized, such conflict of interest as well as the decisions taken will be disclosed to the investors and the Prospectus revised accordingly. An up-to-date list of these delegates can be found on the following webpage:

[https://webapp.sebgrouplu/mb/mblib.nsf/alldocsbyunid/B3A1C7AF81EFBA18C12586C500207C07/\\$FILE/global\\_custody\\_network\\_SEB\\_AB\\_Lux\\_branch.pdf](https://webapp.sebgrouplu/mb/mblib.nsf/alldocsbyunid/B3A1C7AF81EFBA18C12586C500207C07/$FILE/global_custody_network_SEB_AB_Lux_branch.pdf)

Where the law of a third country requires that financial instruments are held in custody by a local entity and no local entity satisfies the delegation requirements of article 34bis, paragraph 3, lit. b) i) of the Law, as amended, the Depositary may delegate its functions to such local entity to the extent required by the law of that third country for as long as there are no local entities satisfying the aforementioned requirements.

In order to ensure that its tasks are only delegated to delegates providing an adequate standard of protection, the Depositary has to exercise all due skill, care and diligence as required by the Law, as amended, in the selection and the appointment of any delegate to whom it intends to delegate parts of its tasks and has to continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any delegate to which it has delegated parts of its tasks as well as of any arrangements of the delegate in respect of the matters delegated to it. In particular, any delegation is only possible when the delegate at all times during the performance of the tasks delegated to it segregates the assets of the Fund from the Depositary's own assets and from assets belonging to the delegate in accordance with the Law, as amended. The Depositary's liability shall not be affected by any such delegation unless otherwise stipulated in the Law, as amended and/or the Depositary Agreement.

An up-to-date information regarding the Depositary, its duties and the conflicts of interest that may arise, any safekeeping functions delegated by the Depositary, the list of delegates and any conflicts of interests that may arise from such delegation, is available to the investors upon request at the registered office of the Management Company.

The Depositary is liable to the Fund or its investors for the loss of a financial instrument held in custody by the Depositary and/or a delegate. In case of loss of such financial instrument, the Depositary has to return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay. In accordance with the provisions of the Law, as amended, the Depositary will not be liable for the loss of a financial instrument, if such 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 shall be liable to the Fund and to the investors for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the Law, as amended and/or the Depositary Agreement.

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. In case of a voluntary withdrawal of the Depositary or of its removal by the Fund, the Depositary must be replaced at the latest within two (2) months after the expiry of the aforementioned termination notice by a successor depositary to whom the Fund's assets are to be delivered and who will take over the functions and responsibilities of the Depositary.

If the Management Company/Company does not name such successor depositary in time the Depositary may notify the CSSF of the situation. The Management Company/Company will take the necessary steps, if any, to initiate the liquidation of the Fund, if no successor depositary bank has been appointed within two (2) months after the expiry of the aforementioned termination notice of ninety (90) days.

### **ADMINISTRATION AGENT**

The Management Company has delegated, at its own expense, the duties relating to the administration of the Fund as well as the transfer and registrar agent function to European Fund Administration S.A. (hereinafter the "Administration Agent"), a *société anonyme* established in Luxembourg. In this capacity, the Administration Agent will carry out all administrative duties related to the administration of the Fund, including the calculation of the Net Asset Value of the Units and the provision of accounting services to the Fund. As Registrar and Transfer Agent, it will process all subscriptions, redemptions and transfers of Units and will register these transactions in the Unitholder register of the Fund.

### **AUDITOR**

PricewaterhouseCoopers, *société coopérative*, has been appointed as auditor of the Fund.

## SUBSCRIPTIONS

Investors may subscribe for Units in each Sub-Fund for each Valuation Day at the relevant Subscription Price which may be increased by a Subscription Charge.

Under certain circumstances and where expressly provided for in the Annex relating to a Sub-Fund, the Management Company has the power to adjust the Net Asset Value per Unit applicable to the Subscription Price as described hereafter under the section "Swing Pricing". In any case, the adjustments to the Net Asset Value per Unit applicable for any Valuation Day shall be identical for all issues dealt with as of such day.

For initial subscriptions, applicants should complete an application form (an "Application Form") and send it to the Registrar and Transfer Agent by mail or by facsimile. For subsequent subscriptions, applicants need only to complete a subscription form.

Application Forms for initial subscriptions of Units may be sent by post or fax to the Registrar and Transfer Agent in Luxembourg on any Business Day by using the Application Form circulated with this Prospectus. In the case of faxed orders, these should be followed with the original Application Form by post.

Completed Application Forms or subscription forms must be received by the Registrar and Transfer Agent by no later than the time specified in the relevant Annex. Cleared funds must be received on an account of the Fund in the reference currency of the relevant Class no later than the period of time specified in the relevant Annex. If the Application Form is not received by these times, the application will be treated as received for the next Valuation Day.

The price per Unit will be rounded upwards or downwards in accordance with standard rounding rules. Fractions of Units will be issued up to three decimal places. Rights attached to fractions of Units are exercisable in proportion to the fraction of a Unit held.

The Fund reserves the right to cancel an application if subscription monies are not received on an account of the Fund in cleared funds and in the reference currency of the relevant Class within the relevant time limit.

The Fund reserves the right to reject any subscription in whole or part at its absolute discretion, in which event the amount paid on the subscription or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in the currency of subscription or at the discretion of the applicant, at the risk and cost of the applicant.

Once completed subscriptions have been received by the Registrar and Transfer Agent they are irrevocable.

The Management Company reserves the right from time to time, without notice, to resolve to close the Fund or a particular Sub-Fund to new subscriptions, either for a specified period or until they otherwise determine.

### Institutional Investors

As detailed in the relevant Annexes, the sale of Units of certain Classes may be restricted to institutional investors, as this term may be defined by guidelines or recommendations issued by the CSSF (“Institutional Investors”) and the Fund will not issue or give effect to any transfer of Units of such Classes to any investor who may not be considered an Institutional Investor.

The Fund may, at its discretion, delay the acceptance of any subscription for Units of a Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor.

### Ineligible Applicants

The Application Form requires each prospective applicant for Units to represent and warrant to the Fund that, among other things, he is able to acquire and hold Units without violating applicable laws.

The Units may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Management Company, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable U.S. securities laws.

Units may generally not be issued or transferred to any U.S. Person, except that the Management Company may authorise the issue or transfer of Units to or for the account of a U.S. Person provided that:

- a. such issue or transfer does not result in a violation of the Securities Act or the securities laws of any of the States of the United States;
- b. such issue or transfer will not require the Fund to register under the Investment Company Act;
- c. such issue or transfer will not cause any assets of the Fund to be “plan assets” for the purposes of ERISA (U.S. Employee Retirement Income Securities Act of 1974 as amended); and



- d. such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Unitholders.

Each applicant for and transferee of Units who is a U.S. Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue, or the registration of any transfer of Units.

Subject as mentioned above, Units are freely transferable. The Management Company may, however, refuse to register a transfer which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Units in a Sub-Fund valued at less than the minimum holding requirement.

The Fund will require from each registered Unitholder acting on behalf of other investors that any assignment of rights to Units be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the minimum holding requirement.

#### Form of Units

All the Units will be issued in registered form. Unitholders will receive a confirmation of their holding.

#### Suspension

The Management Company may declare a suspension of the calculation of the Net Asset Value of Units in certain circumstances as described under “Temporary Suspension Of Net Asset Value Calculations And Of Issues, Redemption And Conversion Of Units”. No Units will be issued in the relevant Sub-Fund during any such period of suspension.

#### Share-classes hedging

The Management Company may issue Classes which are denominated in currencies other than the reference currency of the relevant Sub-Fund and which share a common investment objective. The Management Company will comply with the provisions set forth in the current and upcoming regulations on UCITS share classes.

## Anti-Money Laundering and Fight against Financing of Terrorism

Pursuant to international rules and Luxembourg laws and regulations, comprising but not limited to the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, as well as circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of UCIs for money laundering and financing of terrorism purposes. As a result of such provisions, the Registrar and Transfer Agent of a Luxembourg UCI must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable for redemption) will not be accepted. Neither the Management Company, nor the Registrar and Transfer Agent, are liable for delays or failure to process deals as a result of the applicant providing no or any incomplete documentation.

Unitholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

Any natural person who ultimately owns or controls the Fund through direct or indirect ownership of more than 25% of the Shares of the Fund or voting rights in the Fund, or through other means of control (for the purpose of this section, the “Beneficial Owner”), must be registered on behalf of the Fund as a Beneficial Owner in the register of beneficial ownership as provided for by the Luxembourg Law of 13 January 2019 setting up a register of beneficial owners (the “RBO Law”). Any such Beneficial Owner is obliged by the RBO Law to provide the Fund with such further information as may be required by the latter in order to comply with the RBO Law.

## REDEMPTIONS

Units are redeemable at the option of the Unitholders. Unitholders should send a completed redemption request to the Registrar and Transfer Agent by mail or by facsimile. All redemption requests are to be received by the Registrar and Transfer Agent no later than the time specified in the relevant Annex failing which the redemption request will be treated as received for the next following Valuation Day and Units will be redeemed based on the Redemption Price applicable for that Valuation Day.

A Redemption Charge may be applied as disclosed in the relevant Annex. Under certain circumstances and unless otherwise provided in the Annex relating to a Sub-Fund, the Management Company has the power to adjust the Net Asset Value per Unit applicable to the redemption price as described hereafter under “Swing Pricing”. In any case, the adjustments to the Net Asset Value per Unit applicable for any Valuation Day shall be identical for all redemptions dealt with as of such day.

If redemption requests for more than 10% of the net asset value of a Sub-Fund are received, then the Management Company shall have the right to limit redemptions so they do not exceed this threshold amount of 10%. Redemptions shall be limited with respect to all unitholders seeking to redeem Units as of a same Valuation Day so that each such Unitholder shall have the same percentage of its redemption request honoured; the balance of such redemption requests shall be processed by the Management Company on the next day on which redemption requests are accepted, subject to the same limitation. On such day, such requests for redemption will be complied with in priority to subsequent requests.

In exceptional circumstances the Management Company may offer to a Unitholder a “redemption in kind”, i.e. the Unitholder receives a portfolio of stock of equivalent value to the appropriate cash redemption payment. In such circumstances the Unitholder may always refuse the redemption in kind and request a cash redemption payment in the reference currency of the Class. Where the Unitholder agrees to accept redemption in kind it will, as far as possible, receive a representative selection of the Class’ holdings pro-rata to the number of Units redeemed and the Management Company will make sure that the remaining Unitholders do not suffer any loss there from. The value of the redemption in kind will be certified by a report drawn up by the auditors of the Fund in accordance with the requirements of Luxembourg law. However, where the redemption in kind exactly reflects the Unitholder’s pro-rata share of investments, no auditor’s report will be required. The redeeming Unitholder shall normally bear the costs resulting from the redemption in kind (mainly costs relating to the drawing up of an auditor’s report, if any) unless the Management Company considers that the redemption in kind is in the interest of the Fund or made to protect the interest of the Fund.

A redemption request, once given, is irrevocable. Units redeemed by the Fund are cancelled.

Payment of redemption proceeds will be made no later than the period of time provided in the relevant Annex for a Sub-Fund. Payment will be made in the reference currency of the relevant Class by transfer to the bank account specified by the redeeming Unitholder to the Registrar and Transfer Agent.

### Suspension

The Management Company may declare a suspension of the calculation of the Net Asset Value of Units in certain circumstances as described under “Temporary Suspension Of Net Asset Value Calculations And Of Issues, Redemption And Conversion Of Units”. No Units will be redeemed in the relevant Sub-Fund during any such period of suspension.

### Compulsory Redemptions

The Management Company has the right to require the compulsory redemption of all Units held by or for the benefit of a Unitholder if the Management Company determines that the Units are held by or for the benefit of any Unitholder that is or becomes an Ineligible Applicant as described under “Subscriptions”. The Management Company also reserves the right to require compulsory redemption of all Units held by a Unitholder in a Sub-Fund if the Net Asset Value of the Units held in such Sub-Fund by the Unitholder is less than the applicable minimum holding requirement.

Unitholders are required to notify the Registrar and Transfer Agent immediately if at any time they become US Persons or hold Units for the account or benefit of US Persons.

When the Management Company becomes aware that a Unitholder (A) is a U.S. Person or is holding Units for the account or benefit of a U.S. Person, so that the number of U.S. Persons known to the Management Company to be beneficial owners of Units for the purposes of the Investment Company Act exceeds 99 or such other number as the Management Company may determine from time to time; (B) is holding Units in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Fund or its Unitholders including, but not limited to, a situation in which more than 25 per cent of the Units are owned by benefit plan investors; or (C) has failed to provide any information or declaration required by the Management Company within ten days of being requested to do so, the Management Company will either (i) direct such Unitholders to redeem or to transfer the relevant Units to a person who is qualified or entitled to own or hold such Units or (ii) redeem the relevant Units.

If it appears at any time that a holder of Units of a Class restricted to Institutional Investors is not an Institutional Investor, the Management Company will either redeem the relevant Units in accordance with the above provisions or convert such Units into Units of a Class which is not restricted to Institutional Investors (provided there exists such a Class with similar characteristics) and notify the relevant Unitholder of such conversion.

Any person who becomes aware that he is holding Units in contravention of any of the above provisions and who fails to transfer or redeem his Units pursuant to the above provisions shall indemnify and hold harmless the Management Company, the Fund, the Depositary, the Administration Agent, the Registrar and Transfer Agent, the Investment Manager and the Unitholders of the Fund (each an “Indemnified Party”) from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

## CONVERSIONS

Subject to any prohibition of conversions contained in an Annex and to any suspension of the determination of any one of the Net Asset Values concerned, Unitholders have the right to convert all or part of their Units of any Class of a Sub-Fund into Units of another existing Class of that or another Sub-Fund by applying for conversion in the same manner as for the redemption of Units. All conversion requests are to be received by the Registrar and Transfer Agent no later than 11:00 a.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day, unless otherwise specified in the relevant Annex, failing which the conversion request will be treated as received for the next Valuation Day and Units will be converted based on the Conversion Price applicable for that Valuation Day. However, the right to convert Units is subject to compliance with any conditions (including any minimum subscription or holding amounts) applicable to the Class into which conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Unitholder's holding in the new Class would be less than the minimum holding amount, the Management Company may decide not to accept the request for conversion of the Units and the Unitholder would be informed of such decision. In addition, if, as a result of a conversion, the value of a Unitholder's holding in the original Class would become less than the relevant minimum holding amount, the Unitholder may be deemed (if the Management Company so decides) to have requested the conversion of all of his Units.

The number of Units issued upon conversion will be based upon the respective Net Asset Values of the two Classes concerned on the common Valuation Day for which the conversion request is accepted.

If there is no common Valuation Day for any two Classes, the conversion will be made on the basis of the Net Asset Value calculated for the next following Valuation Day of each of the two Classes concerned.

A conversion fee of up to 2% of the Net Asset Value per Unit, to be shared equally between the two Sub-Funds involved, may be charged unless otherwise provided in the Annex relating to a Sub-Fund or as may be waived by the Management Company from time to time. Under certain circumstances and unless otherwise provided in the Annex relating to a Sub-Fund, the Management Company has the power to adjust the Net Asset Value per Unit applicable to the conversion amount as described hereafter under the section "Swing Pricing". In any case, the adjustments to the Net Asset Value per Unit applicable on any Valuation Day shall be identical for all conversions dealt with as of such day.

## **SUSPENSION**

The Management Company may declare a suspension of the calculation of the Net Asset Value of Units in certain circumstances as described under “Temporary Suspension Of Net Asset Value Calculations And Of Issues, Redemption And Conversion Of Units”. No Units will be converted in the relevant Sub-Funds during any such period of suspension.

## **SWING PRICING**

Under certain circumstances (for example, large volumes of deals) investment and/or disinvestment costs may have an adverse effect on the Unitholders’ interests in a Sub-Fund. In order to prevent this effect, called “dilution”, the Management Company has the authority to allow for the Net Asset Value per Unit to be adjusted by effective dealing and other costs and fiscal charges which would be payable on the effective acquisition or disposal of assets in the relevant Sub-Fund if the net capital activity exceeds, as a consequence of the sum of all subscriptions, redemptions or conversions in such a Sub-Fund, such threshold percentage (the “Threshold”) as may be determined from time to time by the Management Company, of the Sub-Fund’s total net assets on a given Valuation Day.

Description of the swing pricing procedure:

If the net capital activity for a given Valuation Day leads to a net inflow of assets in excess of the Threshold in the relevant Sub-Fund, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Sub-Fund is adjusted upwards by the swing factor that shall be determined from time to time by the Management Company but will not exceed 2% of the relevant Net Asset Value.

If the net capital activity for a given Valuation Day leads to a net outflow of assets in excess of the Threshold in the relevant Sub-Fund, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Sub-Fund is adjusted downwards by the swing factor that shall be determined from time to time by the Management Company but will not exceed 2% of the relevant Net Asset Value.

## **MARKET TIMING, FREQUENT TRADING AND LATE TRADING POLICY**

The Management Company does not knowingly allow dealing activity which is associated with market timing, frequent trading or late trading practices, as such practices may adversely affect the interests of all Unitholders.

For the purposes of this section, market timing is held to mean subscriptions into, conversions between or redemptions from the various Classes of Units (whether such acts are performed singly or severally at any time by one or several persons) that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities. Frequent trading is held to mean subscriptions into, conversions between or redemptions from the various classes of Units (whether such acts are performed singly or severally at any time by one or several persons) that by virtue of their frequency or size cause any Sub-Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the Sub-Fund's other Unitholders.

Accordingly, the Management Company may implement either one, or both, of the following measures:

- The Management Company may combine Units which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Management Company reserves the right to reject any application for conversion and/or subscription of Units from investors whom the former considers market timers or frequent traders.
- If a Sub-Fund is primarily invested in markets which are closed for business at the time the Sub-Fund is valued, the Management Company may, during periods of market volatility, and by derogation from the provisions below, under "Net Asset Value" allow for the Net Asset Value per Unit to be adjusted to reflect more accurately the fair value of the Sub-Fund's investments at the point of valuation.

Late Trading is to be understood as the acceptance of a subscription (or conversion or redemption) order after the relevant cut-off times (as specified in the relevant Annex) in respect of the relevant Valuation Day and the execution of such order at the price based on the Net Asset Value applicable to such same day. Late Trading is strictly forbidden.



## NET ASSET VALUE

The Net Asset Value per Unit of each Class will be determined and made available in its reference currency by the Administration Agent and at such time as the Management Company shall determine as of each Valuation Day.

The Net Asset Value per Unit as of any Valuation Day will be calculated to two decimal places in the reference currency of the relevant Class by dividing the Net Asset Value of the Class by the number of Units in issue in such Class as of that Valuation Day.

The Net Asset Value of each Class will be determined by deducting from the total value of the assets attributable to the relevant Class, all accrued debts and liabilities attributable to that Class.

To the extent feasible, expenses, fees and income will be accrued as of each Valuation Day.

Assets and liabilities of the Fund will be valued in accordance with the following principles:

- a) Securities listed on Regulated Markets, which operate regularly and are recognised and open to the public, will be valued at the last available price; in the event that there should be several such markets, on the basis of the last available price of the main market for the relevant security. Should the last available price for a given security not truly reflect its fair market value, then that security shall be valued on the basis of the probable sales price which the Management Company deems it is prudent to assume;
- b) Securities not listed on Regulated Markets, which operate regularly and are recognised and open to the public, will be valued on the basis of their last available price. Should the last available price for a given security not truly reflect its fair market value, then that security will be valued by the Directors on the basis of the probable sales price which the Management Company deems it is prudent to assume;
- c) Swaps are valued at their fair value based on the underlying securities (at close of business or intraday) as well as on the characteristics of the underlying commitments;

- d) The liquidating value of futures, forward and options contracts (or any other derivative instruments) not traded on Regulated Markets or stock exchanges shall mean their net liquidating value determined, pursuant to the policies established in good faith by the Board of Directors of the Management Company, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts (or any other derivative instruments) traded on Regulated Markets or stock exchanges shall be based upon the last available settlement prices of these contracts on Regulated Markets or stock exchanges on which the particular futures, forward or options contracts (or any other derivative instruments) are traded by the Fund; provided that if a futures, forward or options contract (or any other derivative instruments) could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the Management Company may deem fair and reasonable.
- e) Shares or units in underlying open-ended investment funds shall be valued at their last available price;
- f) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner. Short-term investments that have a remaining maturity of one year or less may be valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost;
- g) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Management Company may, at its discretion, prudently and in good faith follow other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice in order to achieve a fair valuation of the assets of the Fund.

The value of assets denominated in a currency other than the reference currency of a Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the time of determination of the Net Asset Value.

The Management Company has delegated to the Administration Agent the determination of the Net Asset Value and the Net Asset Value per Unit.

The assets and liabilities of the Fund shall be allocated in such manner as to ensure that the proceeds received upon the issue of Units of a specific Sub-Fund shall be attributed to that Sub-Fund. All of the assets and liabilities of a specific Sub-Fund as well as the income and expenses which are related thereto shall be attributed to that Sub-Fund. Assets or liabilities which cannot be attributed to any particular Sub-Fund shall be allocated to all the Sub-Funds pro-rata to the respective Net Asset Value of the Sub-Funds. The proportion of the total net assets attributable to each Sub-Fund shall be reduced as applicable by the amount of any distribution to Unitholders and by any expenses paid.

The rights of investors and of creditors concerning a Sub-Fund or which have arisen in connection with the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively available to satisfy the rights of the Unitholders in relation to that Sub-Fund and the rights of the creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Sub-Fund. For the purpose of the relations between Unitholders, each Sub-Fund is deemed to be a separate entity.

## **FEES AND EXPENSES**

The Management Company will receive an infrastructure fee for the provision of its services. The infrastructure fee, which is expressed as a percentage of the Net Asset Value, is specified in the relevant Annex. The Management Company will be reimbursed for reasonable out-of-pocket expenses relating to the services thereto.

The different Sub-Funds and Classes will incur an annual investment management fee payable to the Investment Manager which reflects all expenses related to the investment management of the Sub-Funds and Classes. The investment management fee, which is expressed as a percentage of the Net Asset Value, is specified in the relevant Annex.

The fees and expenses to be paid to the Depositary are calculated on the basis set out in the relevant Annex. The Depositary will be reimbursed for reasonable out-of-pocket expenses relating to the services thereto.

The fees and expenses to be paid to the Management Company are calculated on the basis set out in the relevant Annex. The Administration Agent and the Registrar and Transfer Agent will be paid out of this fee and reimbursed for reasonable out-of-pocket expenses relating to the services thereto.

The other costs charged to the Fund or to the different Sub-Funds or Classes may include:

- the costs of establishing the Fund and the Sub-Funds. The costs of establishing the Fund amounted to approximately EUR 50,000. Where further Sub-Funds are created in the future, these Sub-Funds will bear their own formation expenses. The establishment costs may, at the discretion of the Management Company, be amortised on a straight line basis over five years from the date on which the Fund/Sub-Funds commenced business. The Management Company may, in its absolute discretion, shorten the period over which such costs are amortised;
- the *taxe d'abonnement* as described in chapter "Taxation" hereafter;
- the fees of auditors and legal advisors, the costs of preparing, printing and distributing all prospectuses, KID, memoranda, reports and other necessary documents concerning the Fund (including any information or documentation that may be required for the distribution of the Units), any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agency and stock exchange, the costs of publishing prices and the operational expenses; and
- any additional out-of-pocket expenses.

## **REPORTS AND FINANCIAL STATEMENTS**

The Fund's reporting period will begin on 1 January and ends on 31 December of each year.

The audited annual reports and unaudited semi-annual reports will comprise consolidated financial statements of the Fund expressed in SEK, being the reference currency of the Fund, and financial information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

Copies of the annual and semi-annual reports and financial statements may be obtained free of charge from the registered office of the Fund and the Placement and Distribution Agent.

## **PUBLICATION OF PRICES**

The Net Asset Value per Unit of each Class, as well as the Subscription Price and Redemption Price, may be obtained from the registered office of the Fund and any newspaper the Management Company may determine from time to time.

## DIVIDEND POLICY

The dividend policy applicable for each Sub-Fund or Class is specified in the relevant Annex.

Within each Sub-Fund, there may be created different Classes of Units which are entitled to regular dividend payments (“Distribution Units”) or with earnings reinvested (“Accumulation Units”).

If a dividend is declared by the Fund, it will be paid to each Unitholder concerned in the currency of the relevant Sub-Fund or Class, normally by bank transfer to the address shown on the register of Unitholders, and in case of joint holding, to the first registered holder of the relevant Distribution Units.

Dividend payments are restricted by law in that they may not reduce the net assets of the Fund below the required minimum determined by Luxembourg Law.

In the event that a dividend is declared and remains unclaimed after a period of five years from the date of declaration, such dividend will be forfeited and will revert to the Sub-Fund or Class in relation to which it was declared.

However, no dividends will be distributed if their amount is below the equivalent in SEK of fifty (50) EUR or such other amount to be decided by the Management Company. Such amount will automatically be reinvested.

## TAXATION

The following is based on the Fund’s understanding of, and advice received on, certain aspects of the law and practice currently in force in Luxembourg. There can be no guarantee that the tax position at the date of this Prospectus or at the time of an investment will endure indefinitely.

**Investors should consult their professional advisors on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming units under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

Investors should also note that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) a Sub-Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets. Tax law and practice in certain countries into which a Sub-Fund invests or may invest in the future is not clearly established.

It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that a Sub-Fund could become subject to additional taxation in such countries that is not anticipated either at the date of this Prospectus or when investments are made, valued or disposed of.

As a matter of example, the Brazilian Government introduced 'Tax Over Financial Transactions' ("IOF") from 20 October 2009 on all foreign capital inflows.

The IOF charge of 2% affects inflow of foreign exchange transactions across all asset classes into the Brazilian currency the Brazilian Real. In October 2010, the IOF tax for foreign investments was increased from 2% to 6% for investment into Brazilian domestic fixed-income securities and certain other investment categories including debentures and Brazilian-domiciled investment funds.

### **Taxation of the Fund**

Under current law the Fund is not liable to (i) any Luxembourg income tax or (ii) any Luxembourg capital gains tax on the realised or unrealised capital appreciation of the assets of the Fund. Dividends (if any) paid by the Fund are not subject to Luxembourg withholding tax, except as explained in the paragraph "European Union Tax Considerations".

However, the Fund is liable in Luxembourg to a *taxe d'abonnement* of 0.05 per cent per annum of its net assets, such tax being payable quarterly and calculated on the Net Asset Value of the Fund at the end of the relevant quarter. The reduced *taxe d'abonnement* rate of 0.01 per cent per annum will be applicable to Classes, the units of which are exclusively held by Institutional Investors. To the extent that the assets of the Fund are invested in investment funds which are established in Luxembourg, no such tax is payable.

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

In addition, dividends and interests received by the Fund on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin, including Luxembourg. Neither the Management Company nor the Depositary collects receipts for such withholding taxes on behalf of the individual, the residual entity, or all Unitholders.

### **Unitholders**

Under current legislation, Unitholders are not subject to any capital gains, income or withholding tax in Luxembourg (except for those domiciled in, being residents of, or having a permanent establishment in Luxembourg).

## **Common Reporting Standard**

The Fund is subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the “**Standard**”) and its Common Reporting Standard (the “**CRS**”) as set out in the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (*loi relative à l'échange automatique de renseignements relatifs aux comptes financiers en matière fiscale*) (the “**CRS Law**”).

The CRS Law is based on the European Directive 2014/107/EU of 9 December 2014 amending provisions of Directive 2011/16/EU on administrative cooperation in the field of taxation and the OECD's multilateral agreements. Consequently, to eliminate the overlap of reporting obligations created between the EU Savings Directive (the “**EUSD**”) and the Directive 2014/107/EU, the EUSD directive has been repealed with effect from 31 December 2015 and the last reporting in accordance with the EUSD directive, will be effected in 2016 for the calendar year 2015. Further, the first reporting to the Luxembourg tax authority (the “**LTA**”) under the CRS Law, will be applied in 2017 for the calendar year 2016. The LTA will onward report to participating foreign tax authorities by 30 September 2017.

The intention of CRS is to safeguard against tax evasion. Accordingly, under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. Consequently, the Fund is required to collect personal and financial information as described in Annex I of the CRS Law with effect from 1 January 2016 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report this information to the LTA as from 2017.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the information, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, the Fund will process the information for the purposes as set out in the CRS Law. The investors undertake to inform the Fund or the Management Company, if applicable, of the processing of their information by the Fund.

The investors are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law.

The investors undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any investor that fails to comply with the Fund's information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor's failure to provide the Information or subject to disclosure of the Information by the Fund to the LTA.

If investors are in doubt, they should consult your tax advisor, stockbroker, bank manager, solicitor, accountant or other financial advisor regarding the possible implications of CRS on an investment in the Fund.

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

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into U.S. law in March 2010. It includes special provisions laid down in the Foreign Account Tax Compliance Act, generally known as "FATCA". The intention of FATCA is that details of U.S. investors holding assets outside the U.S. will be reported by financial institutions to the Internal Revenue Service (the "IRS"), as a safeguard against U.S. tax evasion.

This regime will become effective in phases between 1 July 2014 and 15 March 2018. Based on the Treasury Regulations §1.1471-§1.1474 issued on 17 January 2013 (the "Treasury Regulations") the Fund is a "Financial Institution". As a result of the Hire Act, and to discourage non-U.S. Financial Institutions from staying outside this regime, on or after 1 July 2014, a Financial Institution that does not enter and comply with the regime will be subject to a U.S. withholding tax of 30% on gross proceeds as well as on income from the U.S. and, on or after 1 January 2017, also potentially on non-U.S. investments.

Luxembourg has entered into a Model I Intergovernmental Agreement (the "IGA") with the United States. Under the terms of the IGA, the Fund will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA (the "Luxembourg IGA legislation"), rather than under the U.S. Treasury Regulations implementing FATCA.

In order to protect Unitholders from the effect of any penalty withholding, it is the intention of the Management Company, acting on behalf of the Fund to be compliant with the requirements of the FATCA regime and hence, qualify as a so-called "participating financial institution" as defined in the IGA.

The Fund qualifies as a so-called "sponsored financial institution" as defined in the IGA. The Administration Agent qualifies as a so-called "sponsoring financial institution". The Administration Agent agrees to sponsor the Fund for the purpose and within the meaning of the IGA. The Fund intends not to register with the IRS and intends to be so-called "non-reporting sponsored financial institutions" within the meaning of the IGA.



In case the Fund would be subject to reporting obligations under the FATCA regulation, the Administration Agent will register the Fund as its sponsoring entity with the IRS and hence, the Administration Agent will comply as set out in article 2 and 4 as well as Annex II, Chapter IV, section A. 3 of the IGA in due time (i.e. not later than 90 (ninety) days after the reportable event has first been identified) with all due diligence, withholding, registration and reporting obligations on behalf of the Fund regarding certain holdings by and payments made to (a) certain U.S. investors, (b) certain U.S. controlled foreign entity investors and (c) non-U.S. financial institution investors that do not comply with the terms of the Luxembourg IGA legislation. Further, the Administration Agent will perform any requirements that the Fund would have been required to perform if it were a reporting Luxembourg financial institution as defined in the IGA. Under the Luxembourg IGA, such information will be onward reported by the Luxembourg tax authorities to the IRS under the general information exchange provisions of the U.S.-Luxembourg Income Tax Treaty. The Administration Agent is required to monitor its own and the Fund's status as being a participating financial institution and a non-reporting entity on an ongoing basis and has to ensure that the Administration Agent and the Fund meet the conditions for such status over the time.

In cases where investors invest in the Fund through an intermediary or a distributor, investors are reminded to check whether such intermediary is FATCA compliant and hence, qualifies as a participating financial institution as defined in the IGA. In case any of the Fund's distributor should change its status as participating financial institution, such distributor will notify the Management Company within ninety (90) days from the change in status of such change and the Management Company is entitled a) to redeem all Shares held through such distributor, b) to convert such Shares into direct holdings of the Fund, or c) to transfer such Shares to another nominee within six (6) months of the change in status. Further, any agreement with a distributor can be terminated in case of such change in status of the distributor within ninety (90) days of notification of the distributor's change in status.

Although the Fund and the Management Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the U.S. withholding tax, no assurance can be given that the Fund and the Management Company will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by the Shareholders may suffer material losses.

Other jurisdictions currently are in the process of adopting tax legislation concerning the reporting of information. The Fund also intends to comply with such other similar tax legislation that may apply to the Fund, although the precise requirements are not fully known yet. As a result, the Fund may need to seek information about the tax status of investors under the laws of such jurisdictions for disclosure to the relevant governmental authorities.

**If you are in any doubt, you should consult your tax advisor, stockbroker, bank manager, solicitor, accountant or other financial adviser regarding the possible implications of FATCA on an investment in the Fund.**

## **SUSTAINABLE FINANCE DISCLOSURES**

In March 2018, the European Commission published an Action Plan on Financing Sustainable Growth (the “EU Action Plan”) that set out an EU strategy for sustainable finance.

The EU Action Plan identified several legislative initiatives, including SFDR.

SFDR requires transparency with regard to the integration of evaluations of environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investments made by a financial product, and consideration of adverse sustainability impacts of the actions financial products and financial market participants.

Please refer to section entitled “Risk Factors Applicable To The Investment In the Fund” and the sub-section entitled “Sustainable Risks” in respect of the risks related to sustainable finance disclosures.

## **TAXONOMY REGULATION DISCLOSURES**

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the “Taxonomy Regulation”) is a piece of directly effective EU legislation that is applicable to the Fund.

Its purpose is to establish a framework to facilitate sustainable investment. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

It is notable that the scope of environmentally sustainable economic activities, as prescribed in the Taxonomy Regulation, is narrower than the scope of sustainable investments under SFDR. Therefore, although there are disclosure requirements for both, these two concepts should be considered and assessed separately. This section addresses only the specific disclosure requirements of the Taxonomy Regulation.

Given the investment focus and the asset classes/sectors in which the Sub-Funds invest, the Investment Manager may integrate a consideration of environmentally sustainable economic activities (as prescribed by the Taxonomy Regulation) into the investment process for the Sub-Funds. Please refer to the relevant Sub-Fund Appendix for further information.

## **TEMPORARY SUSPENSION OF NET ASSET VALUE CALCULATIONS AND OF ISSUES, REDEMPTION AND CONVERSION OF UNITS**

The Management Company may suspend the determination of the Net Asset Value and hence the issue, redemption and conversion of Units if, at any time, the Management Company believes that exceptional circumstances constitute forcible reasons for doing so. Such circumstances can arise during:

- a. any period when any of the principal markets or exchanges on which a substantial portion of the investments of the relevant Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended;
- b. during the existence of any state of affairs which constitutes an emergency as a result of which the disposal or valuation of assets owned by the relevant Sub-Fund would be impracticable, not accurate or would seriously prejudice the interests of the Unitholders of the Fund;
- c. during any breakdown in the means of communication normally employed in determining the price of any of the investments of the relevant Sub-Fund or the current prices on any market or stock exchange;
- d. during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Units or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on the redemption of Units cannot in the opinion of the Management Company be effected at normal rates of exchange;
- e. when the decision has been taken to liquidate or amalgamate the Fund, a Sub-Fund or a Class of Units;
- f. where in the opinion of the Management Company, circumstances which are beyond the control of the Management Company make it impracticable or unfair vis-à-vis the Unitholders to continue trading the Units or in any other circumstance or circumstances where a failure to do so might result in the Fund or its Unitholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment to which the Fund or its Unitholders might not otherwise have suffered.

No Units will be issued, redeemed or converted when the determination of the Net Asset Value is suspended. In such a case, a subscription for Units, a redemption or a conversion request may be withdrawn, provided that a withdrawal notice is received by the Registrar and Transfer Agent before the suspension is terminated. Unless withdrawn, subscriptions for Units, redemptions and conversion requests will be acted upon on the first Valuation Day after the suspension is lifted on the basis of the Subscription Price, Redemption Price or Conversion Price (as the case may be) then prevailing.

Notice of any such suspension will be published in a Luxembourg newspaper if, in the opinion of the Management Company, it is likely to exceed five Business Days and will be notified to all persons who have applied for, or requested the redemption or conversion of Units. The Management Company may also, at its discretion, decide to make a publication in newspapers of the countries in which the Fund's Units are offered for sale to the public.

### **LIQUIDATION OF THE FUND**

Subject to prior notification of the Depositary, the Fund may be liquidated at any time by the Management Company. The Management Company may, in particular, decide such liquidation where the value of the Net Assets of the Fund has decreased to an amount to be determined by the Management Company to be the minimum level for the Fund to be operated in an economically efficient matter, or in case of a significant change of the economic or political situation. According to legal requirements, this should be published by the Management Company in accordance with applicable Luxembourg law. Should an event occur causing liquidation of the Fund, the issue of Units in the Fund shall be ceased. The Management Company may decide to stop redemption of Units or accept redemption requests insofar as it is possible to ensure the equal treatment of the Unitholders.

The Depositary shall share any liquidation revenue for each Class within the Fund minus liquidation expenses and fees among the Unitholders of the relevant Class in the Fund in proportion to their holding of such Units in such Class, as instructed by the Management Company or by any liquidators that may have been appointed by the Management Company or the Depositary in agreement with the supervisory authorities. Liquidation revenue not distributed to Unitholders after termination of the liquidation proceedings shall be deposited by the Depositary on behalf of entitled Unitholders after conclusion of the liquidation proceedings with the Luxembourg *Caisse de Consignation* in accordance with applicable laws and regulations.

Unitholders, their heirs and/or heirs in title may not demand the liquidation and/or division of the Fund.

## **DISSOLUTION AND AMALGAMATION OF SUB-FUNDS / CLASSES OF UNITS**

In the event that for any reason the value of the total net assets in any Sub-Fund or Class has decreased to, or has not reached, an amount determined by the Management Company to be the minimum level for such Sub-Fund or Class to be operated in an economically efficient manner or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalization, the Management Company may decide to redeem all the Units of the relevant Sub-Fund or Class at the Net Asset Value per Unit (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. The Management Company shall serve a notice to the holders of the relevant Units prior to the effective date for the compulsory redemption which will indicate the reasons of and the procedure for the redemption operations; registered holders shall be notified in writing. Unless it is otherwise decided in the interests of, or to keep equal treatment between, the Unitholders, the Unitholders of the Sub-Fund or Class concerned may continue to request redemption of their Units free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Assets which may not be distributed to their beneficiaries upon the closing of the liquidation of the Sub-Fund or class will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto in accordance with applicable laws and regulations.

All redeemed Units shall be cancelled.

Under the same circumstances as provided by the first paragraph here above, the Management Company may decide to allocate the assets of the Fund or a Sub-Fund to (1) another UCITS organised under the provisions of Part I of the Law, or (2) to a sub-fund within such other UCITS or (3) to a foreign UCITS and to redesignate the units of the class or classes concerned as units of another class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Unitholders). Such decision shall be taken by the Board of Directors of the Management Company in accordance with the applicable provisions on mergers of UCITS set forth in the Law.

## POLICIES

### **Conflicts of interest**

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

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

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

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

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

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

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

## **Preferential treatment of investors**

Unitholders are being given a fair treatment by ensuring that they are subject to the same rights and, as the case may be, the same obligations vis-à-vis the Fund (as such rights and obligations notably result from the Management Regulations and this Prospectus) as those to which other Unitholders, having invested in, and equally or similarly contributed to, the same class of Units, are subject to. Notwithstanding the foregoing paragraph, it cannot be excluded that a Unitholder be given a preferential treatment in the meaning of, and to the widest extent, allowed by, the Management Regulations. Whenever a Unitholder obtains preferential treatment or the right to obtain a preferential treatment, a description of that preferential treatment, the type of Unitholders who obtained such preferential treatment and, where relevant, their legal or economic links with the Fund or the Management Company will be made available at the registered office of the Management Company within the same limits required by the Law.

## **Remuneration Policy**

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the European Directive 2014/91/EU of 23 July 2014 amending Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the “UCITS Directive”) and any related legal and regulatory provisions applicable in Luxembourg.

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

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

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: <https://www.fundrock.com/policies-and-compliance/remuneration-policy>.

A paper version of this remuneration policy is made available free of charge at the Management Company's registered office.

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

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

\* It should be noted that, upon issuance of final guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

### **Other Policies**

The Management Company will make the following additional information available at its registered office upon request in accordance with Luxembourg laws and regulations: the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Fund, the best execution policy and the procedure for the giving and receiving of inducements.



## **Historical Performance**

If available, past performance information will be made available at the registered office of the Management Company, the Fund's depository, the Fund's distributors, online at <https://fundinfo.fundrock.com/IKC> or included in the KID.

## **MATERIAL AGREEMENTS**

The following agreements, not being agreements entered into in the ordinary course of business, have been entered into by the Management Company on behalf of the Fund and are, or may be, material:

- a depository agreement between the Management Company and the Depository pursuant to which the latter was appointed depository and paying agent of the assets of the Fund.
- an investment management agreement between the Management Company and the Investment Manager pursuant to which the latter was appointed, subject to the overall control of the Management Company, to manage the Fund's investments.
- a placement and distribution agreement between the Management Company and the Placement and Distribution Agent pursuant to which the latter was appointed, subject to the overall control of the Management Company as distributor of the Fund's Units.

Any of the above Agreements may be amended by mutual consent of the parties.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during business hours on each bank business day at the registered office of the Management Company in Luxembourg:

- a. the Management Regulations of the Fund;
- b. the Material Agreements referred to above.

Copies of the Management Agreements, of the current Prospectus, the current KID and of the latest reports of the Fund may be obtained free of charge at the registered office of the Fund and the Placement and Distribution Agent.

## **PART B**

### **ANNEX 1: IKC FUND – Lux 0 - 100**

#### **Investment Objective and Policy**

The Sub-Fund's objective is to achieve capital gains through active management of the portfolio.

To achieve the investment objective the Sub-Fund will invest in a global portfolio of equities, equity related instruments, bonds and money market instruments or other UCITS and UCIs, including ETFs, with exposure to such asset classes. The Sub-Fund may invest up to 100% in instruments with exposure to equities when it is considered that there are favourable conditions for appreciation in value on the stock markets. When conditions in the stock market are deemed less favourable by the Investment Manager, the Sub-Fund may invest 100% in instruments with exposure to the interest rate market or from time to time and on a temporary basis only in cash deposits.

The Sub-Fund may also invest in other Sub-Funds of the Fund subject to the provisions set out in the section "Investment restrictions", item I. (1) d) in part A of this Prospectus.

Within the limits laid down in article 41 (1) (e) of the Law, and unless expressly stated otherwise, such other UCITS or UCIs might have different investment strategies or restrictions than those set forth in this annex, to the extent that such investments do not result in a circumvention of the investment strategies or restrictions of the Sub-Fund

The Sub-Fund relies on a top-down approach (i.e. use of macro-economic variables to identify high-performing sectors, industries and countries) for determining the assets that are estimated to have favourable growth prospects. Under certain economic circumstances, whenever emerging markets are showing favourable growth prospects, the Sub-Fund may have an exposure up to 85% of its net assets in such markets and up to 65% of its net assets in emerging market equities. The Sub-Fund may not invest more than 35% of its net assets in a single emerging market country.

The Sub-Fund offers investors the opportunity to take advantage of the access to specific markets through direct investments and investments in different UCITS and UCIs.

Financial derivative instruments may be used as an integral part of the investment strategy as well as for hedging purposes. These financial derivative instruments may include over-the-counter transactions such as forwards and swaps and/or exchange traded transactions such as options and futures.

The Sub-Fund does not make use of any Efficient Portfolio Management techniques, nor enter into total return swaps or financial derivative instruments with similar characteristics and as such the 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 is not applicable. The Prospectus will be updated accordingly prior to the use of any such instruments or techniques.

The global exposure and leverage of the Sub-Fund will be measured and monitored according to the commitment approach methodology.

The Sub-Fund takes sustainability risk and environmental, social and governance (“ESG”) characteristics into account as part of its selection process.

In that respect, the Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR.

Further information about the ESG characteristics applied is available in the section on pre-contractual disclosure for financial products at the end of this Sub-Fund’s Annex, upon request or online at the website of the Investment Manager: [www.ikc.se](http://www.ikc.se)

### **Specific risk considerations for the Sub-Fund**

The risk in the Sub-Fund is affected by the allocation between the different types of assets the Sub-Fund may directly or indirectly invest in: equities, interest rates and money market instruments. Prices on the stock exchange fluctuate and equity exposure is consequently associated with a risk of large changes in value. Investments in emerging markets also expose the Sub-Fund to a liquidity risk higher than those associated with investments in developed markets.

The risk associated with investing in interest bearing securities, bond and money market funds is affected by credit risk, duration risk and trends in interest rates.

Investments in financial derivative instruments entails risks related to the change in value of the underlying securities as well as counterparty risk in the case of OTC derivatives.

The Sub-Fund invests a significant proportion of its assets in securities denominated in a currency other than SEK and is consequently also affected by changes in exchange rates.

The Sub-Fund can both increase and decrease in value and it is not certain that investors recover the entire amount of capital invested. Historic returns are no guarantee of future performance.

The Sub-Fund’s policy is to diversify its investment portfolio; however the Sub-Fund’s portfolio may at certain times be quite concentrated in a certain geographical area, country or sector subject to the overall investment restrictions.

The Sub-Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value due to geographical, country and sector specific events.

## **Sustainability Risks**

### **Risks to the financial returns of the Sub-Fund**

The broad ESG Goals of this Sub-Fund may lead the Investment Manager to invest in or exclude securities for non-financial reasons, irrespective of market opportunities in order to achieve the stated ESG Goals. The financial returns of this Sub-Fund may not be equivalent or surpass those of non-ESG financial products.

### **Profile of the typical Investor**

The Sub-Fund is aimed at investors who wish to benefit from an actively managed fund that invests in the global equity and interest rate markets. The investor should be familiar with the equity and interest rate markets and should not be disturbed when the Unit value varies, stock markets go up or down or when interest rates change as the Investor has an investment horizon of at least five years.

### **Reference Currency**

The reference currency of the Sub-Fund is SEK.

### **Classes of Units**

Class IB SEK and IC SEK Units are available for subscription and are reserved to Institutional Investors.

All Classes of Units are only available as Accumulation Units. Units of the following Classes are currently issued with the following minimum initial investment and holding amount:

| <b>Name of the Class of Units</b> | <b>Minimum Initial Investment and Holding Amount</b> | <b>ISIN</b>  |
|-----------------------------------|--|--------------|
| IB SEK                            | SEK 50,000   | LU1107805324 |
| IC SEK                            | N/A  | LU0690975619 |

## **Initial Offering Period**

Class IB SEK Units will be offered upon decision by the Management Company at an initial subscription price per Unit that shall be equal to the Net Asset Value per Unit of the IC SEK Units at that day.

## **Valuation Day**

The Net Asset Value of each Class of Units shall normally be calculated for as of each Business Day (a “Valuation Day”).

## **Business Day**

A Business Day is a day on which banks are normally open for business in Luxembourg, except for 24 December in each year.

## **Subscriptions**

Investors should be aware that subscriptions for Units may be made directly through the Registrar and Transfer Agent as described in the Chapter on Subscriptions.

Units are available for subscription for each Valuation Day. Applications for Units must be received by the Registrar and Transfer Agent no later than 11:00 a.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day to be dealt with on the basis of the Net Asset Value per Unit calculated as of that Valuation Day. Subscription proceeds must be received no later than three Business Days following the relevant Valuation Day.

Applications for Units received by the Registrar and Transfer Agent after 11:00 a.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day will be dealt with on the basis of the Net Asset Value per Unit as of the next Valuation Day.

A Subscription Charge, not exceeding 2% of the fixed price at which Units are offered may be added for the purpose of compensating the Placement and Distribution Agent and financial intermediaries who assist in placing the Units. This charge is to be considered a maximum rate and the Placement and Distribution Agent may decide at its discretion to waive this charge in whole or in part.

## **Redemptions**

Units are redeemable at the option of the Unitholders.

Completed redemption requests should be sent to the Registrar and Transfer Agent to be received no later than 11:00 a.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per Unit calculated as of that Valuation Day.

Redemption requests received by the Registrar and Transfer Agent after 11:00 a.m. (Luxembourg time) on the Business Day preceding the Valuation Day will be dealt with on the basis of the Net Asset Value per Unit as of the next Valuation Day.

A Redemption Charge, not exceeding 2% of the price at which Units are redeemed may be charged and paid to the Placement and Distribution Agent and financial intermediaries who assist in placing the Units. This charge is to be considered a maximum rate and the Placement and Distribution Agent may decide at its discretion to waive this charge in whole or in part.

Payment of redemption proceeds will normally be made within three Business Days following the relevant Valuation Day.

## **Conversions**

Unitholders have the right to convert on the Valuation Day Units of one Class of Units of the Sub-Fund into Units of a different Class of the same Sub-Fund or into Units of another Sub-Fund of the Fund.

Completed conversion requests should be sent to the Registrar and Transfer Agent to be received no later than 11:00 a.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per Unit calculated as of that Valuation Day.

Conversion requests received by the Registrar and Transfer Agent after 11:00 a.m. (Luxembourg time) on the Business Day preceding the Valuation Day will be dealt with on the basis of the Net Asset Value per Unit as of the next Valuation Day.

A Conversion Charge, not exceeding 2% of the price at which Units are converted may be charged and paid to the Placement and Distribution Agent and financial intermediaries who assist in placing the Units. This charge is to be considered a maximum rate and the Placement and Distribution Agent may decide at its discretion to waive this charge in whole or in part.

## **Fees**

### Management Company Fee

The Management Company will receive a fee for its services as a management company, accrued daily and payable monthly in arrears, of 0.100% p.a. of the net assets of the Sub-Fund, subject to an annual minimum of EUR 25,000.

Furthermore, the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.

### Investment Management Fee

The Investment Manager will receive the following maximum Investment Management Fee per annum of the net assets of the Sub-Fund, accrued daily and payable monthly in arrears:

| <b>Class</b> | <b>Investment Management Fee</b> |
|--------------|----------------------------------|
| IB SEK       | 1.4% p.a.                        |
| IC SEK       | 1.95 % p.a.                      |

### Risk Management Fee

The Management Company will receive a risk management fee consisting of a flat fee of EUR 12,000 p.a.

### Administration Fee

Out of the Sub-Fund's assets, an administration fee consisting of a flat fee of EUR 25,000 p.a. plus a variable fee of maximum 0.04% p.a. is payable to the Management Company. The fees will be accrued on a daily basis, based on the net assets of the Sub-Fund and will be paid out monthly in arrears.

The Management Company is furthermore entitled to receive out of the Sub-Fund's assets, in respect of the register and transfer agent functions, a further fee of EUR 10,000 for up to two active Classes of Units and EUR 3,000 for each additional active Class of Units in accordance with Luxembourg customary banking practice, accrued daily and payable monthly in arrears.

The Management Company will also be compensated for all reasonable out of pocket expenses.

### Depositary Fee

The Depositary will receive a depositary fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund's assets under custody and paid monthly in arrears out of the Sub-Fund's assets. The Depositary will further receive a supervisory fee of 0.0100% p.a. calculated and payable monthly in arrears and based on the Sub-Fund's assets, with a minimum yearly supervisory fee amounting to EUR 6,000, payable out of the Sub-Fund's assets. In addition, the Depositary is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.

### **Duration**

The Sub-Fund is established for an unlimited duration.



**Template pre-contractual disclosure for financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** IKC FUND – LUX 0 - 100

**Legal entity identifier:** 529900ODM7BG5E5CPK48

Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

**It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

***What environmental and/or social characteristics are promoted by this financial product?***

The Sub-Fund promotes environmental and social standards with regards to:

- certain products (including alcohol, controversial weapons, fossil fuel, military equipment, pornography, tobacco, uranium, and GMO (genetically modified organisms)) by applying exclusion criteria.
- corporate adherence to international standards such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises, by applying engagement & dialogue and/or exclusion criteria.
- The Sub-Fund is actively managed and no benchmark has been chosen to measure its attainment of the E/S characteristics promoted.

• ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

- Share of investments in companies active in the fossil fuel sector: 0%
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons: 0%
- Share of investments in investee companies involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises and where constructive engagement was limited: 0%

• ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

• ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A

- ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

N/A

- ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

N/A



***Does this financial product consider principal adverse impacts on sustainability factors?***

Yes

The Sub-Fund considers principal adverse impacts on sustainability factors that are relevant to the investment strategy. Relevant indicators are:

- Exposure to companies active in the fossil fuel sector.
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

Principal adverse impacts are identified and addressed via exclusion and/or engagement, and/or voting.

The Sub-Fund evaluates the outcome in the Sustainable Investing Committee on a regular basis.

Our approach is subject to ongoing review, particularly as the availability, and quality, of PAI data evolves.

Relevant information on principal adverse impacts on sustainability factors will also be disclosed in due course in the Sub-Fund's annual report.

No

***What investment strategy does this financial product follow?***

The investment objective of the Sub-Fund is to provide a diversified portfolio with an efficient risk adjusted return.

The Sub-Fund's approach to sustainable investments is based on three pillars:

**ESG integration:** The Sub-Fund attaches great importance to thorough analysis in which ESG aspects are considered alongside financial factors in a holistic manner. Examples of this information include but are not limited to climate change, communities, customers, natural resources, pollution, waste, human resources, and stakeholders.

**Investment restrictions and exclusions:** The Sub-Fund identifies companies with a negative impact on the environment, society, and stakeholders, by excluding banned weapons, fossil fuels, military equipment, pornography, and tobacco from its investment universe.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Stewardship and engagement:** The Sub-Fund engages in constructive dialogue with company management, regulators, interest groups, government representatives and peers, seeking to contribute to positive development and change.

- *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*
  1. 0 % of investments in companies or corporate groups where more than 5 percent of the turnover comes from the extraction of fossil fuels.
  2. 0 % exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
  3. 0% exposure to military equipment, pornography, alcohol, GMO, uranium, and tobacco where more than 20 percent of the turnover comes from the respective activity.

The Sub-Fund is engaging with or excluding certain companies relating to their adherence to international standards such as the UN Global Compact, which include criteria on human and labour rights, environment and anti-corruption or OECD Guidelines for Multinational.

For the assessment, areas like corporate strategy, corporate governance, transparency and the product and service range of a company are considered. In addition to ESG criteria, other sustainability criteria are considered in the management of the Sub-Fund in accordance with the goals set by the Paris Agreement.

Issuers are assessed via an ESG and sustainability analysis, which covers the following elements:

- Labour rights and working conditions
- Suppliers
- Social impact of products and services
- Corporate Governance
- Business ethics
- Environmental Management
- Environmental aspects along the value chain
- Eco-efficiency

The Sub-Fund identifies companies with a negative impact on the environment, society, and stakeholders, by excluding banned weapons, fossil fuels, military equipment, pornography, and tobacco from its investment universe.

The Sub-Fund also excludes companies that violate international standards and companies with significant risks of corruption and financial crime.

### **Monitoring of environmental or social characteristics**

All exclusions are coded in the Trading & Compliance module, through which investing in an excluded asset is not possible. In addition, post-trade checks take place.

- *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

Apart from the set investment restrictions implemented as a threshold, there is no commitment to exclude a minimum percentage of the potential investments.

- *What is the policy to assess good governance practices of the investee companies?*

The Sub-Fund's Policy for Sustainable Investing sets out a framework and guidelines to assess good governance practice of the investee companies.

Good governance of underlying investments is assessed during the due diligence process.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

## What is the asset allocation planned for this financial product?

The Sub-Fund invests in direct holdings. In order to meet the environmental or social characteristics promoted, the Sub-Fund:

- Applies exclusion criteria to certain products (including alcohol, controversial weapons, fossil fuel, military equipment, pornography, and tobacco)
- Promotes corporate adherence to the principles set out in the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

#1: 70% of the allocation will be aligned with the environmental and/or social characteristics promoted by the Sub-Fund.

#2: 30% of the total investments are set aside for cash positions, money market instruments and potential derivatives and do not incorporate any environmental or social characteristic.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

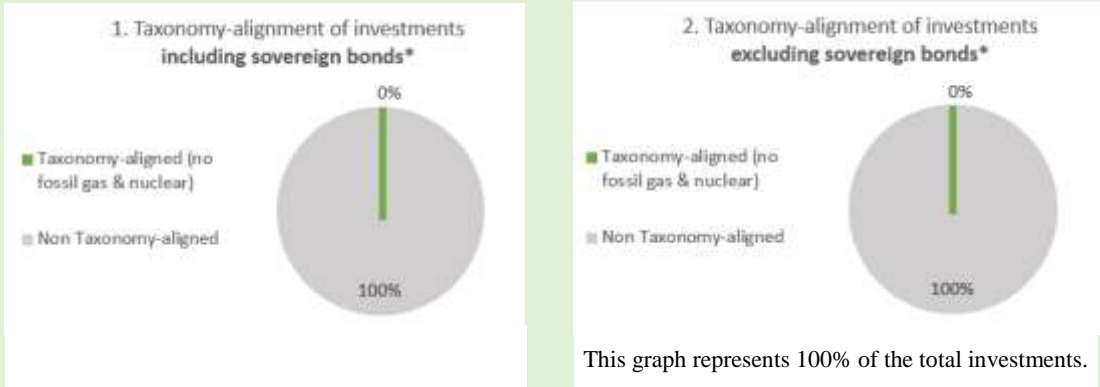
- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund has no minimum share of investments aligned with the EU Taxonomy, i.e. 0 %.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory not in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- ***What is the minimum share of investments in transitional and enabling activities?***

The minimum share of investments of the Sub-Fund in transitional activities is 0 %.

The minimum share of investments of the Sub-Fund in enabling activities is 0 %.



- ***What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?***

The Sub-Fund has no minimum share of investments aligned with the EU Taxonomy, i.e. 0 % minimum target.



- ***What is the minimum share of socially sustainable investments?***

The minimum share of socially sustainable investments is 0 %.



- ***What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?***

Cash, cash equivalents and derivatives used with the aim of reducing risk (hedging) or managing the Sub-Fund more efficiently in order to manage subscriptions and redemptions.

There are no minimum environmental or social safeguards for such investments.

***Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?***

N/A

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A





*Where can I find more product specific information online?*

**More product-specific information can be found on the website:**

<https://www.ikc.se/hallbarhet/>