

CORUNDUM DIVERSITY SICAV

Société d'investissement à capital variable

33A, avenue J.F. Kennedy, L-1855 Luxembourg

R.C.S. Luxembourg B 166 082

SALES PROSPECTUS

1. December 2016

VISA 2016/105904-7377-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité

Luxembourg, le 2016-12-16

Commission de Surveillance du Secteur Financier



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IMPORTANT NOTICE FOR SWISS QUALIFIED INVESTORS

The State of the origin of the Fund is Luxembourg.

This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA.

1. Qualified investors

The investment fund may only be distributed in Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA.

2. Representative in Switzerland

Pharus Management S.A.

Via Pollini 7

CH-6850 Mendrisio

3. Paying agent in Switzerland is

UBS AG

Aeschenplatz 6,

4002 Basel and Bahnhofstrasse 45, 8090 Zürich,

Switzerland

4. Place where the relevant documents may be obtained

The relevant documents as defined in Art. 13a CISO as well as the annual and, if applicable, the semi-annual reports may be obtained free of charge from the representative in Switzerland.

5. Payment of retrocessions and rebates

The investment fund respectively the fund management company and its agent may pay retrocessions as remuneration for distribution activity in respect of the investment fund units in or from Switzerland.

This remuneration may be deemed payment for the following services in particular:

- Distribution activity;
- Client introduction activity;
- Private Placement & Marketing Activities;

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the investment fund of the investor concerned.

In the case of distribution activity in or from Switzerland, the investment fund respectively the fund management company and its agents, may upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investors in question.

Rebates are permitted provided that:

- they are paid from fees received by the investment fund respectively the fund management company and therefore do not represent an additional charge on the fund assets;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the investment fund respectively the fund management company are as follows:

- the volume subscribed by the investor or the total volume they hold in the investment fund or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of the investment fund.

At the request of the investor, the investment fund respectively the fund management company must disclose the amounts of such rebates free of charge.

6. Place of performance and jurisdiction

In respect of the shares distributed in Switzerland, the competent Courts shall be at the registered office of the Representative in Switzerland.

The Basic documents of the Fund as defined in Art. 13a CISO as well as the annual and, if applicable, semi-annual reports may be obtained free of charge at the office of the representative.

Corundum Diversity SICAV (the "Fund") is a company organised as a *société d'investissement à capital variable* ("SICAV") and is registered under Part I of the Luxembourg law of 17 December 2010 on collective investment undertakings, as amended (the "2010 Law"). This registration pursuant to the 2010 Law does not require any Luxembourg authority to approve or disapprove either the adequacy of this Prospectus or the portfolio of securities held by the Fund. Any representation to the contrary is unauthorised and unlawful.

Distribution of this Prospectus is not authorised unless it is accompanied by a copy of the latest available annual report of the Fund containing the audited balance-sheet and a copy of the latest half-yearly report, if published after such annual report.

Before subscribing to any Class of Shares and to the extent required by local laws and regulations each investor shall consult the relevant Key Investor Information Document(s) (hereafter the "KIID" or ("KIIDs"). The KIIDs provide information in particular on historical performance, the synthetic risk and reward indicator and charges. Investors may download the KIIDs on the following website <http://www.pharusmanco.lu> or obtain them in paper form or on any other durable medium agreed between the Management Company or the intermediary and the investor.

Any information or representation given or made by any person which is not contained herein or in the relevant KIID or in any other document which may be available for inspection by the public should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this Prospectus or of the relevant KIID nor the offer, issue or sale of Shares in the Fund shall under any circumstances constitute a representation that the information given in this Prospectus or in the relevant KIID is correct as at any time subsequent to the date of this Prospectus or the relevant KIID.

The distribution of this Prospectus and the offering or purchase of Shares is restricted in certain jurisdictions. This Prospectus and the KIID(s) do not constitute an offer of or invitation or solicitation to subscribe for or acquire any Shares in any jurisdiction in which such offer or solicitation is not permitted, authorised or would be unlawful. Persons receiving a copy of this Prospectus or of the KIID(s) in any jurisdiction may not treat this Prospectus or KIID(s) as constituting an offer, invitation or solicitation to them to subscribe for or acquire Shares notwithstanding that, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement. It is the responsibility of any persons in possession of this Prospectus or of the KIID(s) and any persons wishing to apply for or acquire Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for or purchasers of Shares should inform themselves as to the legal requirements of so applying or purchasing, and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Fund represents and warrants that its shares will not be offered, sold or delivered to US investors. US investors for this purpose are defined as (i) citizens or residents of the United States, or other persons or entities whose income is subject to US federal income tax regardless of source or (ii) that are considered to be US Persons as defined hereafter.

This Prospectus does not constitute an offer or solicitation in respect of any US Person. Neither the Shares nor any interest therein may be beneficially owned by any other US Person except as provided

below. Any re-offer or resale of any of the Shares in the United States or to US Persons without the consent of the Fund is prohibited.

The Fund represents and warrants that its shares will not be offered, sold or delivered to US investors. US investors for this purpose are defined as (i) citizens or residents of the United States, or other persons or entities whose income is subject to US federal income tax regardless of source or (ii) that are considered to be US persons pursuant to regulation S of the US Securities Act of 1933 and/or (iii) the US Commodity Exchange Act, as amended.

The Shares have not been registered under the US Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state or political subdivision of the United States, and may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, except pursuant to an exemption from, or in a transaction not subject to the requirements of, the US Securities Act and any applicable US state securities laws. The Fund has not registered and does not intend to register under the United States Investment Company Act of 1940, as amended (the "Investment Company Act") in reliance on the exemption from such registration pursuant to Section 3(c)(7) thereunder. Accordingly, the Shares are being offered and sold only: (i) outside the United States to persons other than US Persons in offshore transactions that meet the requirements of Regulation S under the US Securities Act; or (ii) to US Persons who are: (A) "accredited investors" (as defined in Rule 501 of Regulation D promulgated under the US Securities Act); (B) "qualified purchasers" (within the meaning of Section 2(a)(51) of the Investment Company Act); and (C) "qualified eligible persons" (as defined in CFTC Rule 4.7 for non-natural persons and CFTC Rule 4.7(a)(2) for natural persons).

Each applicant for the Shares must certify that it is: (a) not a US Person as defined in Regulation S under the US Securities Act and CFTC Rule 4.7 and not a US resident within the meaning of the Investment Company Act; and (b) a person that is: (A) an "accredited investor" (as defined in Rule 501 of Regulation D promulgated under the US Securities Act); (B) a "qualified purchaser" (within the meaning of Section 2(a)(51) of the Investment Company Act); and (C) a "qualified eligible person" (as defined in CFTC Rule 4.7 for non-natural persons and CFTC Rule 4.7(a)(2) for natural persons).

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

The Board of the Fund may compulsorily redeem investor's Shares if it determines that the Shares in the Sub-Fund are held by Prohibited Persons in the Sub-Funds of the Fund, as further detailed under section "Issue and Conversions of Shares – Restrictions on the ownership of Shares of this Prospectus.

Data protection

Without prejudice to the above provision certain personal data of shareholders (including, but not limited to, the name, address and invested amount of each Shareholder) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Fund, the service providers and the financial intermediaries of such shareholders, in accordance with the Luxembourg Law dated 2 August 2002 on data protection, as amended from time to time. In particular, such data may be processed for the purposes of account and fee administration, anti-money laundering and terrorism financing identification, tax identification under the EU Savings Directive and FATCA, maintaining the register of Shareholders, processing subscription, redemption and conversion orders and payments of dividends to shareholders and to provide client-related services. Such information will not be passed on to any unauthorised third persons.

The Management Company may sub-contract to another entity (the Processor) the processing of personal data. Data may be available in jurisdictions other than where the Prospectus is available.

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

Potential subscribers should note that the structure of the Prospectus is made up of Section I which contains the regulations applicable to each individual Sub-Fund and of Section II which contains the regulations to which the Fund is subject as a whole.

Definitions

1915 Law	Luxembourg Law of 10 August 1915 relating to commercial companies, as amended from time to time.
2010 Law	Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended from time to time, implementing Directive 2009/65/EC into Luxembourg law.
Administration Agent	UBS Fund Services (Luxembourg) S.A.
Affiliated Person	The Depositary, the Central Administration and certain distributors are part of the UBS Group
Application Form	The application form available at the registered office of the Fund and from distributors (if any).
Articles	The articles of incorporation of the Fund, as amended from time to time.
Auditors	PricewaterhouseCoopers <i>société coopérative</i>
Board of Directors	The board of directors of the Fund.
Business Day	Any full day on which the banks are open for normal business banking in Luxembourg with the exception of individual, non-statutory rest days as well as days on which exchanges in the main countries in which the relevant Sub-Fund invests are closed or 50 % or more Sub-Fund investments cannot be adequately valued. Non-statutory rest days are days on which individual banks and financial institutions are closed.
CHF	The official currency of Switzerland.
Class(es)	Pursuant to the Articles, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereinafter referred to as a "Class") whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, dividend policy or other feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the description of the relevant Sub-Fund.
Conversion Day	The day with respect to which the Shares of any Sub-Fund/Class may be converted, as further detailed in the description of the relevant Sub-Fund.
CSSF	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.
Depositary / Depositary Bank	Until 30 November 2016 UBS (Luxembourg) S.A. and as from the 1 st December 2016 UBS Europe SE, Luxembourg Branch
Directors	The members of the Board of Directors.
Emerging Markets	Emerging markets are those markets in countries that are not amongst the following groups of industrialised countries: United States and Canada, Switzerland and Members of the European Economic Area, Japan, Australia and New Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets.
EU	European Union.
EUR	The legal currency of the European Union (the "Euro").

Eligible State	Any Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
FATCA	The Foreign Account Tax Compliance provisions of the US. Hiring Incentives to Restore Employment Act enacted in March 2010.
Fixed Income Securities	Shall mean bonds, debt and other fixed income securities which pay a fixed or variable rate of interest. Unless otherwise specified in the relevant Sub-Fund particulars, Fixed Income Securities shall not include asset-backed securities and mortgage-backed securities.
FINRA	THE FINANCIAL INDUSTRY REGULATORY AUTHORITY
GBP	The official currency of Great Britain.
G20	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.
Institutional Investor	Any institutional investor(s) within the meaning of article 174 of the 2010 Law and as accepted and defined from time to time by the guidelines or recommendations of the CSSF.
Investment Grade	Fixed Income Securities that are at least rated Baa3/BBB- by Moody's, Standard & Poors, or another recognised credit agency.
Investment Manager	Pharus Management Lux S.A. the Management Company
Luxembourg	The Grand Duchy of Luxembourg.
Luxembourg Stock Exchange	Société de la Bourse de Luxembourg S.A.
Management Company	Pharus Management Lux S.A.
Mémorial	<i>Mémorial C, Recueil des Sociétés et Associations</i> , Luxembourg legal gazette.
Money Market Instruments	Shall mean 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 per Share	The net asset value of any Class within any Sub-Fund determined in accordance with the relevant provisions detailed in section 3 "Investments in the Corundum Diversity SICAV – Net Asset Value".
OECD	Organisation for Economic Co-operation and Development.
Redemption Day	The day with respect to which Shares of the Fund are redeemable, as further detailed in the description of the relevant Sub-Fund.
Reference Currency	The reference currency of a Sub Fund, as disclosed in the description of the relevant Sub-Fund.

Register of shareholders	The register of shareholders of the Fund.
Registrar and Transfer Agent	UBS Fund Services (Luxembourg) S.A.
Regulated Market	A regulated market as defined in the Directive 2004/39/EC of 21 April 2004 on markets in financial instruments (Directive 2004/39/EC), namely a market which appears on the list of the regulated markets drawn up by each Member State, which functions regularly, is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
Savings Directive	Directive 2003/48/EC of 3 June 2003 on taxation of savings income in form of interest payments.
Subscription Day	The day with respect to which the Shares of any Class may be subscribed, as detailed, in the description of the relevant Sub-Fund.
Sub-Fund	A specific portfolio of assets and liabilities within the Fund having its own Net Asset Value and represented by one or more Classes.
Transferable Securities	Shall mean: (a) shares and other securities equivalent to shares, (b) bonds and other debt instruments, (c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and Money Market Instruments.
UCITS	An Undertaking for collective investment in Transferable Securities and other eligible assets authorised pursuant to directive 2009/65/EC, as amended.
Other UCI	An Undertaking for collective investment within the meaning of Article 1 paragraph (2), point (a) and point (b) of Directive 2009/65/EC.
United States Person	A citizen or resident of the United States of America, a partnership organized or existing under the laws of any state, territory or possession of the United States of America, or a corporation organized under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for the purpose of computing United States income tax payable by it.
USD	The official currency of the United States of America (United States Dollar), which is also the reference currency of the Fund.
Valuation Day	Day as at which the Net Asset Value is determined as detailed, for each Sub-Fund, in the relevant Sub-Fund Particular.

All references herein to time are to Central European Time (CET) unless otherwise indicated.

Words importing the singular shall, where the context permits, include the plural and vice versa.

SECTION I: DESCRIPTION OF THE AVAILABLE SUB-FUNDS

- List of available Sub-Funds:

Sub-Fund 1 - Corundum Diversity SICAV - Corundum Stability Fund

- Unless otherwise indicated in the tables below, each Sub-Fund of Corundum Diversity SICAV is subject to the general regulations as set out in Section II of this Prospectus.

Corundum Diversity SICAV - Corundum Stability Fund

This specific section describes the particularity of the Sub-Fund Corundum Diversity SICAV - Corundum Stability Fund and is part of the general sales prospectus. Therefore, all information given herein should be considered in connection with this general prospectus.

Profile of the typical investors

The Sub-Fund is suitable for investors who are able to accept a relatively high tolerance for market volatility and medium to long term investment horizon.

The investors in this Sub-Fund should be aware of the risks entailed in debt-securities including Emerging Market and non-investment grade bond investments.

Investors should be able to accept temporary fluctuations and decline in the net asset value of the Sub-Fund's Shares. The investor should not be dependent on being able to realize the investment return on a certain date.

The Sub-Fund is suitable for investors who can afford, in principle, to set aside their capital for a period of at least 5 years.

Risk Management for this of the Sub-Fund

In accordance with the Law of 2010 and the applicable regulations, in particular CSSF Circular 11/512, this Sub-Fund uses a risk-management process which enables it to assess the exposure of the Sub-Fund to market, liquidity and counterparty risks and to all other risks, including operational risks, which are material for this Sub-Fund.

As part of the risk management process, this Sub-Fund uses the commitment approach to monitor and measure the global risk exposure. This approach measures the global exposure related to positions on financial derivative instruments ("FDIs") which may not exceed the total net value of the portfolio of this Sub-Fund.

Risk profile of the Sub-Fund

The risks associated with investments in fixed-income securities can include significant fluctuations in their market value due to strong interest rate fluctuations (e.g.: the value of any bonds held by the Sub-Fund is likely to decline when interest rates rise; this risk is greater for bonds with long maturities).

Another significant risk is that a bond issuer could default on principal or interest payments, causing a loss for the Sub-Fund.

Some of the investments of the Sub-Fund will not be held in the same currency of the Sub-Fund. In this respect the performance of the Sub-Fund might be affected from the foreign exchange risk. Investment in emerging markets bonds is accompanied by higher risks than investments in developed markets bonds, including significant price fluctuation and an increased risk of capital loss, due to the political (including capital controls), interest rate and credit risks associated with investing in this asset class.

Potential investors should also consider the risks attached to fluctuations in exchange rates, possible imposition of exchange controls and other restrictions. Due to possible use of techniques and instruments relating to transferable securities and money market instruments for efficient portfolio management, investors might be exposed to greater risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

With regard to investment in warrants investors should note that the gearing effect of investment in warrants and the volatility of warrant prices make the risk attached to the investment in warrants higher than in the case with investment in equities.

Investment Policy and Objective

The investment objective of the Sub-Fund is principally to protect invested capital against prevailing inflation in the Sub-Fund's Reference Currency while taking into consideration capital preservation, stability in value, diversification and liquidity of Sub-Fund's assets.

- The Sub-Fund invests primarily in fixed or variable-interest debt securities and bonds with warrants and money market instruments issued by public-sector or private issuers worldwide including emerging markets and denominated in freely convertible currency.
- The Sub-Fund shall also invest in cash and Cash Equivalents including money market instruments which will include but are not be limited to treasury bills and certificate of deposits. Compared to Cash, "**Cash Equivalents**" shall include, but shall not be limited to short-term fixed income securities including commercial paper (i.e. investment grade short-term paper issued by credit institutions) and money market obligations such as short and medium-term treasury bills and treasury notes (both fixed and floating rate), certificates of deposit and bankers' acceptances which meet the requirements of the UCITS (Undertakings for Collective Investments in Transferable Securities) Regulations.
- This Sub-Fund may hold liquidities on an ancillary basis, which means that the Sub-Fund can hold under exceptional circumstances e.g. high volatile market conditions up to 49% of the Sub-Fund's total assets in cash, or Cash Equivalents.
- This Sub-Fund may invest in Units/shares of UCITS and/or other UCIs (Undertakings for Collective Investments) provided that :
 - no more than 10% of its net assets are invested in the units of a single UCITS or other UCI;
 - the entry and management fees applying to the target UCITS or other UCI shall not exceed 3% (three percent) each of the net asset value;
 - the Sub-Fund shall not be charged for subscription or redemption fees on account of its investments in such UCITS and other UCIs, for which Pharos Management Lux S.A. acts as management company nor is linked to such UCITS/UCIs management company within the meaning of article 46(3) of the 2010 Law.
- For investment purposes this Sub-Fund will neither employ shorting nor leverage strategies.
- The Sub-Fund may invest in financial derivative instruments for hedging purpose only.
- The Sub-Fund will not have any engagement in securities lending or in any repurchase agreement as a matter of fact the securities landing and repurchase proceedings described in the general part of the prospectus are not applicable to the current Sub Fund launched but might become applicable in case additional Sub Funds will be launched under the Corundum Diversity SICAV in future.

Asset Management

The Management Company has been designated as management company of the Fund and holds the mandate as Investment Manager for the Sub-Fund's assets.

Distribution

The Management Company will act as principal placement and distribution agent of the Sub-Fund and will enter into sub distribution & private placement agreements with authorized financial professionals acting in line with Luxembourg and local distribution and private placement rules.

Investments in Corundum Diversity SICAV- Corundum Stability Fund

General Information

- Reference Currency of the Sub-Fund is: USD. This is the currency in which the net asset value of the Sub-Fund is calculated and not the investment currency of the Sub-Fund. Investments are made in those currencies which best benefit the performance of the Sub-Fund.
- Class "A" and "C" and "D-EUR-hedged" Shares are dedicated to retail clients.
- Class "B-CHF Hedged" Shares are dedicated to Institutional Investors.

- Dividend Policy: All Share Classes i.e. “A”, “C”, “B-CHF-hedged” and “D-EUR-hedged”, will pursue an accumulation policy.
- Currently only the classes C and D-EUR-hedged are launched. The class B-CHF-hedged foresees an initial subscription period from the 7th of May 2015 until the 29th of May 2015. The 1st Net Asset Value of the Class B-CHF-hedged shall be the 1st of June 2015 calculated the 2nd of June 2015 or any other date thereafter when investments in this share class B-CHF-hedged are received.
- Valuation Day: The net asset value per share is calculated on each Business Day (a “Valuation Day”).
- Net Asset Value Calculation Day: The net asset value is calculated for the Valuation Day one Business Day after the Valuation Day for the respective Valuation Day.
- Shares will be issued as registered Shares.
- Global Fee: This Sub-Fund is subject to a “Global Fee” of maximum 2.30% p.a. calculated on the average total net assets of the Sub-Fund during the month concerned (more details are given in Section II Point 11. Charges and expenses).
- The minimum annual fees of the Management Company, the Administrative Agent and the Custodian amount to a maximum of up to the equivalent of 120,000 EUR in USD Dollar charged as further determined under the applicable services agreements.

Subscriptions

- The Shares of the Sub-Fund may be subscribed on each Valuation Day at the then prevailing net asset value (the “Subscription Day”).
- The minimum subscription amount for USD retail “C” share is 100 USD.
- The minimum subscription amount for EUR expressed retail “D-EUR-hedged” share Class is 100 EUR.
- The minimum subscription amount for CHF institutional “B-CHF-hedged” share is 100,000 CHF.
- Minimum Subscription amount of currently not launched Shares will be determined at a later stage by the Board of Director once the board decides to issue these Share Classes and being conditional to the update the Prospectus.

Redemptions

- Shares of the Sub-Fund may be redeemed on each Valuation Day at the then prevailing net asset value (the “Redemption Day”).
- The Fund may compulsorily redeem investor’s Shares if it determines that the Shares in the Sub-Fund are held by Prohibited Investors as further detailed under section “Issue and Conversions of Shares – Restrictions on the ownership of Shares of this Prospectus.

Conversions

- Shareholders of the Sub-Fund may request conversion of their Shares into another Sub-Fund on each Valuation Day (the “Conversion Day”). The conversion price per Share will correspond to the applicable Net Asset Value for that Valuation Day.

Conversion forms will have to be received before 14:00 Central European Time (“CET”) on a Valuation Day otherwise they shall be taken into consideration on the next Valuation Day.

Cut of time

- The cut of time for this Sub-Fund is 14:00 Central European Time each Valuation Day.

Historical performance

- The historical performance of the Sub-Fund is represented by a chart inserted in the KIID.

Portfolio Turnover

- The turnover rate of the portfolio, as inserted in the annual reports, is computed in compliance with the following formula:

$$\text{Turnover} = [(Total1 - Total 2) / M] * 100$$

With:

Total 1 = Total of securities transactions during the relevant period = $X+Y$

Where X = purchases of securities and Y = sale of securities

Total 2 = total of transactions in Shares of the Sub-Fund during the relevant period = $S+T$

Where S = subscriptions of Shares of the Sub-Fund and T = redemptions of Shares of the Sub-Fund

M = average monthly assets of the Sub-Fund.

Total Expense Ratio (“TER”)

- The TER, being the ratio of the gross amount of the expenses of the Sub-Fund to its average net assets, inserted in the annual reports includes the following expenses: the Global Fee the “*taxe d’abonnement*”, the costs in connection with legal registrations abroad, the external audit fees, as well as the costs carried out for extraordinary measures in the interests of the shareholders.

SECTION II: GENERAL PROVISIONS

MANAGEMENT AND ADMINISTRATION

Registered Office: 33A, avenue J.F. Kennedy
L-1855 Luxembourg

Board of Directors:

Chairman: Mr. Enrico Zanollo
Granite Investment AG
Seidengasse 13 CH-8001 Zürich

Directors: Mrs. Lidia Palumbo
Pharus Management Lux S.A.
16 avenue de la Gare
L-1010 Luxembourg

Mr. Martin Rausch
Pharus Management Lux S.A..
Luxembourg16 avenue de la Gare
L-1010 Luxembourg

Management Company: Pharus Management Lux S.A.
16 avenue de la Gare
L-1010 Luxembourg

**Board of Directors of the
Management Company:**

Chairman: Mr. Davide Berra
Pharus Management S.A.,
Via Pollini, 7
CH-6850 – Mendrisio (Switzerland)

Directors: Mr. Davide Pasquali
Pharus Management S.A.,
Via Pollini, 7
CH-6850 – Mendrisio (Switzerland)

Mrs. Lidia Palumbo
Pharus Management Lux S.A.
16 avenue de la Gare
L-1010 Luxembourg

Day-to-Day Managers of the Management Company:

Mrs. Lidia Palumbo
Pharus Management Lux S.A.
16, avenue de la Gare
L-1610 Luxembourg

Mr. Denis Guolo
Pharus Management Lux S.A.
16, avenue de la Gare
L-1610 Luxembourg

Mr. Martin Rausch
Pharus Management Lux S.A.
16, avenue de la Gare
L-1610 Luxembourg

Mrs Françoise Gozzo
Pharus Management Lux S.A.
16, avenue de la Gare
L-1610 Luxembourg

Depository and main Paying Agent:

Until 30 Nov. 2016
UBS (Luxembourg) S.A.
33A, avenue J.F. Kennedy
L-1855 Luxembourg

As from the 1st of December 2016
UBS Europe SE, Luxembourg Branch
33A, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Distributor:

Pharus Management Lux S.A.
16 avenue de la Gare
L-1010 Luxembourg

Administrative Agent:

UBS Fund Services (Luxembourg) S.A.
33A, avenue J.F. Kennedy

L-1855 Luxembourg

Auditor:

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

1. THE FUND

STRUCTURE OF THE FUND

Corundum Diversity SICAV is an investment company qualifying as a "*société d'investissement à capital variable*" (SICAV) and set up as an umbrella fund with the possibility to launch multiple sub-funds ("Sub-Funds") under the laws of the Grand Duchy of Luxembourg, which envisages to invest in transferable securities and in other liquid financial assets referred to in article 41, paragraph (1) of the 2010 Law, in accordance with the investment policy of each particular Sub-Fund. The Fund complies with the requirements of the UCITS Directive 2009/65/EC.

Corundum Diversity SICAV is characterised by an "umbrella construction" which comprises several specific pool of assets known as "Sub-Funds" for each of which various Classes of Shares may be issued. Such Shares shall hereinafter also be called "Sub-Fund Shares".

The entirety of the Sub-Funds' net assets form the total net assets of the Fund, which at any time correspond to the share capital of the Fund and consist of fully paid in and non-par-value Shares (the "Shares").

At general meetings, the shareholder has the right to one vote per share held, irrespective of the difference in value of Shares in the respective Sub-Funds. Shares of a particular Sub-Fund carry the right of one vote per share held when voting at meetings affecting this Sub-Fund.

The Fund is a single legal entity and the assets of a particular Sub-Fund are only applicable to the debts, engagements and obligations of that Sub-Fund. In respect of the relationship between the shareholders, each Sub-Fund is treated as a separate entity. The Fund is unlimited with regard to duration and total assets.

PHARUS MANAGEMENT LUX S.A., a chapter 15 management company and having its registered office at 16 Avenue de la Gare, 1610 Luxembourg has been appointed to act as the management company of the Fund (the "Management Company").

For this purpose, a Management Company Services Agreement (the "Agreement") was entered into between the Fund and the Management Company on December 19th 2011, for an unlimited term from the date of signing of the Agreement. Either party may terminate the Agreement at any time by registered letter with acknowledgement of receipt addressed to the other party.

Under the term of the Agreement, the Management Company is responsible for the management, the administration and the distribution of the Fund's assets but is allowed to delegate, under its supervision and control, all or part of these duties to third parties. In case of changes or appointment of additional third parties, the prospectus will be updated accordingly.

The Management Company is a company incorporated in Luxembourg as a "société anonyme" on 3 July 2012 for an indefinite duration and registered in the Luxembourg Commercial Register under Number B169798. Its registered capital is set at three-hundred fifty thousand euro (EUR 350,000) divided into three hundred and fifty (350) registered shares, with a nominal value of one thousand euro (EUR 1,000), each fully paid up.

Besides managing the Company, the Management Company currently manages additional undertakings for collective investments, the list of which can be obtained from the Management Company.

Besides managing the Fund, the Management Company currently manages additional undertakings for collective investments, the list of which can be obtained from the Management Company upon request.

Remuneration policy of the Management Company

The Management Company has in place a remuneration policy which is consistent with, and promotes, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles of the sub-funds, the Prospectus and the Articles of Incorporation nor impair compliance with the Management Company's duty to act in the best interest of the Fund and of its Shareholders.

The remuneration policy of the Management Company is in line with the business strategy, objectives, values and interests of the Management Company and of the other UCITS that it managed and of the interest of the Fund, and includes measures to avoid conflicts of interest.

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

Due to the Management Company's remuneration policy it is ensured the fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.

The remuneration policy of the Management Company has been adopted by its board of directors of the Management Company and is reviewed at least annually.

Details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available on:

<http://www.pharusmanco.lu/en/documents/documents/>

A paper copy of such document is available free of charge from the Management Company upon request.

LEGAL ASPECTS

Corundum Diversity SICAV was incorporated on 19 of December, 2011 as an open-end investment company under Luxembourg law in the legal form of a limited company (*société anonyme*) having the status of an investment company with variable capital (*Société d'investissement à capital variable*) in accordance with Part I of the Luxembourg law relating to undertakings for collective investment enacted on 17 December 2010. The Fund is entered under no. B 166 082 in the Luxembourg Commercial Register. The Fund was initially incorporated under the denomination of "Granite Investment SICAV" and changed its denomination into Corundum Diversity SICAV pursuant to the resolutions passed by the extraordinary general meeting of shareholders held on 16 March 2015.

The latest Articles were published in the Mémorial on 25 March 2015 and were deposited with the RCS. Any amendment must be published in the Mémorial. Such amendments become legally binding in respect of all shareholders subsequent to their approval by the general meeting of shareholders.

The Fund's accounts are audited by PricewaterhouseCoopers, *société coopérative* 400, Route d'Esch, L-1014 Luxembourg. The financial year of the Fund ends the last day of December.

The ordinary general meeting of shareholders of the Fund shall be held each year on the 20th day of April at 11.30 hours a.m. at the registered office of the Fund or at any address specified in the notice of meeting. If the 20th day of April happens to be a holiday, the ordinary general meeting shall be held on the next following day, which is open for business in Luxembourg.

The Board reserves the right to, at any point in time, launch new Sub-Funds. The offering memorandum and investment policy of such Sub-Funds are to be communicated through a revised Prospectus. In compliance with the regulations laid down in "Liquidation and merging of the Fund and its Sub-Funds", the Board reserves the right to liquidate or to merge certain Sub-Funds.

Variations in the capital of the Fund can take place without further consideration or enquiry and without the need for publication or registration in the RCS. The minimum capital required is EUR 1.250.000. This minimum has to be reached within a time frame of six months after the registration of the Fund on the official list of undertakings for collective investment.

2. INVESTMENT OBJECTIVES AND POLICY

The purpose of the Fund is to provide investors with an opportunity for investment in all types of transferable securities and / or in other liquid financial assets referred to in article 41, paragraph (1) of the 2010 Law through professionally managed Sub-Funds, each with their own specific investment objectives and policies as more fully described in Section I, in order to achieve a high regular income or a maximum capital appreciation, while giving ultimate consideration to capital security and portfolio liquidity.

3. INVESTMENTS IN THE CORUNDUM DIVERSITY SICAV

NET ASSET VALUE

Unless otherwise described under Section I, the net asset value per share of the individual Sub-Funds is calculated on each Business Day by the Administration Agent (hereinafter called "Valuation Day").

The net asset value of each Sub-Fund is equal to the total assets of that Sub-Fund less its liabilities.

The net asset value of each Sub-Fund will be expressed in the currency of the relevant Sub-Fund as further described under Section I (except when there exists any state of affairs which, in the opinion of the Board, makes the determination in the currency of the relevant Sub-Fund either not reasonably practical or prejudicial to the shareholders, the net asset value may temporarily be determined in such other currency as the Board may determine) and shall be determined in respect of any Valuation Day by dividing the total net assets of the Sub-Fund by the number of its Shares then outstanding.

The net asset value per share of the individual Sub-Funds is calculated on the basis of the last known prices for each day, which is open for business in Luxembourg, unless otherwise described under Section I.

The net asset value is calculated for the Valuation Day one Luxembourg business day after the Valuation Day for the respective Valuation Day (hereinafter called "NAV Calculation Day").

The total net assets of the Fund are expressed in USD and correspond to the difference between the total assets of the Fund and its total liabilities. For the purpose of this calculation, the net assets of each Sub-Fund, if they are not denominated in USD, are converted into USD and added together.

Without prejudice to the regulations of each Sub-Fund, the Valuation of each Sub-Fund and of each of the different share Classes follows the criteria below:

a) The value of any cash in 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 is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

b) Securities, derivatives and other investments listed on an official stock exchange are valued at the last known market prices. If the same security, derivative or other investment is quoted on several stock exchanges, the last available quotation on the stock exchange that represents the major market for this investment will apply.

In the case of securities, derivatives and other investments where trading of these assets on the stock exchange is thin but which are traded between securities dealers on a secondary market using standard market price formation methods, the Fund can use the prices on this secondary market as the basis for the valuation of these securities, derivatives and other investments. Securities, derivatives and other investments that are not listed on a stock exchange, but that are traded on another regulated market which is recognised, open to the public and operates regularly, in a due and orderly fashion, are valued at the last available price on this market.

c) Securities and other investments that are not listed on a stock exchange or traded on any other regulated market, and for which no reliable and appropriate price can be obtained, will be valued by the Fund according to other principles chosen by it in good faith on the basis of the likely sales prices.

d) The valuation of derivatives that are not listed on a stock exchange (OTC derivatives) is made by reference to independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation price obtained will be verified by employing methods of calculation

recognised by the Board and the auditors, based on the market value of the underlying instrument from which the derivative has been derived.

e) Units or shares of undertakings for collective investment in transferable securities ("UCITS") (including Sub-Fund(s) of the Fund) and/or undertakings for collective investment ("UCI") will be valued at their last available net asset value as reported by such undertakings. Certain units or shares of UCITS and/or UCI may be valued based on an estimate of the value provided by a reliable price provider independent from the target fund's investment manager or investment adviser (Estimated Pricing).

f) For money market instruments, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. In the event of a significant change in market conditions, the basis for the valuation of different investments will be brought into line with the new market yields.

For Sub-Funds that predominantly invest in money market instruments,

- securities with a residual maturity of less than 12 months are valued in accordance with the ESMA guidelines for money market instruments;
- interest income earned by Sub-Funds up to and including the second valuation date following the

Valuation Day concerned is included in the valuation of the assets of the Sub-Funds concerned. The asset value per share on a given valuation date therefore includes projected interest earnings as at two Valuation Dates hence.

g) Securities, money market instruments, derivatives and other investments that are denominated in a currency other than the currency of account of the relevant Sub-Fund and which are not hedged by means of currency transactions are valued at the middle currency rate (midway between the bid and offer rate) obtained from external price providers.

h) Time deposits and fiduciary investments are valued at their nominal value plus accumulated interest.

i) The value of swap transactions is calculated by external service provider to the swap transaction and a second independent valuation is made available by another external service provider. The calculation is based on the net present value of all cash flows, both inflows and outflows. In some specific cases, internal calculations based on models and market data available from Bloomberg and/or broker statement valuations may be used. The valuation methods depend on the respective security and are determined pursuant to the UBS Global Valuation Policy based on market value. This valuation method is recognised by the Board and is audited by the Auditor.

The Fund is entitled to apply other appropriate valuation principles which have been determined by it in good faith and are generally accepted and verifiable by Auditors to the Fund's assets as a whole or of an individual Sub-Fund if the above criteria are deemed impossible or inappropriate for accurately determining the value of the Sub-Funds concerned due to extraordinary circumstances or events.

The Fund will undertake the allocation of assets and liabilities to the Sub-Funds, and the share Classes, as follows:

a) If several Share Classes have been issued for a Sub-Fund, all of the assets relating to each Share Class will be invested in accordance with the investment policy of that Sub-Fund.

b) The value of Shares issued in each Share Class will be allocated in the books of the Fund to the Sub-Fund of this Share Class; the portion of the Share Class to be issued in the net assets of the relevant Sub-Fund will rise by this amount; receivables, liabilities, income and expenses allocable to this Share Class will be allocated in accordance with the provisions of this Section to this Sub-Fund.

c) Derivative assets will be allocated in the books of the Fund to the same Sub-Fund as the assets from which the related derivative assets have been derived and, with each revaluation of an asset, the increase or reduction in value will be allocated to the relevant Sub-Fund.

d) Liabilities in connection with an asset belonging to a particular Sub-Fund resulting from action in connection with this Sub-Fund will be allocated to this Sub-Fund.

If one of the Fund's assets or liabilities cannot be allocated to a particular Sub-Fund, such receivables or liabilities will be allocated to all of the Sub-Funds pro rata to the respective net asset value of the Sub-Funds, or on the basis of the net asset value of all Share Classes in the Sub-Fund, in accordance with the determination made in good faith by the Board. The assets of a Sub-Fund can only be used to offset the liabilities which the Sub-Fund concerned has assumed.

f) Distributions to the shareholders in a Sub-Fund or a Share Class reduce the net asset value of this Sub-Fund or of this Share Class by the amount of the distribution.

For the purposes of this Section, the following terms and conditions apply:

a) Shares of the Fund to be redeemed under Articles 8 and 9 of the Articles of Incorporation shall be treated as existing Shares in circulation and taken into account until immediately after the time on the Valuation Date on which such valuation is made, as determined by the Board. From such time and until paid by the Fund, the redemption price shall be deemed to be a liability of the Fund;

b) Shares count as issued from the time of their valuation on the relevant Valuation Date on which such valuation is made, as determined by the Board. From such time and until payment received by the Fund, the issue price shall be deemed to be a debt due to the Fund;

c) Investment assets, cash and any other assets handled in a currency other than that in which the net asset value is denominated will be valued on the basis of the market and foreign exchange rates prevailing at the time of valuation.

d) If on any Valuation Day the Fund has contracted to:

- purchase any asset, the value of the consideration to be paid for such asset shall be shown as a liability of the Fund and the value of the asset to be acquired shall be shown as an asset of the Fund;
- sell any asset, the value of the consideration to be received for such asset shall be shown as an asset of the Fund and the asset to be delivered shall not be included in the assets of the Fund;
- provided however, that if the exact value or nature of such consideration or such asset is not known on such Valuation Date, then its value shall be estimated by the Fund.

The net assets of the Fund are at any time equal to the total of the net assets of the various Sub-Funds.

The value of all assets and liabilities not expressed in the Reference Currency of a Sub-Fund will be converted into the Reference Currency of such Sub-Fund at the rate of exchange determined on the relevant Valuation Day in good faith by or under procedures established by the Board. The Board, in its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund.

ISSUE AND CONVERSION OF SHARES

Unless otherwise stated in Section I, the Board is authorised without limitation to allot and issue Shares of any Sub-Fund. The Board is also authorised to fix a minimum subscription, redemption and conversion level, as well as a minimum holding for each Sub-Fund.

Subscriptions can be made for a number of shares or an amount of money, conversions and redemptions can only be made for a number of Shares. The minimum initial and subsequent investment and minimum holding requirements, if any, are disclosed for each Sub-Fund under Section I.

The Shares will be issued as non-certificated registered Shares. Fractional entitlements to a Share will be recognised to three decimal places. Upon request and against payment by the shareholder of all incurred expenses, Share certificates may be issued in physical form. The Board reserves the right to issue Share certificates in denominations of 1 or more Shares, however fractions of Shares, will not be issued in certificate form. Such fractional Shares shall not be entitled to vote but shall be entitled to participate in the net assets of the Fund respective the net proceeds from the termination of a Sub-Fund on a pro rata basis.

Subscription fees are disclosed for each Sub-Fund under Section I.

Investors are informed that the Board is entitled to take adequate measure in order to prevent practices known as "Market-Timing" in relation to investments in the Fund. The Board will also ensure that the relevant cut-off time for requests for subscription, redemption and conversion are strictly complied with and

will therefore take adequate measures to prevent practices known as “Late Trading”. In the event of recourse to distributors, the Board will ensure that the distributor(s) duly complies with the relevant cut-off-time.

The Board is entitled to reject requests for subscription and conversion in the event that it has knowledge or suspicions of the existence of such practices. In addition, the Board is authorized to take any further measures deemed appropriate to prevent the above mentioned practices, without prejudice however to the provisions under Luxembourg law.

Initial subscription

Details on the initial subscription period and prices of the Shares for each Sub-Fund are described under Section I.

Subsequent subscription

After the closing of the initial offering period, Shares will be issued at a price corresponding to the net asset value per Share, plus a potential subscription fee to be determined for each Sub-Fund by reference to the net Asset Value (and as described under Section I). Any taxes, commissions and other fees incurred in the respective countries in which Fund Shares are sold will also be charged.

Subscription Procedures

All subscriptions and redemption and conversion requests must be addressed to the distributor(s), as described for each Sub-Fund under Section I, or may be presented directly to the Fund. The distributor(s) may appoint further distributors based in a Member State of the Financial Action Task Force on Money Laundering (FATF).

Duly completed and signed applications received by the Fund before 14:00 pm Central European time (= cut-off-time) on a Valuation Day shall be settled at the issue price calculated for that Valuation Day.

Requests received after this cut-off-time will take effect on the following Valuation Day.

Applications shall be submitted for payment in the Reference Currency as defined for each Sub-Fund under Section I. The issue price is calculated in the relevant Reference Currency as defined for each Sub-Fund under Section I.

Payment must be received by the Depository of the Fund at the latest three Business Days after the applicable Valuation Day.

Anti-money laundering and terrorist financing

Pursuant to the Luxembourg law of 5 April 1993 relating to the financial sector (as amended), the Luxembourg law of 12 November 2004 relating to money laundering and counter terrorist financing (as amended), the law of 27 October 2010 enhancing the anti-money laundering and counter-terrorist financing legal framework and the CSSF Regulation No. 12-02 of 14 December 2012 implementing a legally binding reinforcement of the regulatory framework, as well as to the circulars of the Luxembourg supervisory authority (notably CSSF circulars 13/556, 11/529, 11/528, 10/486 and 10/484), obligations have been imposed on the Fund to take measures to prevent the use of investment funds for money laundering and terrorist financing purposes.

As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. UBS Fund Services (Luxembourg) S.A. may require applicants 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 Fund, the Management Company nor UBS Fund Services (Luxembourg) S.A. have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders 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.

Distributors must make sure that the sales agents are strictly observing the above identification procedure. UBS Fund Services (Luxembourg) SA. and the Management Company may at any time request assurance for compliance from the distributors. UBS Fund Services (Luxembourg) S.A. controls the observance of the above mentioned rules for any subscription / redemption requests it receives from distributors or sales agents.

In addition, distributor and its appointed sales agents must also respect all rules regarding the prevention of money laundering in force in their respective country.

Such information provided to UBS Fund Services (Luxembourg) SA. or the Management Company is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes.

Subscriptions in kind

The Fund at its discretion may accept subscriptions in kind, in whole or in part. However in this case the investments in kind must be in accordance with the respective Sub-Fund's investment policy and restrictions. In addition these investments will be audited by the Fund's appointed Auditor in accordance with applicable Luxembourg law. The related fees will be borne by the investor or a third party, unless the Board of Directors considers that the contribution in kind is in the interest of the Fund or made to protect the interest of the Fund, in which case these costs may be borne entirely by the Fund.

Restriction on the ownership of Shares

The Fund may restrict or prevent the ownership of Shares by any US person and/or any person, firm or corporate body if in the opinion of the Fund such holding may be detrimental to the Fund or its shareholders, may result in a breach of any applicable law or regulations (whether Luxembourg or foreign) or may expose the Fund or its shareholders to liabilities (to include, inter alia, regulatory or tax liabilities and any other tax liabilities that might derive, inter alia, from any breach of FATCA requirements) or any other disadvantages that it or they would not have otherwise incurred or been exposed to. Such persons, firms or corporate bodies (including US persons and/or persons in breach of FATCA requirements) are herein referred to as "Prohibited Persons".

For such purposes, the Fund may:

- 1) decline to issue any Share and decline to register any transfer of a Share, where it appears to it that such registration or transfer would or might result in beneficial ownership of such Share by a Prohibited Person or a person holding more than a certain percentage of capital determined by the Board of Directors;
- 2) at any time request from persons whose names have been entered in the Register of shareholders, or who apply for entry of a transfer of Shares in the Register of Shareholders, to furnish information supported by a declaration under oath of a nature that it considers necessary in order to decide whether the Shares of the person concerned are in the beneficial ownership of a Prohibited Person or whether the entry would lead to the beneficial ownership of these Shares by a Prohibited Person;
- 3) where it appears to the Company that any Prohibited Person, either alone or in conjunction with any other person, is a beneficial owner of Shares or is in breach of its representations and warranties or fails to make such representations and warranties in a timely manner as the Fund may require, may compulsorily redeem from any such shareholder all or part of the Shares held by such Shareholder in the manner more fully described in the Articles; and
- 4) refuse to recognise the votes of a Prohibited Person at a general meeting of shareholders of the Fund.

If it appears at any time that a holder of Shares of a Class restricted to Institutional Investors is not an Institutional Investor, the Fund will either redeem the relevant Shares in accordance with the above provisions or convert such Shares into Shares of a Class which is not restricted to Institutional Investors

(provided there exists such a Class with similar characteristics) and notify the relevant shareholder of such conversion.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless the Management Company, each of the Directors, the Fund, the Depository, the Administration Agent, the Investment Manager and the shareholders (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.

The Fund may, in the course of its sales activities and at its discretion, cease issuing Shares, refuse purchase applications and suspend or limit the sale of Shares for specific periods or permanently to individuals or corporate bodies in particular countries or areas. The Fund may also at any time reclaim Shares from shareholders who are excluded from the acquisition or ownership of Fund Shares.

Conversion of Shares

Unless otherwise provided for each Sub-Fund under Section I, the shareholder of a Sub-Fund may convert some or all of his Shares into Shares of another Sub-Fund up to the countervalue of the Shares presented for conversion, provided that the issue of Shares by this Sub-Fund has not, been suspended.

The Fund calculates the number of Shares to be allotted after conversion using the following formula:

$$A = [(B \times C) \times F] / (D + E)$$

- A = Number of the Shares of the new Sub-Fund to be issued
- B = Number of Shares of the existing Sub-Fund
- C = Net asset value per Share of the existing Sub-Fund less any taxes, commissions or other fees
- D = Net Asset Value per Share of the new Sub-Fund plus any taxes, commissions or other fees
- E = conversion fee, if any (as further described for each Sub-Fund in Section I)
- F = exchange rate of the reference currencies of the two Sub-Funds

The shareholder can request such a conversion by written conversion application indicating the number of Shares and the Sub-Fund to be converted in.

The Shares which have been converted shall be cancelled.

The Directors of the Fund may decide to apply the Dilution Levy where the net subscriptions exceed 3% of the applicable net asset value. It is meant as a protection of existing investors. The Dilution Levy will cover transaction costs outside the control of the investment manager. Such costs are in general negligible in the developed markets, whereas they may be substantial in emerging markets. The Dilution Levy will typically cover bid/offer spreads, third-party broker costs, and stamp duty or transaction taxes in the local markets. The maximum Dilution Levy permitted is 2% of the applicable net asset value. The same percentage of Dilution Levy shall apply to the shares subscribed on the same day.

REDEMPTION OF SHARES

Applications for redemption must be received by the Fund before 14:00 pm Central European Time on the applicable Valuation Day.

They shall be settled at the redemption price calculated for that Valuation Day and shall be submitted for payment in the Reference Currency as defined for each Sub-Fund under Section I.

All redemption requests received by the Fund after the cut-off-time mentioned above will be settled at the redemption price calculated on the next Valuation Day.

The redemption price is based on the net asset value per Share. Any taxes, commissions and other fees incurred in the respective countries in which Fund Shares are sold will be charged. Since provision must

be made for an adequate supply of liquidity in the Fund's assets, payment for Fund Shares is effected under normal circumstances within three Luxembourg business days after the valuation day of the redemption price unless legal provisions, such as foreign exchange controls or restrictions on capital movements, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted.

On payment of the redemption price, the corresponding Sub-Fund's Share ceases to be valid.

The Sub-Fund may at the discretion of the Board of Director at the request of the shareholder accept redemptions in kind. In addition, these redemptions (1) must not have negative effect for the remaining shareholders and (2) will be audited by the Fund's appointed Auditor. Redemptions in kind need to be agreed by the concerned shareholder.

The related fees will be borne by the concerned shareholder.

The Board of the Fund can decide to compulsorily redeem shareholder's Shares if it determines that the Shares in a Sub-Fund are held by Prohibited Investors as described above.

The Directors of the Fund may decide to apply the Dilution Levy where the net redemptions exceed 3% of the applicable net asset value. It is meant as a protection of remaining investors. The Dilution Levy will cover transaction costs outside the control of the investment manager. Such costs are in general negligible in the developed markets, whereas they may be substantial in emerging markets. The Dilution Levy will typically cover bid/offer spreads, third-party broker costs, and stamp duty or transaction taxes in the local markets. The maximum Dilution Levy permitted is 2% of the applicable net asset value. The same percentage of Dilution Levy shall apply to the shares redeemed on the same day.

DEFERRAL OF CONVERSION AND REDEMPTION OF SHARES

In cases when on any Valuation Day redemption requests and conversion requests relate to more than 10% of the Shares in issue in a specific Sub-Fund or in case of a strong volatility of the market or markets on which a specific Sub-Fund is investing, the Board of Directors may decide that part or all of such requests for redemption or conversion will be deferred proportionally for such period as the Board of Directors considers to be in the best interests of the Sub-Fund, but normally not exceeding 30 days. On the next Valuation Day following such period, these redemption and conversion requests will be met in priority to later requests.

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

The Fund may temporarily suspend calculation of the net asset value and hence the issue, conversion and redemption of Shares for one or more Sub-Funds:

- a) during any period when any of the stock exchanges or other markets on which the valuation of a significant and substantial part of any of the investments of the Fund attributable to such Sub-Fund from time to time is based, or any of the foreign-exchange markets in whose currency the net asset value any of the investments of the Fund attributable to such Sub-Fund from time to time or a significant portion of them is denominated, are closed or during which trading and dealing on any such market is suspended or restricted or if such markets are temporarily exposed to severe fluctuations, provided that such restriction or suspension affects the valuation of the investments of the Fund attributable to such Sub-Fund quoted thereon;
- b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board as a result of which disposal or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable;
- c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of such Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-Fund;

d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund, or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board, be effected at normal rates of exchange;

e) if political, economic, military or other circumstances beyond the control or influence of the Fund make it impossible to access the Fund's assets under normal conditions without seriously harming the interests of the shareholders;

f) when for any other reason, the prices of any investments owned by the Fund attributable to such Sub-Fund, cannot promptly or accurately be ascertained;

g) upon the publication of a notice convening a general meeting of shareholders for the purpose of the liquidation of the Fund or one or more of its sub-funds, or upon publication of a notice information the shareholders of the decision of the board of directors to liquidate the Fund or one or more sub-fund(s);

h) to the extent that such suspension is justified by the necessity to protect the shareholders, upon publication of a notice convening a general meeting of shareholders for the purpose of the merger of the Fund or one or more of its Sub-Funds, or upon publication of a notice informing the shareholders of the decision of the Board to merge one or more Sub-Fund(s);

i) when restrictions on foreign exchange transactions or other transfers of assets render the execution of the Fund's transactions impossible; or

k) in case of a feeder Sub-Fund, when the master UCITS temporarily suspends, on its own initiative or at the request of its competent authorities, the redemption, the reimbursement or the subscription of its units; in such a case the suspension of the calculation of the net asset value at the level of the feeder Sub-Fund will be for a duration identical to the duration of the suspension of the calculation of the net asset value at the level of the master UCITS.

The suspension of the calculation of the net asset value of any particular Sub-Fund shall have no effect on the determination of the net asset value per Share or on the issue, redemption and conversion of Shares of any Sub-Fund that is not suspended.

Any such suspension of the net asset value will be notified to investors having made an application for subscription, redemption or conversion of Shares in the Sub-Fund(s) concerned and will be published if required by law or decided by the Board or its agent(s) at the appropriate time.

4. LIQUIDATION, TERMINATION AND MERGING OF THE FUND AND ITS SUB-FUNDS

LIQUIDATION OF THE FUND

The liquidation of the Fund will take place if the conditions stated in the 2010 Law apply. The Fund can be dissolved at any time by the general meeting of the shareholders in due observance of the legal conditions governing the quorum and necessary majority.

If the total net assets of the Fund fall below two thirds of the prescribed minimum capital, the Board must submit the question of the dissolution of the Fund to a general meeting for which no quorum shall be prescribed and which shall decide by simple majority of the Shares represented at the meeting. If the total net assets of the Fund fall below one fourth of the prescribed minimum capital, the Board must submit the question of the dissolution of the Fund to a general meeting, the dissolution may be resolved by investors holding one fourth of the Shares represented at the meeting for which no quorum shall be prescribed. The meeting must be convened so that it is held within a period of 40 days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the legal minimum as the case may be. Furthermore, the general meeting may decide to dissolve the Fund following the relevant articles of the Articles. Any decision or order of liquidation will be notified to the shareholders, and published in accordance with the 2010 Law.

If the Fund is dissolved, the liquidation shall be carried out by one or more liquidators to be designated by the general meeting which shall also determine their sphere of responsibility and remuneration. The liquidators shall realise the Fund's assets in the best interests of the shareholders and distribute the net proceeds from the liquidation of the Sub-Funds to the shareholders of said Sub-Funds in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the shareholders shall be

deposited with the "*Caisse de Consignation*" in Luxembourg until expiry of the prescription period, at present thirty years.

LIQUIDATION OF SUB- FUNDS AND / OR SHARE CLASSES

If the total value of the net assets of a Sub-Fund and/or a Share Class falls to a level that does not allow the Sub-Fund and/or Share Class to be managed in an economically reasonable way as well as in the course of a rationalisation or if required by the interests of the Shareholders of the Sub-Fund concerned, the Board may demand the liquidation of that Sub-Fund and/or Share Class. The same also applies in cases where changes to the political or economic conditions justify such liquidation.

Up to the date upon which the decision takes effect, shareholders retain the right, free of charge, subject to the liquidation costs to be taken into account and subject to the guaranteed equal treatment of shareholders, to request the redemption or, if applicable, the conversion of their Shares. The Board may however determine a different procedure, in the interest of the shareholders of the Sub-Fund(s) and/or of the Share Classes of Sub-Fund(s).

The liquidation of a Sub-Fund and/or Share Class shall not involve the liquidation of another Sub-Fund and/or Share Class. Only the liquidation of the last remaining Sub-Fund of the Fund involves the liquidation of the Fund.

Regardless of the Board's rights, the general meeting of shareholders in a Sub-Fund and/or Share Class of a Sub-Fund may reduce the Fund's capital at the proposal of the Board by withdrawing Shares issued by a Sub-Fund and refunding shareholders with the net asset value of their Shares, taking into account actual realization prices of investments and realization expenses and any costs arising from the liquidation) calculated on the Valuation Day on which such decision shall take effect. The net asset value is calculated for the day on which the decision comes into force, taking into account the proceeds raised on disposing of the Sub-Fund's assets and any costs arising from this liquidation. No quorum (minimum presence of shareholders covering the capital represented) is required for a decision of this type. The decision can be made with a simple majority of the votes cast at such general meeting.

Shareholders in the relevant Sub-Fund and/or Share Class will be informed of the decision by the general meeting of shareholders to withdraw the Shares or of the decision of the Board to liquidate the Sub-Fund and/or Share Class by means of a publication as required by law. In addition and if necessary in accordance with the statutory regulations of the countries in which Shares in the Fund are sold, an announcement will then be made in the official publications of each individual country concerned.

The counter value of the net asset value of Shares liquidated which have not been presented by shareholders for redemption will be deposited with the "*Caisse de Consignation*" in Luxembourg at the latest nine month after the decision of the liquidation.

Each Sub-Fund of the Fund being a feeder Sub-Fund shall be liquidated, if its master UCITS is liquidated, divided into two or more UCITS or merged with another UCITS, unless the CSSF approves:

- a) the investment of at least 85 % of the assets of the feeder Sub-Fund in units of another master UCITS; or
- b) its conversion into a Sub-Fund which is not a feeder Sub-Fund.
Without prejudice to specific provisions regarding compulsory liquidation, the liquidation of a Sub-Fund of the Fund being a master Sub-Fund shall take place no sooner than three months after the master Sub-Fund has informed all of its shareholders and the CSSF of the binding decision to liquidate.

MERGERS OF THE FUND OR OF SUB-FUNDS WITH ANOTHER UCITS OR OTHER SUB-FUNDS THEREOF; MERGERS OF ONE OR MORE SUB-FUNDS WITHIN THE FUND; DIVISION OF SUB-FUNDS

"**Merger**" means an operation whereby:

- a) one or more UCITS or Sub-Funds thereof, the "**merging UCITS/ Sub-Fund**", on being dissolved without going into liquidation, transfer all of their assets and liabilities to another existing UCITS or a Sub-Fund thereof, the "**receiving UCITS**", in exchange for the issue to their shareholders of shares of the

receiving UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of those shares;

b) two or more UCITS or Sub-Funds thereof, the "**merging UCITS/ Sub-Fund** ", on being dissolved without going into liquidation, transfer all of their assets and liabilities to a UCITS which they form or a Sub-Fund thereof, the "**receiving UCITS/ Sub-Fund** ", in exchange for the issue to their shareholders of shares of the receiving UCITS and, if applicable, a cash payment not exceeding 10% of the net asset value of those shares;

c) one or more UCITS or Sub-Funds thereof, the "**merging UCITS/ Sub-Fund** ", which continue to exist until the liabilities have been discharged, transfer their net assets to another Sub-Fund of the same UCITS, to a UCITS which they form or to another existing UCITS or a Sub-Fund thereof, the "**receiving UCITS/ Sub-Fund** ".

Mergers can be performed in accordance with the form, modalities and information requirements provided for by the 2010 Law; the legal consequences of mergers are governed by and described in the 2010 Law.

Under the same circumstances as provided in the previous Section, the Board may decide to reorganise a Sub-Fund and/or share class by means of a merger with another existing Sub-Fund and/or share class within the Fund or with another UCITS established in Luxembourg or in another Member-State or to another Sub-Fund and/or share class within such other UCITS (the "**new fund/Sub-Fund**") and to re-designate the shares of the relevant Sub-Fund or share class concerned as shares of another Sub-Fund and/or share class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders). Such decision will be published in the same manner as described in the previous Section (and, in addition, the publication will contain information in relation to the new fund or Sub-Fund), thirty days before the date on which the merger becomes effective in order to enable shareholders to request redemption or conversion of their shares, free of charge, during such period.

If a Sub-Fund and/or share-class is to be merged with a Luxembourg or foreign UCI which is not a UCITS or Sub-Fund and/or share class thereof, such merger has to be decided upon by a general meeting of the contributing Sub-Fund and/or share class. There shall be no quorum requirements for such general meeting, but resolutions shall be binding only upon such shareholders who will have voted in favour of such merger

Under the same circumstances as provided in the previous Section, the Board may decide to reorganise a Sub-Fund and/or share class by means of a division into two or more Sub-Funds and/or share classes. Such decision will be published in the same manner as described herein (and, in addition, the publication will contain information about the two or more new Sub-Fund) thirty days before the date on which the division becomes effective, in order to enable the shareholders to request redemption or conversion of their shares free of charge during such period.

Where a Sub-Fund of the Fund has been established as a master Sub-Fund, no merger or division of shall become effective, unless the master Sub-Fund has provided all of its shareholders and the CSSF with the information required by law, by sixty days before the proposed effective date. Unless the CSSF or the competent authorities of the home Member State of the European Union (the "Member State") of the feeder-UCITS, as the case may be, have granted the feeder-UCITS approval to continue to be a feeder-UCITS of the master Sub-Fund resulting from the merger or division of such master Sub-Fund, the master Sub-Fund shall enable the feeder-UCITS to repurchase or redeem all shares in the master Sub-Fund before the merger or division becomes effective.

The shareholders of both, the merging and receiving Sub-Fund have the right to request, without any charge other than those retained by the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their shares or, where possible, to convert them into shares of another Sub-Fund of the Fund with similar investment policy or shareholders may also convert their shares into another UCITS managed 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. This right shall become effective from the moment that the shareholders of the merging and those of the receiving Sub-Fund have been informed of the proposed merger and shall cease to exist five working days before the date for calculating the exchange ratio.

The Board may temporarily suspend the subscription, repurchase or redemption of Shares, provided that any such suspension is justified for the protection of the shareholders.

If a Sub-Fund of the Fund is the receiving Sub-Fund, the entry into effect of the merger shall be made public through all appropriate means by the Fund and shall be notified to the CSSF and, where appropriate, to the competent authorities of the home Member States of the other UCITS involved in the merger.

Under the same circumstances as provided in the previous Section, the general meeting of shareholders of the Fund may decide with no quorum requirement and simple majority to merge the whole Fund with another UCITS established in Luxembourg or in another Member State or with any Sub-Fund thereof.

A merger which has taken in accordance with the provisions of the 2010 Law cannot be declared null and void.

5. DIVIDEND POLICY

The dividend policy of each of the Sub-Funds is further described under Section I.

The general meeting of shareholders of the respective Sub-Funds shall decide, at the proposal of the Board and after closing the annual accounts per Sub-Fund, whether and to what extent distributions are to be paid out of investment income and realised gains in the net asset value after deduction of all fees and expenses. The payment of distributions must not result in the net asset value of the Fund falling below the minimum capital amount prescribed by law.

Entitlements to distributions and allocations not claimed within five years of the due date shall be forfeited and the corresponding assets returned to the respective Sub-Fund. If the Sub-Fund in question has already been liquidated, the distributions and allocations will accrue to the remaining Sub-Funds of the same Fund in proportion to their respective net assets. At the proposal of the Board, the general meeting of shareholders of a specific Sub-Fund may decide to issue bonus Shares as part of the distribution of net investment income and capital gains.

An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

6. FINRA RULES

The Fund may either subscribe to classes of shares of target funds likely to participate in offerings of US new issue equity securities ("US IPOs") or directly participate in US IPOs. The Financial Industry Regulatory Authority ("FINRA"), pursuant to FINRA rules 5130 and 5131 (the "Rules"), has established prohibitions concerning the eligibility of certain persons to participate in US IPOs where the beneficial owner(s) of such accounts are financial services industry professionals (including, among other things, an owner or employee of a FINRA member firm or money manager) (a "restricted person"), or an executive officer or director of a U.S. or non-U.S. company potentially doing business with a FINRA member firm (a "covered person").

Accordingly, investors considered as restricted persons or covered persons under the Rules are not eligible to invest in the Fund.

In case of doubts regarding its status, the investor should seek the advice of its legal adviser.

7. DEPOSITORY AND PAYING AGENT

Pursuant to a depositary and paying agent agreement dated 01.05.2016 (the "Depositary Agreement"), UBS (Luxembourg) S.A., and as from 1 December 2016, UBS Europe SE, Luxembourg Branch, has been appointed as depositary of the Fund (the "Depositary"). The Depositary will also provide paying agent services to the Fund.

Until the above mentioned date, UBS (Luxembourg) S.A. is a public limited company (société anonyme) under the laws of Luxembourg incorporated for an unlimited duration. Its registered office is at 33A, avenue J. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. It is licensed to engage in all banking operations under Luxembourg law.

On 1 December 2016, UBS (Luxembourg) S.A. will be merged into UBS Deutschland AG which will simultaneously adopt the form of a European Company (Societas Europaea, SE) under the name “UBS Europe SE”, while the business conducted in Luxembourg will be carried on without interruption by the Luxembourg branch under the name “UBS Europe SE, Luxembourg Branch”. No change will occur to the current processes and operations of the Depositary. The fees payable to the Depositary will not be affected by the merger of UBS (Luxembourg) S.A. into UBS Europe SE acting through its Luxembourg Branch.

The Depositary has been appointed for the safe-keeping of financial instruments that can be held in custody, for the record keeping and verification of ownership of other assets of the Fund as well as to ensure for the effective and proper monitoring of the Fund’s cash flows in accordance with the provisions of the Law of 2010 and the Depositary Agreement. Assets held in custody by the Depositary shall not be reused by the Depositary, or any third party to which the custody function has been delegated, for their own account, unless such reuse is expressly allowed by the Law of 2010.

In addition, the Depositary shall also ensure that

- (i) the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law, the Prospectus and the Articles of Incorporation,
- (ii) the value of the Shares is calculated in accordance with Luxembourg law, the Prospectus and the Articles of Incorporation,
- (iii) the instructions of the Management Company or the Fund are carried out, unless they conflict with applicable Luxembourg law, the Prospectus and/or the Articles of Incorporation,
- (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, the Prospectus and the Articles of Incorporation.

In compliance with the provisions of the Depositary Agreement and the Law of 2010, 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 sub-custodian(s), as they are appointed by the Depositary from time to time. The Depositary does not allow its sub-custodians to make use of sub-delegates which have not been approved by the Depositary in advance.

Prior to the appointment of any sub-custodian and sub-delegate and on an ongoing basis based on applicable laws and regulations as well as its conflict of interests policy the Depositary shall assess potential conflicts of interests that may arise from the delegation of its safekeeping functions. The Depositary is part of the UBS Group, a worldwide, full-service private banking, investment banking, asset management and financial services organization which is a major participant in the global financial markets. As such, potential conflicts of interest from the delegation of its safekeeping functions could arise as the Depositary and its affiliates are active in various business activities and may have differing direct or indirect interests. Investors may obtain additional information free of charge by addressing their request in writing to the Depositary.

In order to avoid any potential conflicts of interest, the Depositary does not appoint any sub-custodians and does not allow the appointment of any sub-delegate which is part of the UBS Group, unless such appointment is in the interest of the Shareholders and no conflict of interest has been identified at the time of the sub-custodian’s or sub-delegate’s appointment. Irrespective of whether a given sub-custodian or sub-delegate is part of the UBS Group or not, the Depositary will 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 sub-custodian or sub-delegate. Furthermore, the conditions of any appointment of a sub-custodian or sub-delegate that is member of the UBS Group will be negotiated at arm’s length in order to ensure the interests of the Fund and its Shareholders. Should a conflict of interest occur and in case such conflict of interest cannot be mitigated, such conflict of interest as well as the decisions taken will be disclosed to Shareholders. An up-to-date description of any safekeeping functions delegated by the

Depository and an up-to-date list of these delegates and sub-delegate(s) can be found on the following webpage:

<https://www.ubs.com/global/en/legalinfo2/luxembourg.html>.

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 of 2010, the Depository 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 sub-custodians providing an adequate standard of protection, the Depository has to exercise all due skill, care and diligence as required by the Law of 2010 in the selection and the appointment of any sub-custodian 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 sub-custodian to which it has delegated parts of its tasks as well as of any arrangements of the sub-custodian in respect of the matters delegated to it. In particular, any delegation is only possible when the sub-custodian at all times during the performance of the tasks delegated to it segregates the assets of the Fund from the Depository's own assets and from assets belonging to the sub-custodian in accordance with the Law of 2010. The Depository's liability shall not be affected by any such delegation, unless otherwise stipulated in the Law of 2010 and/or the Depository Agreement.

The Depository is liable to the Fund or its Shareholders for the loss of a financial instrument held in custody within the meaning of article 35 (1) of the Law of 2010 and article 12 of the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing the UCITS Directive with regard to obligations of depositaries (the "**Fund Custodial Assets**") by the Depository and/or a sub-custodian (the "**Loss of a Fund Custodial Asset**").

In case of Loss of a Fund Custodial Asset, the Depository 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 of 2010, the Depository will not be liable for the Loss of a Fund Custodial Asset, if such Loss of a Fund Custodial Asset 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 Depository shall be liable to the Fund and to the Shareholders for all other direct losses suffered by them as a result of the Depository's negligence or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the Law of 2010 and the Depository Agreement.

The Fund and the Depository may terminate the Depository Agreement at any time by giving three (3) months' notice by registered letter. In case of a voluntary withdrawal of the Depository or of its removal by the Fund, the Depository must be replaced before maturity of such notice period by a successor depository to whom the Fund's assets are to be delivered and who will take over the functions and responsibilities of the Depository. If the Fund does not name such successor depository in time the Depository may notify the CSSF of the situation.

The Central Administration and the Depository are part of the UBS Group (the "**Affiliated Person**").

The Affiliated Person is a worldwide, full-service private banking, investment banking, asset management and financial services organization and a major participant in the global financial markets. As such, the Affiliated Person is active in various business activities and may have other direct or indirect interests in the financial markets in which the Fund invests.

The Affiliated Person including its subsidiaries and branches may act as counterparty and in respect of financial derivative contracts entered into by the Fund. A potential conflict may further arise as the Depository is related to a legal entity of the Affiliated Person which provides other products or services to the Fund.

In the conduct of its business, the Affiliated Person's policy is to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of the Affiliated Persons' various business activities and the Fund or its investors. The Affiliated Person strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, the Affiliated Person 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.

8. ADMINISTRATIVE AGENT

Following a Central Administration and Domiciliation Agreement concluded between the Management Company, the Fund and the Administrative Agent UBS Fund Services (Luxembourg) S.A., the Management Company has delegated under its control and responsibility, its central administration and domiciliation functions to UBS Fund Services (Luxembourg) S.A., (the "Administrative Agent."). The Administrative Agent is responsible for the general administrative duties involved in managing the Fund and prescribed by Luxembourg law. These administrative services mainly include calculation of the net asset value per Share, accounting as well as reporting. The Administrative Agent is entitled to in accordance with the agreement with the Fund, UBS Fund Services (Luxembourg) S.A. and the Management Company. .

9. PORTFOLIO MANAGERS, INVESTMENT ADVISERS

The Fund is managed by the Management Company which has the overall responsibility for the management and administration of the Fund, its Sub-Funds and if applicable, its corresponding Class of Shares. The Management Company is responsible for the monitoring of investment policies and restrictions of the Sub-Funds.

In the performance of its duties, the Management Company may be assisted by Investment Managers and Investment Advisers, for each Sub-Fund, according to their respective investment policy and objectives.

The Management Company may delegate to different Investment Managers with regard to the portfolio management of the Sub-Funds. The Portfolio Management comprises the active management of the Sub-Fund's assets and the ongoing monitoring and adjusting of investments. The mandate is executed under supervision and responsibility of the Management Company.

Furthermore, the Investment Manager is entitled with the consent and the approval of the Management Company to appoint Investment Advisers with regard to investment recommendations, for instance, relating to the asset allocation between the permitted investment instruments.

The name and description of the actual advisers and managers, as well as the commission to which they are entitled are further described under Section I. Unless otherwise provided, this commission is expressed as a percentage of the average net asset value and is payable monthly.

10. TAXATION

Taxation of the Fund

According to the laws and practice currently in force in the Grand Duchy of Luxembourg, the Fund is not liable to any Luxembourg tax on withholding, income, capital gains or wealth taxes. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum ("*Taxe d'Abonnement*") of its net asset value, such tax being payable quarterly on the basis of the value of the net assets of the Fund at the end of the relevant calendar quarter or 0.01% per annum for the Classes of Shares dedicated to Institutional Investor as defined from time to time by the Luxembourg laws and regulations.

Taxation of shareholders

Shareholders are advised that the law of 21 June 2005 (the "Tax Law") has implemented into Luxembourg law, the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (defined as Savings Directive). According to the Savings Directive, as from July 1, 2005 at the earliest, cross boarder payments of interest to individuals' resident in another Member State will be subject to a withholding tax system or an automatic disclosure of Information. Dividends distributed by a Sub-Fund of the Fund will be subject to the Savings Directive if more than 15 % of the relevant Sub-Fund's assets are invested in debt claims as defined in the Directive. Proceeds realised by shareholders on the disposal of Shares will be subject to such reporting or withholding if more than 25 % of the relevant Sub-Fund's assets are invested in such debt claims.

Since 1st July 2011, the applicable withholding tax is at a rate of 35%. The Luxembourg government has announced that it will elect out of the withholding system in favour of the automatic exchange of information with effect as from 1. Jan 2015.

The necessary amending laws and regulations will need to be passed before that date.

Provided that the Sub-Fund concerned is not subject to the Savings Directive or the shareholder is not concerned thereof, the shareholder is not subject to any capital gains, income, withholding, gift, estate, inheritance or other tax in Luxembourg except for investors domiciled, resident or having a permanent establishment in Luxembourg and except for certain former residents of Luxembourg owning more than ten per cent of the Shares in the Fund.

The above summary of the tax implications is not exhaustive. Investors are therefore advised to seek professional advice in relation to the laws and regulations in force and, where appropriate, seek advice on the subscription, purchase, possession and sale of Shares at their place of residence.

United States ("US") Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")

FATCA aims to prevent US tax evasion by requiring foreign (non-US) financial institutions to comply with FATCA and report to the US Internal Revenue Service information on financial accounts held outside the United States by US investors. Non-US financial institutions that do not comply with the FATCA reporting regime will be subject to a US tax withholding of 30% on US source income (including interest and dividends), commencing on 1 July 2014.

Beginning from 1 January 2017, the 30% withholding tax is extended to include the gross proceeds of sales of certain US assets that can produce US source income. The United States has entered Intergovernmental Agreements with other jurisdictions to implement FATCA under local laws and Financial Institutions in those Intergovernmental Agreement ("IGA") jurisdictions will be required to comply with FATCA.

Under the terms of the IGA entered between Luxembourg and the United States, the Fund will be obliged to comply with the provisions of FATCA as enacted by the Luxembourg legislation implementing the IGA (the "Lux IGA Legislation"), rather than directly complying with the US Treasury Regulations implementing FATCA.

Under the terms of the IGA, Luxembourg resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("FATCA Withholding").

The Fund expects that it will be considered to be a collective investment vehicle within the meaning of the Luxembourg US FATCA intergovernmental agreement. as such it will be a Luxembourg resident financial institution that will need to comply with the requirements of the Luxembourg IGA Legislation and, as a result of such compliance, the Fund should not be subject to FATCA Withholding.

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Investors holding investments via distributors or custodians that are not in Luxembourg or another IGA country should check with such distributor or custodian as to the distributor's or custodian's intention to comply with FATCA.

Additional information may be required by the Fund, custodians or distributors from certain investors in order to comply with their obligations under FATCA or under an applicable IGA. The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the US, Luxembourg and other IGA governments, and the rules may change. Investors should contact their own tax advisors regarding the application of FATCA to their particular circumstances.

Automatic Exchange of Information Agreements between Governments

Certain jurisdictions including the United Kingdom and Luxembourg are considering entering into or may have entered into, Automatic Exchange of Information Agreements ("AEOI") under which relevant tax authorities that collect information on investors under applicable local law, may share information on

investors resident in another jurisdiction with the tax authority in that jurisdiction where an AEOI is in place between such jurisdictions.

The scope and application of information reporting and exchange pursuant to such AEOIs may be subject to review by the relevant jurisdictions, and the rules in this respect may also change.

In October 2014 Luxembourg signed a multilateral agreement with 50 other countries on automatic exchange of financial account information. It is intended that from 2017, Luxembourg will commence information sharing on certain cross border investors from those countries, subject to certain processes, safeguards and legal requirements being met. Luxembourg funds and entities will be required to comply with relevant Luxembourg law implementing these agreements.

Investors should contact their own tax advisors regarding the application of information reporting and exchange between governments to their particular circumstances.

Common Reporting Standards

In addition the European Commission made proposals to revise the EU Directive on Administrative Cooperation (DAC) to include the requirement of Member States to adopt and implement legislation to automatic exchange information between EU Member States by incorporating the Common Reporting Standards (CRS) issued by the OECD. The revised DAC was officially adopted by the European Council at an ECOFIN meeting of 9 December 2014. EU Member States will have to begin the automatic exchange of information under the revised DAC no later than end of September 2017. In addition, Austria announced that it will join the other Member States and exchange information by September 2017. EU Member States need to adopt local legislation consistent with the revised DAC no later than 31 December 2015. It is expected due to the introduction of the revised DAC the EUSD will be withdrawn.

11. CHARGES AND EXPENSES

The Fund is subject to a “Global Fee calculated on the average total net assets of the relevant Sub-Fund during the month concerned as described under “Available Sub-Funds”.

This “Global Fee” is used to pay the Management Company, the Administrative Agent, the Depository, the Investment Manager being the Management Company. In addition out of the Global Fee the Distribution and / or private placement Agents may be remunerated. The applicable “Global Fee” and the minimum flat fees for the Management Company, the Administrative Agent, the Depository, the Investment Manager being the Management Company and the Investment Adviser, if any, are disclosed for each Sub-Fund, under “Available Sub-Funds”. The Global Fee also covers all the costs incurred by the Fund, respectively the Sub-Funds with the exception of the following:

- customary brokerage fees, commissions, handling fees and other charges of banks including the Depository, brokers, exchanges and regulatory fees related to securities trading and settlement and similar transactions;
- costs for extraordinary measures carried out in the interests of the shareholders, such as expert opinions and legal proceedings, etc.;
- Minimum annual administration fees of the Management Company, the Administrative Agent, the Depository, the Investment Manager of the Fund amount for each Sub-Fund to a maximum of up to 120,000 EUR charged as further determined under the applicable services agreements with the Fund’s agents.
out of these up to 120,000 EUR
 - an annual minimum of 30.000 EUR is charged by the Administrative Agent to the only Sub Fund launched under the SICAV
 - an annual minimum fee of 30.000 EUR is charged by the Depository to the only Sub Fund launched under the SICAV
 - an annual minimum fee of 38.500 EUR is charged by the Management Company to the only Sub Fund launched under the SICAV
- the annual directors’ fees of the Directors to the Fund and the fees for the Directors insurance which could amount to a maximum of 45,000 EUR,
- all expenses incurred by the relevant Sub-Funds which will include but not be limited to: all taxes which are levied on the net assets and the income of the Fund, particularly the “*taxe d’abonnement*”;

- the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage expenses) incurred by the Depository and other service providers and any custody charges of banks and financial institutions to whom custody of assets of the Fund is entrusted;
- Annual costs of the Administrative Agent for the administration of additional share classes of up to 10.000 EUR for each new share class launched
- Annual costs of the Administrative Agent for performance fee calculations of up to 10.000 EUR for each share class launched under a sub fund applying performance fees
- usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Fund (such fees to be included in the acquisition price and to be deducted from the selling price);
- Costs of independent Valuation Agents
- legal expenses incurred by the Fund or the service providers while acting in the interests of the shareholders; the cost and expenses of preparing and/or filing and printing the Articles and all other documents concerning the Fund (in such languages as are necessary), including registration statements, prospectuses, the KIID and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Fund or the offering of Shares of the Fund; the cost of preparing, in such languages as are necessary for the benefit of the shareholders (including the beneficial holders of the Shares), and distributing annual and semi-annual reports and such other reports or documents as may be required under applicable laws or regulations; the cost of accounting, bookkeeping and calculating the Net Asset Value;
- the cost of preparing and distributing notices to the shareholders; a reasonable Share of the cost of promoting the Fund, as determined in good faith by the Fund, including reasonable marketing and advertising expenses; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed (if listed).

The Fund may accrue in its accounts of administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

The expenditure involved in the initial launching and marketing of the Fund, which is estimated to amount to EUR 100,000.-, as well as the cost of launching new Sub-Funds and other extraordinary expenses may be written off over a period of up to five years. The costs of launching new Sub-Funds will be written off only by the respective Sub-Fund. The expenditure involved in establishing the Fund still outstanding may only be written off by the Sub-Funds launched at the same time as the Fund was established.

Fees and expenses that cannot be attributed to one single Sub-Fund will either be ascribed to all Sub-Funds on an equal basis or will be prorated on basis of the net asset value of each Sub-Fund, if the amount and cause justify doing so.

12. INFORMATION AVAILABLE TO SHAREHOLDERS AND COMPLAINTS HANDLING

The audited annual report will be made available to shareholders free of charge at the registered office of the Fund within four months of the end of the financial year. The annual report includes reports on the Fund in general and on the individual Sub-Funds. Un-audited semi-annual reports of the Sub-Funds will be made available at the same places as the annual reports within two months of the end of the period to which they refer.

Other information on the Fund, as well as on the net asset value, the issue, conversion and redemption prices of the Fund's Shares may be obtained on any day which is open for business at the administrative address of the Fund and at the registered office of the Depository. If necessary, any information relating to a suspension or resumption of the calculation of the net asset value, the issue or redemption price as well as all notifications to shareholders will be published in the "Mémorial" and in the "D'Wort" and, if necessary, in the different distribution countries.

Copies of the Articles may be obtained at the registered office of the Fund. Material provisions of the agreements referred to in this Prospectus may be inspected during usual business hours on any Bank Business Day at the registered office of the Fund.

In addition, the Articles, the Prospectus as well as the latest annual and semi-annual reports are available free of charge from the Depository. The issue and redemption prices as well as any documents mentioned above may also be obtained there.

The KIID is published on the website of Pharos Management Lux S:A. Furthermore the KIID will be supplied to shareholders on request and free of charge.

Complaints of shareholders may be filed with the Management Company, the Depository and any paying agent or distributor. Complaints will be dealt with properly in a timely manner.

As from the 01.04.2015 notices to shareholder will be published in newspapers and in the Luxembourg Mémorial, only when such way of publication is mandatory required under the provisions of the Luxembourg Law of 1915 or other applicable laws and regulations.

All other notices to shareholders, will be mailed, translated in all languages of distribution countries where the Fund/ its Sub-Fund is authorized for public distribution, by registered mail to the shareholders registered in the Fund's register and will be published, also in the languages of distribution countries where the Fund/ its Sub-Fund is authorized for public distribution, on the Management Company's web site:

<http://www.pharusmanco.lu>

On the Management Company's web site, investors can obtain free of any charges the most up to date version of the Prospectus as well as actual translated country version of the KIIDs of the Sub-Fund where the Sub-Fund /its share classes is/are registered for public distribution.

Investors in the Fund are explicitly invited by the Board of the Fund to regularly check the Management Company's web site in order to be kept informed on any changes of the Fund, which are not legally required to be published in newspapers and Luxembourg or on the Luxembourg Mémorial.

13. INVESTMENT GUIDELINES

INVESTMENT RESTRICTIONS

The Fund's investments shall be subject to the following guidelines:

(1) Investment Instruments

(A) In line with the investment policy of the respective Sub-Funds, the assets of the individual Sub-Funds must consist of:

- (a) transferable securities and money market instruments admitted to or dealt in on a regulated market, as defined in Article 4 point 1 (14) of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004;
- (b) transferable securities and money market instruments dealt in on another regulated market in a Member State which operates regularly and is recognised and open to the public;
- (c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or dealt in on another regulated market in a non-Member State of the European Union which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market being located within any European, American, Asian, African, Australasian or Oceania country;
- (d) recently issued transferable securities and money market instruments provided that:
 - the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market referred to under paragraphs (a) to (c) above;
 - such admission is secured within one year of issue;
- (e) units of UCITS authorised according to Directive 2009/65/EC and / or other UCIs within the meaning of Article 1, paragraph (2) points a) and b) of Directive 2009/65/EC, whether or not established in a Member State, provided that:
 - such other UCI are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;

- the level of guaranteed protection for unit-holders in such other UCIs is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on asset 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 the other UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
- no more than 10 % of the assets of the UCITS or the other UCIs, whose acquisition is contemplated, can, according to its respective prospectus, its management regulations or articles of incorporation, be invested in aggregate in units of other UCITS or other UCIs;

Each Sub-Fund may also acquire Shares of another Sub-Fund subject to the provisions of point (2) (C) here below.

- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in sub-paragraphs a), b) and c); and / or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that
 - the underlying consists of instruments covered by A), financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives as stated in the Articles,
 - the counter-parties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF, and
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair market value at the Fund's initiative;
- (h) money market instruments other than those dealt in on a regulated market and referred to in the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that these instruments are:
 - issued or guaranteed by a central, regional or local authority, a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
 - issued by an undertaking any securities of which are dealt in on regulated markets referred to in sub-paragraphs a), b) or c), or
 - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law or by an establishment which is subject to and comply with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or
 - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euros (EUR 10,000,000.-) and which presents and publishes its annual accounts in accordance with Fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles, which benefit from a banking liquidity line.

(B) However, each Sub-Fund:

- (a) may invest no more than 10% of its net assets in transferable securities or money market instruments other than those referred to in (1) (A) above, or
- (b) may invest no more than 10% of its net assets in debt instruments which are treated, because of their characteristics, as equivalent to transferable securities and money market instruments and which are, *inter alia*, transferable, liquid and have a value which can be accurately determined on each Valuation Day;

The total of investments referred to (a) and (b) may not under any circumstances amount to more than 10 % of each Sub-Fund's net assets.

The Fund and / or each Sub-Fund:

- (a) may acquire movable and immovable property which is essential for the direct pursuit of its business;
- (b) may not acquire either precious metals or certificates representing them;
- (c) may hold ancillary liquid assets.

(2) Risk Diversification

- (A) In accordance with the principle of risk diversification as determined under Art 45 of the 2010 Law, each Sub-Fund will invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuing body. Each Sub-Fund may not invest more than 20% of its assets in deposits made with the same body.

The risk exposure to a counterparty of each Sub-Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (1) (A) f), or 5% of its net assets in the other cases.

Moreover, the total value of the transferable securities and money market instruments held by the Sub-Fund in the issuing bodies in each of which it invest 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 limits laid down in the first paragraph of (2), the Sub-Fund shall not combine, where this would lead to investing 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; or,
- exposures arising from OTC derivative transactions undertaken with a single body.

- (B) The following exceptions can be made:

- (a) The aforementioned limit of 10% can be raised to a maximum of 25% for certain bonds if they are issued by credit institution whose registered office is situated in a Member State and which is subject, by virtue of law, to particular public supervision for the purpose of protecting the holders of such bonds. In particular, the amounts resulting from the issue of such bonds must be invested, pursuant to the 2010 Law in assets which, during the whole period of validity of such bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used for the repayment of the principal and payment of the accrued interest. If the Sub-Fund invests more than 5% of its net assets in bonds as referred to above and issued by the same issuer, the total value of such investments may not exceed 80% of the value of the Sub-Fund's net assets.

- (b) The aforementioned limit of 10 % can be raised to a maximum of 35% for transferable securities or money market instruments issued or guaranteed by an Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.

The transferable securities referred to in exceptions (a) and (b) are not included in the calculation of the limit of 40 % laid down above.

The limits stated under (A) and (B), above, may not be combined and, accordingly, investments in transferable securities or money market instruments issued by the same body or in deposits or derivatives instruments made with this body in accordance with (A) and (B), may not, in any event, exceed a total of 35% of the Sub-Fund's net assets.

Companies which are included in the same group for the purposes 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 the present section "Risk Diversification".

The Fund may invest in aggregate up to 20% of its assets in transferable securities and money market instruments with the same group.

Notwithstanding what is provided for under (A) and (B), above, a Sub-Fund may invest up to 100 % of its net assets in accordance with the principle of risk spreading, in different transferable securities and / or money market instruments issued or guaranteed by a Member State, one or more of its local authorities, or by a non-Member State of the EU accepted by the CSSF (being at the date of this Prospectus OECD member states, Singapore or any member state of the G20) or by public international bodies of which one or more Member States are members, provided that the Sub-Fund holds securities and / or money market instruments from at least six different issues and securities and / or money market instruments from one issue do not account for more than 30% of its total net assets.

- (C) Each Sub-Fund may also subscribe for, acquire and/or hold Shares issued or to be issued by one or more other Sub-Funds of the Fund subject to additional requirements which may be specified in Section I, if:
- (i) the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
 - (ii) no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated may be invested in aggregate in Shares of other Sub-Funds of the Fund; and
 - (iii) voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned; and
 - (iv) in any event, for as long as these securities are held by the relevant Sub-Fund, their value will not be taken into consideration for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
 - (v) there is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund having invested in the target Sub-Fund, and this target Sub-Fund.

(3) Specific Rules for Master / Feeder structures

- (A) A feeder Sub-Fund is a Sub-Fund of the Fund, which has been approved to invest, by way of derogation from article 2, paragraph (2), first indent of the 2010 Law, at least 85% of its assets in units of another UCITS or Sub-Fund thereof (hereafter referred to as the "**master UCITS**").
- (B) A feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:
- a) ancillary liquid assets in accordance point (1) last paragraph above;
 - b) financial derivative instruments, which may be used only for hedging purposes, in accordance with point (1) paragraph (g) above and Article 42, paragraphs (2) and (3) of the 2010 Law;
 - c) movable and immovable property which is essential for the direct pursuit of its business.
- (C) For the purposes of compliance with Article 42, paragraph (3) of the 2010 Law, the feeder Sub-Fund shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under point (3) (B) b) above, with:
- a) either the master UCITS' actual exposure to financial derivative instruments in proportion to the feeder Sub-Fund's investment into the master UCITS;
 - b) or the master UCITS' potential maximum global exposure to financial derivative instruments provided for in the master UCITS management regulations or instruments of incorporation in proportion to the feeder Sub-Fund's investment into the master UCITS.
- (D) A master UCITS is a UCITS, or a Sub-Fund thereof, which:
- a) has, among its shareholders, at least one feeder UCITS;
 - b) is not itself a feeder UCITS; and
 - c) does not hold units of a feeder UCITS.
- (E) If a master UCITS has at least two feeder UCITS as shareholders, article 2, paragraph (2), first indent and Article 3, second indent of the 2010 Law shall not apply.

(4) Investment Restrictions

- (A) The Fund may acquire the units of UCITS and / or other UCIs referred to in (1) (A) e), provided that no more than 20 % of its net assets are invested in a single UCITS or other UCI.

For the purposes of applying this investment limit, each Sub-Fund of a UCI with multiple Sub-Funds, within the meaning of Article 181 of the 2010 Law, shall be considered as a separate entity, provided that the principle of segregation of commitments of the different Sub-Funds is ensured in relation to third parties.

- (a) Investments made in units of UCI other than UCITS may not exceed, in aggregate, 30% of the net assets of the Fund.
When the Fund has acquired units of UCITS and / or other UCIs, the assets of the respective UCITS or other UCI do not have to be combined in the view of the limits laid down under paragraph (2) Risk Diversification;
- (b) When the Fund invests in the units of other UCITS and / or other UCIs that are managed, directly or by delegation, by the same management company or by any other company to which the management company is linked by common management or control or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the UCITS's investment in the units of other UCITS and / or other UCI.
- (c) In the case a Sub-Fund invests into other investment funds, these investments may entail duplication or even a multiplication of certain fees and expenses for the shareholders for instance the commissions for the Depository and the Administrative Agent, management / advisory fees and issue / redemption fees on the level of the invested investment fund. The Sub-Fund is prohibited from charging a subscription or redemption fee on account of the Sub-Fund of other investment funds of the promoters or portfolio managers group.
- (B) The Fund will not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- (C) The Fund may not acquire more than 10% of non-voting shares of the same issuer, more than 10 % of the debt securities issued by the same issuer or more than 25% of the units of the same UCITS or UCI or more than 10% of the money market instruments of the same issuer.

The limits under (B) and (C) are waived as to:

- transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
 - transferable securities and money market instruments issued or guaranteed by a non-Member State; transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
 - shares held in the capital of a company incorporated in a non-Member State and investing its assets mainly in securities of issuers having their registered office in that State, if under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of the issuers of that State. This derogation only applies if the company has an investment policy complying with the points 2 (A) and 3 (A) to (C) mentioned hereabove. If the limits stated in points 2 (A) and 3 (A) mentioned hereabove are exceeded, the limit under (G) shall apply mutatis mutandis.
 - shares held by one or more investment companies in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country / state where the subsidiary is established, in regard to the repurchase of units at the shareholders' request exclusively on its or their behalf.
- (D) Any Sub-Fund may not borrow more than 10% of its total net assets, and then only from financial institutions and on a temporary basis. Each Sub-Fund may, however, acquire currency by means of a back to back loan. Each Sub-Fund will not purchase securities while borrowings are outstanding in relation to it, except to fulfil prior commitments and / or exercise subscription rights. However, each Sub-Fund can borrow up to 10% of its net assets to make possible the acquisition of immovable property essential for the direct pursuit of its business. In this case, these borrowings and those referred to above (temporary borrowings) may not in any case in total exceed 15% of the Sub-Funds' net assets.
 - (E) The Fund may not grant credits or act as guarantor for third parties. This limitation does not prevent the Fund to purchase securities that are not fully paid up, nor to lend securities as further described thereunder. This limitation does not apply to margin payments on option deals and other similar transactions made in conformity with established market practices.
 - (F) Each Sub-Fund will not purchase any securities on margin (except that the Sub-Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities) or make short sales of securities or maintain a short position. Deposits on other accounts in connection with

option, forward or financial futures contracts, are, however, permitted within the limits provided for here below.

The Board is authorised to introduce further investment restrictions at any time in the interests of the shareholders provided these are necessary to ensure compliance with the laws and regulations of those countries in which the Fund's Shares are offered and sold.

- (G) If any of the above limitations are exceeded for reasons beyond the control of the Fund and / or each Sub-Fund or as a result of the exercise of subscription rights, the Fund and / or each Sub-Fund must adopt, as a priority objective, sales transactions for the remedying of that situation, taking due account of the interests of its shareholders.**

FINANCIAL TECHNIQUES AND INSTRUMENTS

Risk Management Process

As set out in 1 (A)(g)), the Management Company may, as a main element in achieving the investment policy of the relevant Sub-Fund, within the statutory conditions and limits defined for each Sub-Fund, use special techniques and financial instruments whose underlyings are securities, money market instruments and other financial instruments.

The Management Company must use a risk management process that enables it, at any time, to monitor and measure the risk associated with its investment positions and its Share in the overall risk profile of the investment portfolio. Furthermore, it must use a process that allows it to determine the value of the OTC derivatives in a precise and impartial manner. It must regularly notify the CSSF in accordance with the rules set by it (les règles détaillées) of the types of derivatives contained in the portfolio, the risks associated with the underlying securities, the investment limits and the methods used for measuring the risks associated with derivatives transactions.

The Management Company is also entitled to employ techniques and instruments which feature securities and money market instruments, provided such techniques and instruments are used for hedging purposes and efficient portfolio management purposes as well as for investment purposes, subject to the conditions and limits defined by the CSSF. If such transactions relate to the use of derivatives, then the terms and limits must accord with the provisions of the 2010 Law and applicable CSSF Circulars. Under no circumstances shall these operations cause the Fund and its Sub-Funds to diverge from its investment policies and restrictions.

When a Sub-Fund invests in total return swaps or in financial derivative instruments with similar characteristics, information relating to the underlying assets and strategy and to the relevant counterparties shall be described in the description of the relevant Sub-Fund.

The Management Company ensures that the overall risk associated with derivatives does not exceed the total net value of its portfolio.

The following are taken into account in computing risk: the market value of the underlying instruments, the risk of default, future foreseeable market developments and the period within which the positions are to be liquidated.

As part of its investment strategy, the Management Company, within the limits set out in 2 (B)(b)), may invest in derivatives provided that the overall risk of the underlying assets does not exceed the investment limits cited in point 2 above. Investments by a UCITS in index-based derivatives need not be taken into account in the case of the investment limits set forth under 2.

If a derivative is embedded in a security or money market instrument, it has to be taken into account with regard to compliance with the rules of this section. Direct and indirect operational costs and fees arising from securities lending and repurchase arrangements may be deducted from the revenue delivered to the relevant Sub-Fund. These costs and fees shall not include hidden revenue. All the revenues arising from such efficient portfolio management technique, net of direct and indirect operational costs, will be returned to the relevant Sub-Fund. The annual report of the Fund shall contain details of the revenues arising from securities lending and repurchase arrangements for the entire reporting period together with the direct and indirect operational costs and fees incurred. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Management Company and/or the Depository.

Securities lending and repurchase transactions

To the maximum extent allowed by, and within the limits set forth in the applicable regulations, in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 2010 and of (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments, CSSF Circular 13/559 on ESMA's Guidelines on ETFs and other UCITS issues (as these pieces of regulations may be amended or replaced from time to time), each Sub-Fund may for the purpose of generating additional capital or income or for reducing costs or risks (A) enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions and (B) engage in securities lending transactions.

The Fund may lend portions of its securities portfolio to third parties ("securities lending"). In general, lending may only be effected via recognised clearing houses such as Clearstream International or Euroclear, or through the mediation of first-class financial institutions that specialise in such activities and in the modus specified by them. Such transactions may not be entered into for longer than 30 days, however. If the loan exceeds 50 % of the securities portfolio of the corresponding Sub-Fund, it may only be effected on condition that termination of the loan contract is possible immediately.

Securities that are related to derivative financial instruments as underlyings or that have been taken under terms of reverse repurchase agreements may not be lent.

The Fund may, for any Sub-Fund, engage on an ancillary basis in repurchase transactions ("repurchase agreements" or "reverse repurchase agreements") involving the purchase and sale of securities where the seller has the right or obligation to repurchase the securities sold from the buyer at a fixed price and within a certain period stipulated by both parties upon conclusion of the agreement.

The Fund may effect repurchase transactions either as a buyer or a seller. However, any transactions of this kind are subject to the following guidelines:

- Securities may only be purchased or sold under a repurchase agreement if the counterparty is a first-class financial institution specialising in this kind of transaction.
- For as long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- In addition, it must be ensured that the volume of the liabilities of repurchase agreements of each Sub-Fund is structured in such a way that the Sub-Fund can meet its redemption obligations towards its shareholders at all times.
- Securities that are related to derivative financial instruments as underlyings, are lent or that have been taken under terms of reverse repurchase agreements may not be sold under the terms of reverse repurchase agreements.

Futures, swaps and options on currencies can be bought or sold by the portfolio management for the purpose of building up or securing foreign currency positions for the Sub-Funds. At no time may the liabilities resulting from such transactions exceed the value of the assets of the Sub-Fund concerned.

Collateral

The Fund may receive a collateral where engaging into OTC financial derivative transactions and efficient portfolio management techniques. Such collateral should comply with the following rules:

1. Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 56 of the Directive 2009/65/EC.
2. Valuation – the collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
3. Issuer credit quality – the collateral received should be of high quality.
4. Correlation – the collateral received by the Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
5. Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value.

When a Sub-Fund is exposed to different counterparties, the different baskets of collateral have to respect the limits and conditions of the provisions determined under CSSF Circular 14/592.

In accordance with CSSF Circular 14/592 the requirement for sufficient diversification with regard to issuer concentration is deemed to be respected if the Sub-Fund receives a basket of collateral whose maximum exposure to a single issuer is 20% of the sub-fund's Net Asset Value from a counterparty with which for the Sub-Fund efficient portfolio management and over-the-counter derivative transactions are being undertaken.

When the Sub-Fund is exposed to different counterparties, the various baskets of collateral must be aggregated to measure compliance with the 20% single issuer limit.

However, as a derogation, the respective Sub-Fund may be fully collateralized with different securities and money market instruments issued or guaranteed by an EU member state, one or more local authorities, a third country, or a public international body to which at least one member states belong.

In this case the Sub-Fund should receive securities from at least six different issues, and securities of any single issue should not account for more than 30% of its NAV.

In case this is applicable such intention for full collateralization through securities issued or guaranteed by a member state will have to be disclosed under the respective section of the Sub-Fund under the Appendix Relating to the Portfolios in issue.

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

7. Where there is a title transfer, the collateral received should be held by the depositary bank. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

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

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

10. Cash collateral received by the Fund in relation to these transactions may be reinvested in a manner consistent with the investment policy of the Sub-Funds in:

- Deposits with credit institution having its registered office in country which is a EU member state or with a credit institution having its registered office in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
- High quality government bonds;
- Reverse purchase agreements provided the transactions are with credit institutions subject to prudential supervision and to the extent that the Fund is able to recall at any time the full amount of cash on an accrued basis; and
- Invested in short-term money market funds as defined in the ESMA guidelines on a common definition of European Money Market Fund (CESR/10-049).

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

A Sub-Fund receiving collateral for at least 30% of its net asset value will have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable Fund to assess the liquidity risk attached to the collateral. This stress testing policy will:

- Ensure appropriate calibration, certification and sensitivity analysis;
- Consider an empirical approach to impact assessment, including back-testing of liquidity risks estimates;
- Establish reporting frequency and limit/loss tolerance threshold; and
- Consider mitigation actions to reduce loss including haircut policy and gap risk protection.

As the case may be, collateral received by each Sub-Fund in relation to OTC derivative transactions may offset net exposure by counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign bonds. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral as described below.

In the case of securities lending transactions, the Fund must, in principle, receive a guarantee, the value of which during the life time of the loan contract should at least correspond to the total valuation of the securities lent out and any accrued interest thereon. This guarantee must consist of liquid assets and / or securities issued or guaranteed by an EU or OECD Member State or its public central, regional or local authorities or by an international organisation, and which are blocked in the Fund's name until after the expiry of the aforementioned contract. Such a guarantee is not required if the securities lending transaction

is effected via Clearstream International or Euroclear or another organisation which guarantees that the value of the securities lent out will be refunded.

Haircut policy

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Fund's Agents for each asset class based on a variety of factors, depending on (i) the nature of the collateral received, such as the issuer's credit standing, (ii) the maturity, the currency, (iv) price volatility of the assets and, where applicable, (v) the outcome of liquidity stress tests carried out by the Fund under normal and exceptional liquidity conditions, (vi) the evaluation methodologies applied.

Notwithstanding to any currency hedging applied no haircut will be applied to cash collateral.

In case of non-cash collateral, a haircut will be applied. The Investment Manager will only accept non-cash collateral which does not exhibit high price volatility.

The non-cash collateral received on behalf of the SICAV will typically be government debts and supranational debt securities.

For non-cash collateral, a haircut of 0% to 15% will be applied as follows:

Eligible Collateral	Remaining Maturity	Haircut applied
Cash	N/A	0%
Government Bonds	One year or under	1%
	More than one year up to and including five years	3%
	More than five years up to and including ten years	5%
	More than ten years up to and including thirty years	10%
	More than thirty years up to and including forty years	15%
	More than forty years up to and including fifty years	15%

Reinvestment of collateral

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

Cash collateral received should only be:

- placed on deposit with entities prescribed in Article 50 (f) of the Directive 2009/65/EC;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

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

A Sub-Fund 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 Sub-Fund to the counterparty at the conclusion of the transaction. A 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.

The above provisions apply subject to any further guidelines issued from time to time by ESMA amending and/or supplementing ESMA Guidelines 2012/832 on ETFs and other UCITS issues and/or any additional guidance issued from time to time by the Regulatory Authority in relation to the above.

(The Management Company reserves the right to vary this policy at any time in which case this prospectus shall be amended accordingly, subject to CSSF approval.)

14. RISK CONSIDERATIONS

Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to below. Potential investors should review the Prospectus in its entirety and the relevant KIID and consult with their legal, tax and financial advisors prior to making a decision to invest.

There can be no assurance that the Sub-Fund(s) of the Fund will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.

Prospective investors should read the entire Prospectus and consult with their legal, tax and financial advisers before making any decision to invest in any Sub-Funds.

Risk of use of financial derivative instruments

Financial derivative instruments are subject to a variety of risks mentioned in this section including but not limited to:

Basis Risk

Financial derivative instruments can be subject to basis risk: in adverse market conditions the price of the derivative instrument, such as interest rate swaps, total return swaps and credit default swaps, might not be perfectly correlated with the price of the underlying asset. This could have an adverse effect on investment returns.

Leverage risk

The Sub-Fund may make use of derivative instruments, techniques or structures. They may be used for hedging risks, and for achieving investment objectives and ensuring efficient portfolio management. These instruments may present a leverage effect, which will increase the Sub-Fund's sensitivity to market fluctuations. The risk of derivative instruments, techniques or structures will always be limited within the conditions of the Sub-Fund's integral risk management. Given the leverage effect embedded in derivative instruments, such investments may result in higher volatility or even a total loss of the Sub-Fund's assets within a short period of time.

Risk introduced by short synthetic positions

A Sub-Fund may use derivatives to take short synthetic positions in some investments. Should the value of such investment increase, it will have a negative effect on the Sub-Fund's value. In extreme market conditions, the Sub-Fund may be faced with theoretically unlimited losses. Such extreme market conditions could mean that investors could, in certain circumstances, face minimal or no returns, or may even suffer a loss on such investments.

Hedging transactions risks for certain classes

The attention of the investors is drawn to the fact that the Sub-Funds of the Fund have several Classes of Shares which distinguish themselves by, *inter alia*, their reference currency as well as currency hedging, inflation hedging or duration hedging at class level. Investors are therefore exposed to the risk that the Net Asset Value of a class can move unfavourably vis-à-vis another class as a result of hedging transactions performed at the level of the hedged class.

Valuation risk

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued, which may prejudice the independence of such valuations. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value of a Sub-Fund.

Counterparty and collateral risks

In relation to financial derivatives, Investors must notably be aware that (A) in the event of the failure of the counterparty there is the risk that collateral received may yield less than the exposure on the counterparty, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) (i) delays in recovering cash collateral placed out, or (ii) difficulty in realising collateral may restrict the ability of a Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment.

Risk of lending financial instruments

The entering by a Sub-Fund into securities lending transactions involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that in case of default, bankruptcy or insolvency of the borrower of securities lent by a Sub-Fund, there is a risk of delay in recovery (that may restrict the ability of the Sub-Fund to meet delivery obligations under security sales or payment obligations arising from sale requests) or even loss of rights in collateral received, which risks are mitigated by a careful creditworthiness analysis of borrowers to determine their degree of risk for said borrowers to become involved in insolvency/bankruptcy proceedings within the timeframe contemplated by the loan.

A Sub-Fund may reinvest the cash collateral received from borrowers. There is a risk that the value or return of the reinvested cash collateral may decline below the amount owed to those borrowers, and those losses may exceed the amount earned by the Sub-Fund on lending the securities.

Risk of repurchase agreements

The entering by a Sub-Fund into repurchase transactions involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that (1) in the event of the failure of the counterparty with which cash of the Sub-Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (2) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Sub-Fund to meet sale requests, security purchases or, more generally, reinvestment.

The counterparties to repurchase agreement transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor's, Moody's or Fitch, at the time of the transactions. The collateral received by the Sub-Fund in respect of repurchase agreements transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the US government. Any incremental income generated from repurchase agreement transactions will be accrued to the relevant Fund.

Credit Risk

This risk is present in each Sub-Fund having debt securities in its investment universe.

This is the risk that may derive from the rating downgrade or the default of a bond issuer to which the Sub-Funds are exposed, which may therefore cause the value of the investments to go down. Such risks relate to the ability of an issuer to honour its debts.

Downgrades of an issue or issuer rating may lead to a drop in the value of bonds in which the Sub-Fund has invested.

Some strategies utilised may be based on bonds issued by issuers with a high credit risk (junk bonds).

Sub-Funds investing in high-yield bonds present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

Liquidity Risk

This risk may potentially concern all financial instruments and so at one moment impact one or several Sub-Funds.

There is a risk that investments made by the Sub-Funds may become illiquid due to an over-restricted market (often reflected by a very broad bid-ask spread or by substantial price movements), if their “rating” declines or if the economic situation deteriorates.

Consequently, it may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in these Sub-Funds.

Counterparty Risk

This risk relates to the quality or the default of the counterparty with which the management company negotiates, in particular involving payment for/delivery of financial instruments and the signing of agreements involving forward financial instruments. This risk is associated with the ability of the counterparty to fulfil its commitments (for example: payment, delivery and reimbursement). This risk also relates to efficient portfolio management techniques and instruments.

Operational & Custody Risk

Some markets are less regulated than most of the international markets; hence, the services related to custody and liquidation for the funds on such markets could be more risky.

Derivatives Risk

In order to hedge (hedging derivative investments strategy), and/or to leverage the yield of the Sub-Fund (trading derivative investment strategy), the Sub-Fund is allowed to use derivative investments’ techniques and instruments as further described in the relevant Sub-Fund’s particular and/or under Section 13 “Investment Guidelines” (in particular, warrants on securities, agreements regarding the exchange of securities, rates, currencies, inflation, volatility and other financial derivative instruments, contracts for difference (“CFDs”), credit default swaps (“CDSs”), futures and options on securities, rates or futures).

The investor's attention is drawn to the fact that these derivatives include leveraging. Because of this, the volatility of these sub-funds is increased.

Risk linked to Equity Markets

This risk is present in each Sub-Fund having equities in its investment universe.

The risks associated with investments in equity (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company’s shares to its bonds. Moreover, these fluctuations are often amplified in the short term.

The risk that one or more companies suffer a downturn or fail to grow can have a negative impact on the performance of the overall portfolio at a given time. There is no guarantee that investors will see an appreciation in value. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial investment.

There is no guarantee that the investment objective will actually be achieved.

Some Sub-Funds may invest in initial public offerings (“IPOs”). In this case, there is a risk that the price of the newly floated share may see greater volatility as a result of factors such as the absence of an existing public market, non-seasonal transactions, the limited number of securities that can be traded and a lack of information about the issuer.

A Sub-Fund may hold such securities for only a very short time, which tends to increase the costs.

Sub-Funds investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

Some Sub-Funds may base their objective on simple equity market growth, which produces higher than average volatility.

Managers may temporarily adopt a more defensive attitude if they consider that the equity market or economy of the countries in which the Sub-Fund invests is experiencing excessive volatility, a persistent general decline, or other unfavourable conditions. In such circumstances, the Sub-Fund may be unable to pursue its investment objective.

Interest Rate Risk

This risk is present in each Sub-Fund having debt securities in its investment universe.

The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc.,

The investor's attention is drawn to the fact that an increase in interest rates results in a decrease in the value of investments in bonds and debt instruments.

Low Interest Rate Consequence

This risk is present in each Sub-Fund having debt securities in its investment universe.

A very low level of interest rates may affect the return on short term assets held by monetary funds which may not be sufficient to cover management and operating costs leading to there a structural decrease of the net asset value of the Sub-Fund.

Currency Exchange Risk

This risk is present in each Sub-Fund having positions denominated in currencies that differ from its reference currency.

A Sub-Fund may hold assets denominated in currencies that differ from its reference currency, and may be affected by exchange rate fluctuations between the reference currency and the other currencies and by changes in exchange rate controls. If the currency in which a security is denominated appreciates in relation to the reference currency of the Sub-Fund, the exchange value of the security in the reference currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security.

When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

Inflation Risk

All types of investments are concerned by this risk.

Over time, yields of short-term investments may not keep pace with inflation, leading to a reduction in an investment's purchasing power.

Taxation Risk

The value of an investment may be affected by the application of tax laws in various countries, including withholding tax, changes in government, economic or monetary policy in the countries concerned. As such, no guarantee can be given that the financial objectives will actually be achieved.

Commodity Market Risk

This risk is present in each Sub-Fund having commodities (indirectly invested) in its investment universe. Commodity markets may experience significant, sudden price variations that have a direct effect on the valuation of shares and securities that equate to the shares in which a Sub-Fund may invest and/or indices that a Sub-Fund may be exposed to.

Moreover, the underlying assets may evolve in a markedly different way from traditional securities markets (equity markets, bond markets, etc.)

Small Cap, Specialised or Restricted Sectors Risk

This risk is present in each Sub-Fund having small caps, specialised or restricted sectors investments in its investment universe.

Sub-Funds investing in small caps or specialised or restricted sectors are likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions.

Smaller companies may find themselves unable to generate new funds to support their growth and development, they may lack vision in management, or they may develop products for new, uncertain markets.

The Fund and investors agree to bear these risks.

Conflict of Interests

The Board of Directors of the SICAV and/or of the Management Company and/ or of Pharus Management S.A. will (in the event that any conflict of interest actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the SICAV and its shareholders.

The directors of the Management Company and/or of Pharus Management S.A. may also be directors of the SICAV and the interest of the SICAV and/or of the Management Company and/or of Pharus Management S.A. could result in conflicts .In the event where such a conflict arises, the directors of the Management Company will endeavour to ensure that it is resolved in a fair manner and in the best interests of the SICAV /of its Sub-Funds and their respective shareholders.

Pharus Management Lux S.A: can act as Management Company, as Investment Managers, and as Principal Distributor of the SICAV and/or its Sub-Funds as further determined under this prospectus.

Pharus Management S.A. can also act as investment manager of several Sub Funds of the SICAV and is part of the some Group of companies to which the Management Company belongs. As a result, such functions of Management Company and of Pharus Management S.A. may result in conflicts of interest between the various activities of these companies and their duties and obligations to the SICAV and its Sub-Funds. The Management Company, under the rules of conduct applicable to it, must try to avoid conflicts of interest and, when they cannot be avoided, ensure that its clients (including the SICAV) are fairly treated.

The Management Company and/or Pharus Management S.A. may from time to time act as Management Company, investment manager or adviser, principal placement and distribution agent, in relation to the SICAV, or be otherwise involved with, other funds or UCITS, UCIs and other investment vehicles or other clients. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the SICAV or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the SICAV or any Sub-Fund. In particular, when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

Sub-Funds of the SICAV may invest from time to time in UCITS and other UCIs and other investment vehicles managed by the Management Company or by Pharus Management S.A: It is therefore possible that the Management Company or Pharus Management S.A may, in the due course of their business, have potential conflicts of interest with the SICAV or any Sub-Fund. When undertaking any investments where conflicts of interest may arise, each will respectively endeavor to ensure that such conflicts are resolved fairly.

The Management Company and/ or Pharus Management S.A. may effect transactions in which they have, directly or indirectly, an interest which may involve a potential conflict with the Management Company's duty to the SICAV. Neither the Management Company nor Pharus Management S.A. shall be liable to account to the SICAV for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Management Company's fees, unless otherwise provided, be abated.

The Management Company and / or Pharus Management S.A. will ensure that such transactions are effected on terms that are at least as favorable to the SICAV and it's Sub-Fund than if the potential conflict had not existed.

There is no prohibition on the SICAV / on its Sub-Funds entering into any transactions with the Management Company, or any Investment Manager, the principal distribution agent, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. In such case, in addition to the management fees the Management Company or the Investment Managers earn for managing the applicable Sub-Fund, they may also have an arrangement with the issuer, dealer and/or distributor of any products entitling them to a share in the revenue from such products that they purchase on behalf of the SICAV and its applicable Sub-Funds. In addition, there is no prohibition on the Management Company or on Pharos Management S.A. to purchase any products on behalf of the SICAV and its Sub-Funds where the issuer, dealer and/or distributor of such products are their affiliates provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, in the best interest of the SICAV.

The Management Company or Pharos Management S.A. can act as counterparty for financial derivative contracts entered into by the SICAV or its Sub-Funds.

Potential conflicting interests or duties may arise because the Management Company or Pharos Management S.A. may have invested directly or indirectly in the SICAV or in its Sub-Funds. The Management Company and/or Pharos Management S.A could hold a relatively large proportion of Shares and voting rights in any Sub-Fund or Share Class. The Management Company and/or Pharos Management S.A. may make substantial investments in a Sub-Fund or a Share Class for various purposes including, but not limited to, facilitating the growth of the Sub-Fund or Share Class, for facilitating the investment management or tax reporting of a Sub-Fund or Share Class, or for meeting future remuneration payment obligations to certain employees.

Risk linked to efficient portfolio management techniques

This risk is present in each Sub-Fund using efficient portfolio management techniques.

Efficient portfolio management techniques, such as securities lending, repurchase and reverse repurchase transactions, and particularly with respect to the quality of the collateral received / reinvested, may lead to several risks such as liquidity risk, counterparty risk, issuer risk, valuation risk and settlement risk, which can have an impact on the performance of the Sub-Fund concerned.

Warrant Risk

The investor's attention is drawn to the fact that warrants are complex, volatile, high-risk instruments: the risk of a total loss of the invested capital is great. In addition, one of the principal characteristics of warrants is the "leverage effect", which is seen in the fact that a change in the value of the underlying asset can have a disproportionate effect on the value of the warrant. Finally, there is no guarantee that, in the event of an illiquid market, it will be possible to sell the warrant on a secondary market.