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L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2017-04-11
Commission de Surveillance du Secteur Financier



KITE FUND SICAV

PROSPECTUS

May 2017

KITE FUND SICAV

PROSPECTUS

Important notice

Subscriptions to KITE FUND SICAV (hereinafter “the Fund” or “the SICAV”) are only valid if they are made in accordance with the provisions of the current prospectus (KIID or full) accompanied by the most recent annual report available and, in addition, by the most recent semi-annual report if this was published after the most recent annual report. All the offering documents as well as the financial reports will be available for inspection on the website of the Fund.

No one may use information other than that appearing in the present prospectus or KIID and in the documents mentioned therein as being available for consultation by the public. This prospectus provides details of the general framework applicable to the Fund and must be read in conjunction with the appendices relating to each Sub-Fund. These appendices are issued upon the launch of each Sub-Fund and constitute an integral part of the prospectus. The prospectus (KIID and full) will be updated regularly to incorporate significant amendments. Investors are advised to check with the Fund that the prospectus in their possession is the most recent one.

The Fund is established in Luxembourg and has obtained the authorisation of the competent Luxembourg supervisory authority. This authorisation should in no way be interpreted as approval by the Luxembourg supervisory authority of either the contents of the prospectus or the quality of the shares of the Fund or of the quality of the investments that it holds.

This prospectus may not be used to offer and promote sales in any Country or under any circumstances where such offers or promotions are not authorised by the competent authorities.

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

US investors

The shares of the Fund ("the Shares") have not been registered under the United States Securities Act of 1933 as amended nor has the Fund been registered under the Investment Fund Act of 1940, as amended. Consequently, the Shares may not be publicly offered or sold in the United States of America or in any of the territories subject to its jurisdiction and may not be offered to or for the benefit of, or purchased by, U.S. Persons (as defined in the Articles of Incorporation of the Fund). Applicants may be required to declare that they are not U.S. Persons and are not applying for Shares on behalf of any U.S. Person. It is recommended that investors obtain information on the laws and regulations (in particular, those relating to fiscal policy and currency controls) applicable in their Country of origin, of residence or of domicile as regards an investment in the Fund and that they consult their own financial adviser, solicitor or accountant on any issue relating to the contents of this prospectus.

FINRA RULES 5130 and 5131

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.

Data protection

Certain personal data of investors (including, but not limited to, the name, address and invested amount of each investor) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Fund, the Depositary Bank, the Administrative Agent, the Registrar and Transfer Agent, the Domiciliary Agent and any other person who provides services to the Fund from time to time and the financial intermediaries of such investors. In particular, such data may be processed for the purposes of account and distribution fee administration, anti-money laundering and terrorism financing identification, maintaining the register of shareholders, processing subscription, redemption and conversion orders (if any) and payments of dividends to shareholders and to provide client-related services. Such information shall not be passed on to any unauthorised third persons. The Fund may subcontract to another entity (the “Processor”) (such as the Administrative, Registrar and Transfer Agent) the processing of personal data. The Fund undertakes not to transfer personal data to any third parties other than the Processor except if required by law or on the basis of a prior consent of the shareholders.

Each shareholder has a right of access to his/her/its personal data and may ask for a rectification thereof in case where such data is

inaccurate or incomplete. By subscribing to the Shares, each investor consents to such processing of its personal data.

1. GENERAL INFORMATION

1.1 DESCRIPTION OF THE FUND

KITE FUND SICAV is a “*société d’investissement à capital variable*” with an umbrella structure, organized under Part I of the Law of December 17, 2010 relating to Undertakings for Collective Investment (“Law of 2010”) and the Law of August 10, 1915 on the Commercial Companies (“Law of 1915”) as may be amended from time to time with registered office at **20, Boulevard Emmanuel Servais, L-2535 Luxembourg**.

The Fund was created on September 11, 2012 for an unlimited period and it is managed by PHARUS MANAGEMENT LUX S.A., a management company governed by Chapter 15 of the Law of 2010. The Articles of incorporation of the Fund (“the Articles”) are published in the “Mémorial C. Recueil des Sociétés et Associations” (the “Mémorial”) of September 18, 2012 and have been filed with the Luxembourg “Registre de Commerce et des Sociétés”. Any interested person may inspect the Articles at the “Registre de Commerce et des Sociétés” of Luxembourg, website www.rcsl.lu.

The Articles authorise the board of directors of the Fund (“the Board of Directors”) to issue Shares, at any time, in different Sub-Funds (each, a “Sub-Fund”). Proceeds from the issue of Shares within each Sub-Fund may be invested in transferable securities and other eligible assets corresponding to a particular geographical area, industrial sector or monetary zone, and/or particular types of equity, equity-related or transferable debt securities as the Board of Directors may from time to time determine.

The Board of Directors may further decide to issue within each Sub-Fund two or more classes of Shares, the assets of which may be commonly invested pursuant to the specific investment policy for the particular Sub-Fund concerned, although a separate sales and redemption mechanism, fee structure, category of targeted investors

and other such characteristics may be designated to a particular class of Shares within each such Sub-Fund.

The Sub-Funds in issue at the date of the present prospectus and their specific features are fully described in the Appendix I - “Description of the Sub-Funds” to the present prospectus. Should the Board of Directors decide to create additional Sub-Funds, or issue different classes of Shares, Appendix I to this prospectus will be updated accordingly.

The value of the Shares may fluctuate and an investor (individually also the “Shareholder” and collectively the “Shareholders”), upon redemption of Shares may not get back the amount he initially invested. The levels and basis of, and relief from, taxation may change. There can be no assurance that the investment objectives of the Fund will be achieved.

The Fund reserves the right to reject any application in whole or in part, in which event the application monies or any balance thereof will be returned to the applicant as soon as practicable.

All references in the prospectus to “EUR” and to “Euro” are to the legal currency of the European Monetary Union (currency in which the Shares are denominated).

1.2 OVERVIEW

Board of Directors	LIDIA PALUMBO (Chairman) Pharus Management Lux S.A. Chief Executive Officer Luxembourg
	STEFANO FORMENTINI Wise Consultants S.A. - Director 38A Route de Malagnou, 1208 Genève Suisse
	ROBERTO FACCHINI Wise Consultants S.A. - Director 38A Route de Malagnou 1208 Genève Suisse
	SANTE JANNONI INDEPENDENT DIRECTOR Luxembourg
Management Company	PHARUS MANAGEMENT LUX S.A. 16, Avenue de la Gare L-1610 Luxembourg
	Board of Directors of the Management Company: Davide BERRA (Chairman) Davide PASQUALI Lidia PALUMBO Conducting Persons of the Management Company Lidia PALUMBO Martin RAUSCH Françoise GOZZO Denis GUOLO
Depository Bank, Domiciliary Agent	Edmond de Rothschild (Europe) 20, Boulevard Emmanuel Servais L-2535 Luxembourg

Central Administration (Administrative, , Paying Agent, Registrar and Transfer Agent)	Edmond de Rothschild Asset Management (Luxembourg) 20, Boulevard Emmanuel Servais L-2535 Luxembourg
Auditor	PRICEWATERHOUSECOOPERS, société coopérative 400, Route d'Esch L-1471 Luxembourg

2. MANAGEMENT, ADMINISTRATION, CUSTODY, DISTRIBUTION

2.1 THE BOARD OF DIRECTORS OF THE FUND

The Board of Directors is responsible for all commitments of the Fund and for the overall management and control of the Fund. It may carry out all acts of management of the assets of each Sub-Fund and in particular it may purchase, sell, subscribe or exchange any transferable securities and exercise all rights directly or indirectly attached to the Fund's assets. The Board of Directors shall be in charge of determining the investment policy of each Sub-Fund.

2.2 THE MANAGEMENT COMPANY

The Board of Directors has appointed PHARUS MANAGEMENT LUX S.A. ("The Management Company"), having its registered office at 16, Avenue de la Gare, L- 1610 Luxembourg as its management company registered under Chapter 15 of the Law of 2010, according to a "Management Company Services Agreement" made with effect as of 08.05.2014.

The Management Company is a company incorporated in Luxembourg as a "société anonyme" on July 3, 2012 for an indefinite duration and registered in the Luxembourg Commercial Register under Number B169798. Its registered capital is set at seven hundred and fifty thousand euros (EUR 750,000) divided into seven hundred and fifty (750) registered shares, with a nominal value of one thousand euros (EUR 1,000), each fully paid up.

The Management Company shall be in charge of the tasks set in Annex II to the Law of 2010:

- A) Investment management;
- B) Administration, which encompasses:
 - a) legal services and accounts management for the Fund,
 - b) follow-up of requests for information from clients,

- c) valuation of portfolios and calculation of the value of Fund Shares (including all tax issues),
- d) verifying compliance with regulations,
- e) keeping the Fund's Register of Shareholders,
- f) allocating Fund income,
- g) issue and redemption of Fund's Shares (Transfer Agent's duties),
- h) winding-up of contracts (including sending certificates),
- i) recording and keeping records of transactions.

C) Marketing the Fund's Shares.

The Management Company is entitled to delegate to third parties, for the purpose of a more efficient conduct of its business, the power to carry out, under its control and responsibility, one or more of the above mentioned tasks. In that case, pursuant to the article 110 (1) g) of the Law of 2010, the mandate will set the possibility of allowing the persons who conduct the business of the Management Company to give at any time further instructions to the undertaking to which functions are delegated or to withdraw the mandate with immediate effect when this is in the interests of Shareholders.

D) Conflicts of Interest

The Board of the Fund and/or of the Management Company 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 Fund and its shareholders.

E) 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.

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2.3 THE INVESTMENT MANAGER, THE SUB-INVESTMENT MANAGER, THE INVESTMENT ADVISOR

In the management of the assets, the Management Company, with the consent of the Board of Directors may, under its control and responsibility, delegate the execution of the day to day management of the assets of the Sub-Funds to third entities (individually, the “Investment Manager”), duly authorised by the competent supervisory authorities.

In case an Investment Manager is appointed by the Management Company, the relevant details shall be found in the Appendix to this prospectus.

The Investment Manager, at its own expenses, may be assisted by one or several sub-investment managers (individually, the “Sub-Investment manager”) or by one or several investment advisors (individually the “Investment Advisor”).

Currently the Management Company has not appointed any Investment Manager for the Investment Management.

2.4 THE DEPOSITARY BANK AND DOMICILIARY AGENT

Edmond de Rothschild (Europe) has been appointed to act as depositary bank and domiciliary agent of the Fund (the “**Depositary Bank**”) pursuant to a depositary bank agreement effective since the 29th of July 2016 (the “Depositary Bank Agreement”).

Edmond de Rothschild (Europe) is a bank organized as a *société anonyme*, regulated by the CSSF and incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office and administrative offices are at 20, Boulevard Emmanuel Servais L-2535 Luxembourg.

The Depositary Bank Agreement provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days’ written notice.

The Depositary Bank Agreement is governed by the laws of Luxembourg and the courts of Luxembourg shall have exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Bank Agreement.

In consideration of the services rendered the Depositary Bank receives a fee as detailed in section 8.6 of this Prospectus.

The Depositary Bank shall assume its functions and responsibilities in accordance with the Luxembourg applicable laws and regulations and the Depositary Bank Agreement. With respect to its duties under the 2010 Law, the Depositary Bank shall ensure the safekeeping of the Fund's assets. The Depositary has also to ensure that the Fund's cash flows are properly monitored in accordance with the 2010 Law.

In addition, the Depositary Bank shall also ensure:

- that the sale, issue, repurchase, redemption and cancellation of the Shares of the Fund are carried out in accordance with Luxembourg law and the Articles of Incorporation of the Fund;
- that the value of the Shares of the Fund is calculated in accordance with Luxembourg law and the Articles of Incorporation of the Fund;
- to carry out the instructions of the Fund and the Management Company, unless they conflict with Luxembourg law or the Articles of Incorporation of the Fund;
- that in transactions involving the Fund’s assets any consideration is remitted to the Fund within the usual time limits;
- that the Fund’s incomes are applied in accordance with Luxembourg law and the Articles of Incorporation of the Fund.

The Depositary Bank shall be liable to the Fund or to the Shareholders for the loss of the Fund's financial Instruments held in custody by the Depositary Bank or its delegates to which it has delegated its custody functions. A loss of a financial instrument held in custody by the Depositary Bank or its delegate shall be deemed to have taken place when the conditions of article 18 of the Commission Delegated Regulation (EU) of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and the Council with regard to obligations of depositories (the "UCITS Delegated Regulation") are met. The liability of the Depositary Bank for losses other than the loss of the Fund's financial Instruments held in custody shall be incurred pursuant to the provisions of the Depositary Bank Agreement.

In case of loss of the Fund's financial instruments held in custody by the Depositary Bank or any of its delegates, the Depositary Bank shall return financials instruments of identical type or the corresponding amount to the Fund without undue delay. However, the Depositary Bank's liability shall not be triggered provided the Depositary can prove that all the following conditions are met:

- (i) the event which led to the loss is not the result of any act or omission of the Depositary or of any of its delegates;
- (ii) the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice;
- (iii) the Depositary could not have prevented the loss despite rigorous and comprehensive due diligence as documented in accordance with point (c) of article 19 (1) of the UCITS-CDR.

The requirements referred to in points (i) and (ii) in this paragraph may be deemed to be fulfilled in the following circumstances:

- (a) natural events beyond human control or influence;
- (b) the adoption of any law, decree, regulation, decision or order by any government or governmental body, including any court or tribunal, which impacts the Company's financial instruments held in custody;
- (c) war, riots or other major upheavals.

The requirements referred to in points (i) and (ii) in the previous paragraph shall not be deemed to be fulfilled in cases such as an accounting error, operational failure, fraud, failure to apply the segregation requirements at the level of the Depositary or any of its delegates.

The Depositary may delegate its safekeeping duties with respect to the Company's financial instruments held in custody or any other assets (except

for the cash) in accordance with the UCITS Directive, the UCITS-CDR and applicable law.

The Depositary Bank's liability shall not be affected by any delegation of its custody functions.

An up-to-date list of the third-party delegates (including the global sub-custodian) appointed by the Depositary Bank and of the delegates of these third-party delegates (including the global sub-custodian) is available on the following website:

<http://www.edmond-de-rothschild.com/site/Luxembourg/en/asset-management/terms-and-conditions>

In carrying out its functions, the Depositary Bank shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the shareholders of the Fund.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary Bank and/or its affiliates and/or sub-custodians of other services to the Fund, the Management Company and/or other parties. For example, the Depositary Bank may act as depositary bank of other funds. It is therefore possible that the Depositary Bank (or any of its affiliates and/or sub-custodians) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary Bank (or any of its affiliates and/or sub-custodians) acts.

Where a conflict or potential conflict of interest arises, the Depositary Bank will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is reasonably practicable, any transactions are effected on terms which are not materially less favourable to the Fund than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary Bank's functions from its other potentially conflicting tasks and by the Depositary Bank adhering to its own conflicts of interest policy.

A description of the conflicts of interest that may arise in relation to the Depositary Bank services, if any, including the identification of the conflicts of interest in relation to the appointment of third-party delegates (including the global sub-custodian) will be made available to the Fund's shareholders on request at the Fund's registered office.

Under no circumstances shall the Depositary Bank be liable to the Fund, the Management Company or any other person for indirect or consequential damages and the Depositary Bank shall not in any event be liable for the following direct losses: loss of profits, loss of contracts, loss of goodwill, whether or not foreseeable, even if the Depositary Bank has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

The Depositary Bank is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Fund and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document other than the above description. The Depositary Bank shall not have any investment decision-making role in relation to Fund. Decisions in respect of the purchase and sale of assets for the Fund, the selection of investment professionals and the negotiation of commission rates are made by the Fund and/or the Management Company and/or their delegates. Shareholders may ask to review the Depositary Bank Agreement at the registered office of the Fund should they wish to obtain additional information as regards the precise contractual obligations and limitations of liability of the Depositary Bank.

The fees and charges of the Depositary Bank in connection with its services are borne by the Fund in accordance with common practice in Luxembourg.

Edmond de Rothschild (Europe), in any capacity shall not be liable for the contents of this Prospectus and will not be liable for any insufficient, misleading or unfair information contained in the Prospectus.

2.5 THE ADMINISTRATIVE, PAYING, AND REGISTRAR AND TRANSFER AGENT

Pursuant to a Central Administration Agreement dated 25.07.2016, the Fund and the Management Company have appointed Edmond de Rothschild Asset Management (Luxembourg) as administrative, paying and registrar and transfer agent of the Fund (the “Administrative Agent”).

Edmond de Rothschild Asset Management (Luxembourg) is in charge of processing of the issue, redemption and conversion of the Shares and settlement arrangements thereof, keeping the register of the Fund’s Shareholders, calculating the Net Asset Value, maintaining the records, and other general functions as more fully described in the Central Administration Agreement.

The Administrative Agent will not be liable for the investment decisions regarding the Fund nor the consequences of such investment decisions on the Fund’s performance and they are not responsible for the monitoring of the

compliance of the Fund's investments with the rules contained in its Articles and/or its Prospectus and/or in any investment management agreement(s) concluded between the Fund/the Management Company and any investment manager(s).

The Central Administration Agreement provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' written notice.

In consideration of the services rendered, the Administrative Agent receives a fee as detailed in section 8 of this Prospectus.

The Administrative Agent may delegate all or part of its functions to one or more sub-contractor(s) which, in view of functions to be delegated, has/have to be qualified and competent for performing them. The Administrative Agent's liability shall not be affected by such delegation to one or more sub-contractor(s)".

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

2.6 THE DISTRIBUTION AGENTS AND NOMINEES

The Management Company may designate banks and/or financial institutions to act as distribution agents or intermediaries who may be involved in investment and redemption transactions.

Such Distributors/Nominees may be appointed for the purpose of assisting it in the distribution of the shares of the Fund in the countries in which they are marketed. Certain Distributors/Nominees may not offer all of the Sub-Funds/categories/classes of shares or all of the subscription/redemption currencies to their customers. Customers are invited to consult their Distributor/Nominee for further details.

Distribution and Nominee agreements will be signed between the Management Company and the various Distributors/Nominees.

Shareholders may subscribe for shares by applying directly to the Fund without having to act through one of the Distributors/Nominees.

In accordance with the Distribution and Nominee agreements and, as the case may be, on the basis of a specific mandate given by the client when subscribing the

Shares¹, the Nominee will be recorded in the Register of Shareholders in its own name, on behalf of the Shareholders. The terms and conditions of the Nominee agreements will stipulate, amongst other things, that a Shareholder who has invested in the Fund via a Nominee may at all times revoke the Nominee's mandate and require that the Shares subscribed shall be transferred to his/her name, as a result of which the Shareholder will be registered under his/her own name in the Register of Shareholders with effect from the date on which the transfer instructions are received by the Registrar and Transfer Agent from the Nominee. Copies of the various Distribution and Nominee contracts are available to Shareholders during normal office hours at the Fund's registered office and may also be required to the Distributor/Nominee.

Distributors and Nominees are Banks or financial intermediaries that pertain to a regulated group headquartered in a FATF (Financial Action Task Force on Money Laundering) Country. Such groups applying FATF provisions regarding money laundering issues to all its subsidiaries and affiliates.

A list of the Distributors and Nominees shall be at disposal at the Fund's registered office.

3. INVESTMENT POLICIES AND OBJECTIVES

The object of the Fund is the collective investment of its assets in transferable securities and such other eligible financial assets permitted by the Law of 2010, in order to spread the investment risks and to provide to the investors the benefit of the result of the management of its assets.

Furthermore, the Fund will, on a regular basis, (a) use financial derivative instruments for investment, hedging and efficient portfolio management purposes, and (b) exploit the techniques and instruments relating to transferable securities and money market instruments for the purpose of efficient portfolio management, under

¹ Upon subscription of the Shares, investors residing in Italy may grant a mandate to the Italian Paying Agent to act as Nominee in relation to the transactions concerning the participation in the Fund. On the basis of such a mandate, the Nominee, among other things, will send to the Fund the investors' requests for subscription, redemption and conversion on a cumulative basis, will be recorded in the register of shareholders in its own name with the words "on behalf of third parties" and will fulfil the duties relating to the exercise of voting rights on instructions of the investors. For any further detail Investors are invited to consult local documentation. The Nominee shall keep and update an electronic book with details of the investors and the relevant shareholdings; the status of shareholder shall be evidenced through the confirmation letter sent to the investor by the Nominee.

the conditions and within the limits set forth by law, regulation and administrative practice.

With respect to currency risks, the Fund intends to use financial derivative instruments for hedging purposes. In any case the Fund is also allowed to take net short position in currency derivatives up to 10% of the assets of the Sub-Fund for the purpose of efficient portfolio management.

Details on such investment policies and restrictions as well as risk factors are outlined in the chapter 3.1-3.5 as well as in the Appendix I “*Description of the Sub-Funds*”.

The Board of Directors has adopted the following restrictions, as well as those outlined in Appendix I, relating to the investment of the Fund's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors in the interest of the Fund in which case this prospectus will be updated.

The investment restrictions imposed by Luxembourg law shall be complied with by each Sub-Fund. Those restrictions in paragraph 3.1 D. and E. iv) below are applicable to the Fund as a whole.

3.1 INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

A.1 The Fund will invest in:

- i.** transferable securities and money market instruments admitted to an official listing on a stock exchange in any Member State of the European Union (EU), any Member State of the Organisation for the Economic Cooperation and Development (OECD), and any other State which the Board of Directors deems appropriate with regards to the investment objective of each Sub-Fund (each an “Eligible State”); ”and/or
- ii.** transferable securities and money market instruments dealt on another market which is regulated, operates regularly

and is recognised and open to the public in an Eligible State (a “Regulated Market”);

and/or

- iii.** recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an official stock exchange or another Regulated Market (an “Eligible Market”) and such admission is achieved within one year of the issue; and/or
- iv.** units of undertakings for collective investment in transferable securities (a “UCITS”) and/or of other undertakings for collective investment within the meaning of the first and second indent of Article 1(2) of Council Directive 2009/65/CE whether situated in an EU Member State or not, provided that:
 - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law and that a cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EU,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,

- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- v. deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union, or if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law and/or
- vi. financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs **i), ii) and iii)** above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
 - the underlying consists of securities covered by this section **3.1 (A.1)**, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
 - the counterparties to OTC derivative transactions are credit institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

Unless specifically provided otherwise in Appendix I “*Description of the Sub-Funds*” for any specific Sub-Fund, the Fund will invest in

financial derivative instruments for hedging, efficient portfolio management, as well as for investment purposes, as more fully described in the section **3.4** “Financial Derivatives Instruments, Techniques and Other Instruments” below;-and/or

vii. money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members of the federation, or by a public international body one or more EU Member States belong to, or
- issued by an undertaking any securities of which are dealt in on Regulated Markets, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law, or
- issued by other bodies belonging to categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent above and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which

presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, and 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.

A.2 In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under **3.1** above.

B. Each Sub-Fund may hold ancillary liquid assets.

Notwithstanding the above provision and if justified by exceptional market conditions the Sub-Funds may invest up to 100% of their net assets in cash and cash equivalents, term deposits, debt securities and money market instruments dealt in on a Regulated Market and whose maturity does not exceed 12 months, monetary UCITS and UCIs, provided that sufficient diversification is ensured. In general terms, the Sub-Funds will comply with the investment restrictions and the principle of risk spreading set forth under this chapter. There is no restriction as to the currency of these securities and instruments. Term deposits and liquid assets may not exceed 49% of the Sub-Funds' net assets; term deposits and liquid assets held by any counterparty including the Depositary Bank may not exceed 20% of the Sub-Funds' net assets.

C.

i) Each Sub-Fund may invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuing body (and in the case of credit-linked securities both the issuer of the credit-linked securities and the issuer of the underlying securities). Each Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a

counterparty of a 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 **3.1 A.1 v)** above or 5% of its net assets in other cases.

- ii)** Furthermore, where any Sub-Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the net assets of such Sub-Fund, the total value of all such investments must not account for more than 40% of the net assets of such Sub-Fund. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph **C. i)**, a Sub-Fund may not combine: investments in transferable securities or money market instruments issued by a single body; deposits made with a single body and/or exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

- iii)** The limit of 10% laid down in paragraph **C. i)** above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities or by an Eligible State or by public international bodies of which one or more EU Member States are members.

- iv)** The limit of 10% laid down in paragraph **C. i)** above shall be 25% in respect of debt securities which are issued by credit institutions having their registered office in an EU Member State and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amounts resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt

securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

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

- v) The transferable securities and money market instruments referred to in paragraphs **C. iii)** and **C. iv)** are not included in the calculation of the limit of 40% referred to in paragraph **C. ii).**

The limits set out in paragraphs **C. i)**, **C. ii)**, **C. iii)** and **C. iv)** above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs **C. i)**, **C. ii)**, **C. iii)** and **C. iv)** may not, in any event, exceed a total of 35% of each 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 this paragraph **C.**

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

Without prejudice to the limits in paragraph **D.**, the limits laid down in this paragraph **C.** shall be 20% for investments in shares and/or bonds issued by the same body when the

aim of a Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided the composition of the index is sufficiently diversified; the index represents an adequate benchmark for the market to which it refers; it is published in an appropriate manner. The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- vi)** Where any Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities or by an Eligible State which is an OECD Member State, or by public international bodies of which one or more EU Member States are members, the Fund may invest 100% of the net assets of any Sub-Fund in such securities and money market instruments provided that such Sub-Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net assets of the Sub-Fund.

Subject to having due regard to the principle of risk spreading, a Sub-Fund is not required to comply with the limits set out in this paragraph **C.** for a period of 6 months following the date of its authorisation.

D.

- i)** The Fund may not acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body.

ii) The Fund may acquire no more than **a)** 10% of the nonvoting shares of any single issuing body, **b)** 10% of the value of debt securities of any single issuing body, **c)** 10% of the money market instruments of the same issuing body, and/or **d)** 25% of the units of the same UCI. However, the limits laid down in **b)**, **c)** and **d)** above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph **D. i)** and **ii)** above shall not apply to: transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities; transferable securities and money market instruments issued or guaranteed by any other Eligible State; transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members; or shares held in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that State, such holding represents the only way in which such Sub-Fund's assets may invest in the securities of the issuing bodies of that State, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law of 2010; shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice, or marketing in the Country where the subsidiary is located, with regard to the redemption of shares at the request of the shareholders.

E. Each Sub-Fund may invest more than 10% of its net assets in units of UCITS or other UCIs. The following limits shall apply:

- i)** Each Sub-Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph **A.1 iv)**, provided that no more than 20% of a Sub-Fund's net assets be invested in the units of a single UCITS or other UCI.
- ii)** For the purpose of the application of this limit, each compartment of a UCITS or of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments *vis-à-vis* third parties is ensured.
- iii)** Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Sub-Fund.
- iv)** When a Sub-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 with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the units of such other UCITS and/or UCIs.

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

- v)** The Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple Sub-Funds, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all Sub-Funds combined.
- vi)** The underlying investments held by the UCITS or other UCIs in which the Sub-Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 3.1. C. above.

3.2 INVESTMENT RESTRICTIONS

- A.** The Fund will not make investments in precious metals or certificates representing these.
- B.** The Fund may not enter into transactions involving commodities or commodity contracts.
- C.** The Fund will not purchase or sell real estate properties or any option, right or interest therein, provided the Fund may invest in securities secured by real estate properties or interests therein or issued by companies which invest in real estate properties or interests therein.
- D.** The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in **3.1. A.1 iv), vi) and vii)**.
- E.** The Fund may not borrow for the account of any Sub-Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Sub-Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

The Fund may acquire movable and immovable property which is essential for the direct pursuit of its business.

3.3 OTHER INVESTMENT RESTRICTIONS

- A.** The Fund may not make loans to other persons or act as a guarantor on behalf of third parties provided that this restriction shall not prevent the Fund from acquiring transferable securities or money market instruments or other financial instruments referred to in paragraph **3.1. A.1 iv), vi) and vii)** which are not fully paid.
- B.** The Fund needs not comply with the limits laid down in this chapter 3 when exercising subscription rights attached to transferable securities or money market instruments which form part of its assets.

If the limits referred to in paragraph (B) are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Fund must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its Shareholders.

3.4 FINANCIAL DERIVATIVE INSTRUMENTS, TECHNIQUES AND OTHER INSTRUMENTS

3.4.1 FINANCIAL DERIVATIVE INSTRUMENTS

A. General provisions

For the purpose of efficient portfolio management of its assets and for hedging purposes, as well as for investment purposes to meet the Fund's investment objectives, the Fund may use financial derivative instruments involving transferable securities and money market instruments, under the conditions and within the limits set forth by law, regulation and administrative practice.

B. Use of financial derivative instruments

- i)** Under no circumstances these operations may cause the Fund to diverge from its investment objectives as set forth in the Fund's management regulations, its constitutional documents or prospectus.
- ii)** The Fund shall ensure that the global exposure of each Sub-Fund relating to financial derivative instruments does not exceed the total net assets of that Sub-Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred in paragraph **3.2 D.**, above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.
- iii)** The global exposure relating to the financial derivative instruments is calculated as indicated in the Appendix I *"Description of the Sub-Funds"*
- iv)** The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10 % of the Sub-Fund's net assets when the counterparty is a credit institution referred to in section **3.1 A.1 v)** above or 5 % of its net assets in other cases. Where the Fund enters into an OTC derivative transaction, all collateral used to reduce counterparty risk exposure should comply with the criteria defined in the CSSF Circular 13/559 and in the ESMA Guidelines 2012/832.

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, the Fund may receive collateral with a view to reduce its counterparty risk.

This section sets out the collateral policy applied by the Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques

(securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this section.

Eligible collateral

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability.

In particular, collateral should meet the following conditions:

Liquidity: Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation,

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,

Issuer credit quality: The collateral received should be of high quality,

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,

Collateral diversification: (asset concentration) – The 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 the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

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.

Where there is a title transfer, the collateral received should be held by the depositary of the Fund. 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.

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

- v)** Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in i) to vi) of section 3.1 C. above. When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in i) to vi) of section 3.1 C.
- vi)** When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of these restrictions.

Where a Sub-Fund should enter into a total return swap or invest in other derivatives with similar characteristics:

- i) The assets held by the Sub-Funds should comply with the investment limits set forth in **i)** to **vi)** of section **3.1 C**; and
- ii) The underlying exposures of such derivatives must be taken into account to calculate the investment limits laid down above.

Before entering into any total return swap transaction or investing in any other financial derivative instruments having similar characteristics, the relevant Sub-Fund's investment objective and policy set out in Appendix I "*Description of the Sub-Funds*" of this Prospectus shall be updated to provide:

- a) information on the underlying strategy and composition of the investment portfolio or index;
- b) information on the counterparty(ies) of the transactions;
- c) a description of the risk of counterparty(ies) default and the effect on investor returns;

It is nonetheless clarified that the SICAV will never enter into any total return swap transaction, or investing in any other financial derivative instruments having similar characteristics, with a counterparty that may assume a discretion over the composition or management of the Fund's investment portfolio or over the underlying of the financial derivative instruments.

The Annual Reports, in respect of each Sub-Fund that has entered into any total return swap transaction or investing in any other financial derivative instruments having similar characteristics over the relevant reporting period, shall furthermore contain details of:

- i) The underlying exposure obtained through such financial derivative instruments;

- ii) The identity of the counterparty(ies) to these financial derivative instruments;
- iii) The type and amount of collateral received to reduce counterparty risk exposure.

3.4.2 OTHER SPECIAL INVESTMENT TECHNIQUES AND INSTRUMENTS

The Fund may enter into securities lending transactions only in accordance with the applicable provisions of the Law of 2010 and respective CSSF-Circulars (in particular, CSSF-Circular 08/356 and CSSF-Circular 13/559). The techniques and instruments mentioned in this section may only be applied for the purpose of efficient portfolio management. They are further only allowable provided **i)** they are economically appropriate in that they are realised in a cost-effective manner, **ii)** they are entered into to reduce risks, reduce costs and/or generate additional capital or income for a Sub-Fund consistently with the risk profile and risk diversification rules applying to such Sub-Fund, and **iii)** their risks are adequately captured by the risk management process of the Fund. Such techniques and instruments may comprise the following: **a)** securities lending (*opérations de prêt de titres*); **b)** sale with a right to repurchase transactions (*opérations à réméré*) and **c)** reverse repurchase and repurchase agreement transactions (*opérations de prise/mise en pension*).

The Fund may act as either purchaser or seller in repurchase transactions. However, its involvement in such agreements is subject to the following regulations:

- (1) The Fund may not buy or sell securities using a repurchase transaction unless the contracting partner in such transactions is a first-class financial institution that has specialised in this type of transactions.
- (2) During the term of a repurchase contract, the Fund may only sell the securities which are the object of the contract if the contracting partner agrees to a premature repurchase of the securities, or the repurchase term has expired.

(3) In its financial reports, the Fund must disclose:

- * the exposure obtained through efficient portfolio management techniques;
- * the identity of the counterparty(ies) to these efficient portfolio management techniques;
- * the type and amount of collateral received by the Fund to reduce counterparty exposure;
- * the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

The Fund must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis.

When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement must be used for the calculation of the Net Asset Value of the relevant Sub-Funds.

The Fund must further ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

(4) Fixed-term repurchase and reverse repurchase agreements that do not exceed seven (7) days are to be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

The Fund will respect all rules established by the CSSF in relation to the transactions carried out under section III 4. a) through c) in the CSSF-Circular 08/356, as amended or replaced from time to time, and any additional laws, regulations and provisions, including CSSF-Circular 13/559, which may apply to such transactions.

The Fund will ensure that the volume of securities lending transactions is limited to an appropriate level and that it will be able

all times (i) to request the restitution of the securities lent or (ii) terminate any securities lending transaction into which it has entered, in such a way that it can meet its redemption obligations at all times and so that such transactions do not compromise the management of the Fund's assets in compliance with its investment policy.

In particular, the Fund will ensure that it receives a call guarantee to each technique under Section III 4. a) through c) of the CSSF-Circular 08/356, as amended. The level and haircut policy applicable to the collateral received are more fully described in the following developments. .

The net exposures (i.e. the exposures of the UCITS less the collateral received by the UCITS) to a counterparty arising from securities lending transactions or reverse repurchase / repurchase agreement transactions shall be combined when calculating the counterparty risk limits provided for in Article 43(2) of the 2010 Law pursuant to point 2 of Box 27 of ESMA Guidelines 10-788.

The guarantee received by the Fund must be evaluated by the Fund on a daily basis. The guarantee agreement must further include provisions to the effect that the counterparty must provide additional guarantees at very short term in case the value of the guarantee already granted appears to be insufficient in comparison with the amount to be covered. The guarantee agreements shall also take into consideration exchange risks or market risks inherent to the assets accepted as guarantee. The guarantee agreement must further ensure that the Fund is able to claim its rights under the guarantee, which means that the guarantee must be available at all times, either directly or through the intermediary of the first class financial institution or a wholly-owned subsidiary of such institution, in such a manner that the Fund is able to appropriate or realise the assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities.

A call guarantee to instruments and techniques under this section may only take the form of:

- liquid assets; and/or
- money market instruments as defined in EC Directive 07/16/EC of 19 March 2007; and/or
- letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty; and/or
- bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope; and/or
- Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent; and/or
- Shares or units issued by UCITS investing mainly in shares/bonds issued or guaranteed by first class issuers offering an adequate liquidity or shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these Shares are included in a main index.

Above guarantees given under any form other than cash or shares/units of a UCI/UCITS must be issued by an entity not affiliated to the counterparty.

Non-cash collateral received cannot be sold, reinvested or pledged.

Cash collateral received may be reinvested in compliance with the investment policy of the Sub-Fund and with the requirements of the ESMA Guidelines 2012/832:

- placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive;
- 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 UCITS 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.

Level of Collateral

The level of collateral required across all efficient portfolio management techniques or OTC derivatives will be at least 100% of the exposure to the relevant counterparty. This will be achieved by applying the haircut policy set out below.

Haircut Policy

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

No haircut will generally 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.

In case of 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%

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

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.

Should the Fund use such techniques and instruments in the future, the Fund will comply with the applicable regulations and in particular CSSF Circular 13/559 relating to ESMA guidelines 2012/832, as may be amended from time to time. The Prospectus will be updated accordingly as well as the fees related to the recourse to such techniques and instruments and charged to the Sub-Funds.

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.

4. RISK FACTORS

The Management Company employs a risk-management process which enables to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolios of the Fund.

However, investors should be aware that any investment implies to take risks and that there is no guarantee that the Sub-Funds will reach their investment objectives, nor preserve the capital invested.

In relation to financial derivative instruments, the Fund employs a process for accurate and independent assessment of the value of *Over the Counter* (OTC) derivatives.

The risks herein described are characteristics of the investment policies of every Sub-Fund. Nevertheless, the present list is not exhaustive and all the detailed risks do not concern all Sub-Funds. Specific risk considerations (if any) are outlined for each Sub-Fund in Appendix I “*Description of the Sub-Funds*”.

4.1 INVESTMENT IN EQUITIES

The Sub-Fund can be exposed to equity markets movements and the value of its assets may fluctuate. Therefore, no assurance can be given that the investors will get back the full amount invested.

4.2 INVESTMENTS IN OTHER INVESTMENT FUNDS (UCITS OR UCIs)

The general provisions of the Fund investment policy allow to invest in open-ended UCITS and UCIs. Such structures normally give the opportunity to redeem their shares at any net asset value calculation. Under extraordinary circumstances, such investments could not be redeemed promptly; this would have an indirect impact on the net asset value calculation and liquidity of the Sub-Fund, preventing it from facing its own redemption requests.

Closed-end funds may be considered as transferable securities provided that they meet the criteria set by Commission Directive 2007/16/EC of 19 March 2007 to qualify as such.

4.3 FINANCIAL DERIVATIVE INSTRUMENTS

For the purposes of investment, efficient portfolio management and hedging, the Fund may use options, futures, credit default swaps (CDS) and other instruments, as described in this chapter.

Transactions in financial derivative instruments carry a high degree of risk. The use of these instruments can result in a higher volatility in the Share price of the Sub-Fund. The principal risks relating to the use of financial derivative instruments are the possible lack of a liquid secondary market for closing out the position, unanticipated market or currency movements or a counterparty default. This list is not exhaustive.

4.4 HIGH-YIELD DEBT SECURITIES

Certain High Yield Bonds rated Ba1 or BB+ and below by Moody's or Standard & Poor's respectively are very speculative, involve

comparatively greater risks than higher quality securities, including price volatility, and may be questionable as to principal and interest payments. The attention of the potential investor is drawn to the type of high-risk investment that the Sub-Fund is authorised to make. Compared to higher-rated securities, lower-rated High Yield Bonds generally tend to be more affected by economic and legislative developments, changes in the financial condition of their issuers, have a higher incidence of default and be less liquid. The Sub-Fund may also invest in High Yield Bonds issued by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.

Corporate debt securities may bear Fixed Coupon or Fixed and Contingent Coupon or Variable Coupon and may involve equity features such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer (e.g. synthetic convertibles) or participation based on revenue, sales or profits.

4.5 LOWER RATED DEBT SECURITIES

Securities rated below investment grade or assigned equivalent ratings by the Board of Directors are considered speculative and may be questionable as to repayment of principal and interest. Such securities involve higher credit or liquidity risk.

- **High Credit Risk:** Lower rated debt securities, commonly referred to as “junk bonds” are subject to a substantially higher degree of credit risk than investment grade debt securities. During recessions, a high percentage of issuers of lower rated debt securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general.
- **High Liquidity Risk:** During recessions and periods of broad market declines, lower rated debt securities could become less

liquid, meaning that they will be harder to value or sell at a fair price.

4.6 CREDIT DEFAULT SWAPS (“CDS”) TRANSACTIONS

The purchase of credit default swap protection allows the Fund, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a cash settlement, the purchaser of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the purchaser of the CDS protection receives the full nominal value from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made from a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default and the terms of delivery of bonds and debt certificates shall be defined in the CDS contract. The Fund can, if necessary, sell the CDS protection or restore the credit risk by purchasing call options. Upon the sale of credit default swap protection, the Sub-Fund incurs a credit risk comparable to the purchase of a bond issued by the same issuer at the same nominal value. In either case, the risk in the event of issuer default is in the amount of the difference between the nominal value and the attainable redemption amount.

Besides the general counterparty risk, upon concluding credit default swap transactions there is also a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The Sub-Fund will ensure that the counterparties involved in these transactions are selected carefully and that the risk associated with the counterparty is limited and closely monitored.

4.7 TRANSACTIONS IN WARRANTS, OPTIONS, FUTURES, SWAPS AND CONTRACTS FOR DIFFERENCE (CFD)

Some of the Sub-Funds may seek to protect or enhance the returns from the underlying assets by using warrants, options, futures, CFD and swap contracts and enter into forward foreign exchange transactions in currency. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the warrants, options or futures markets and in swap contracts and in currency exchange transactions involves investment risks and transaction costs to which the Sub-Funds would not be subject if the Sub-Funds did not use these strategies. If the Investment Manager's and/or Advisor's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-Fund may leave the Sub-Fund in a worse position than if such strategies were not used. Risks inherent to warrants, options, foreign currency, swaps, CFD, futures contracts and options on futures contracts include, but are not limited to: **(a)** dependence on the Investment Manager's and/or Advisor's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; **(b)** imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; **(c)** the fact that skills needed to use these strategies are different from those needed to select portfolio securities; **(d)** the possible absence of a liquid secondary market for any particular instrument at any time; and **(e)** the possible inability of a Sub-Fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Sub-Fund to sell a portfolio security at a disadvantageous time. Where a Sub-Fund enters into swap or CFD transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap or CFD counterparty, such event would affect the assets of the Sub-Fund.

4.8 EMERGING MARKETS AND GEOGRAPHICAL RISK

Potential investors should also be aware that the Sub-Fund may invest in companies established in emerging countries and which may be therefore exposed to a higher degree of risk in these countries than in more developed ones.

The economy and markets of these countries are exposed to a higher degree of volatility and their currencies are constantly fluctuating. In addition, the investors should be aware of political risks, changes in the exchange rates controls and fiscal environment, which may directly impact the value and the liquidity of the Sub-Fund.

The Sub-Fund may also invest in developing companies or in companies belonging to high-tech sectors. The volatility of these securities - which may directly impact the value - should not be ignored.

4.9 SECTOR RISK

The Sub-Fund may as well invest in securities issued by newly created companies or companies active in specific fast developing sectors.

Traditionally, these sectors and specific markets are more volatile and their respective currencies experience periods of important fluctuations. Further to the risks inherent to any investment in transferable securities, the investors must be aware of political risks, changes in exchange rates control and in fiscal environment which could have a direct impact on the value and liquid assets of the portfolio of these Sub-Funds.

4.10 CURRENCY RISK

The currency risk occurs when the net asset value of the Sub-Fund is denominated in a different currency from investor's own reference currency or when the assets are denominated in a different currency from the valuation currency in which the portfolio is evaluated. There

is a probability for investors to have larger profits or losses since the currency risk is added to the usual investment risk.

The Board of Directors can decide to limit the currency risk by using techniques and instruments hedging the currency risk. Hedging against all currency risks may also result impossible or unjustified.

4.11 FISCAL RISK

Some income of the Fund's portfolios, consisting of dividends and interests, may be subject to payment of withholding tax at various rates or may be subject to other market fees in their Country of origin.

5. NET ASSET VALUE

5.1 NET ASSET VALUE CALCULATION

The net asset value per Share of each Sub-Fund, expressed in the relevant valuation currency, is determined under the responsibility of the Board of Directors as specified in the Appendix I *“Description of the Sub-Funds”*. The valuation currency of all the current Sub-Funds and of the Fund is the Euro.

The frequency of the net asset value calculation as well as the Valuation Day for each Sub-Fund are specified in the Appendix I *“Description of the Sub-Funds”*. The net asset value per Share is computed, for each Sub-Fund, by dividing the net assets of such Sub-Fund by the total number of Shares issued by the relevant Sub-Fund. In case of legal or bank holiday in Luxembourg, the Valuation Day shall be the next following bank business day in Luxembourg.

The percentage of the total net assets attributed to each Sub-Fund shall be adjusted on the basis of the subscriptions/redemptions for this Sub-Fund as follows: at the time of issue or redemption of Shares in any Sub-Fund, the corresponding net assets will be increased by the amount received, or decreased by the amount paid.

For the purpose of determining the value of the Fund's assets, the Administrative Agent, having due regards to the standard of care and diligence in this respect, may exclusively, when calculating the net asset value, rely upon the valuations provided (i) by the Board of Directors/the Management Company (ii) by various pricing sources available on the market such as pricing agencies (e.g., Bloomberg or Reuters) or administrators or investment managers of target UCI, (iii) by prime brokers and brokers or (iv) by (a) specialist(s) duly authorised to that effect by the Board of Directors/the Management Company.

In such circumstances, the Administrative Agent shall not, in the absence of manifest error on its part, be responsible for any loss suffered by the Fund or any Shareholder by reason of any error in the calculation of the net asset value and the net asset value per Share resulting from any inaccuracy in the information provided by the professional pricing sources, by the Board of Directors/the Management Company, by investment managers or administrative agents of target UCIs, by prime brokers and brokers or by specialist(s) duly authorised to that effect by the Board of Directors/the Management Company.

In circumstances where one or more pricing sources fails to provide valuations to the Administrative Agent preventing the latter to determine the subscription and redemption prices, the Administrative Agent shall inform the Board of Directors or the Management Company thereof and the Administrative Agent shall obtain from it authorized instructions in order to enable it to finalize the computation of the net asset value and the net asset value per Share. The Board of Directors or the Management Company may decide to suspend the net asset value calculation, in accordance with the relevant provisions in this prospectus and the Articles. In such circumstances, the Administrative Agent shall not, in the absence of manifest error on its part, be responsible for any loss suffered by the Fund or any Shareholder. The Board of Directors/the Management

Company shall be responsible for notifying the suspension of the net asset value calculation to the Shareholders, if required, or for instructing the Administrative Agent to do so. If the Board of Directors/the Management Company does not decide to suspend the net asset value calculation in a timely manner, it shall be liable for all the consequences of a delay in the net asset value calculation, and the Administrative Agent may inform the relevant authorities and the Fund's auditor in due course.

A. The assets of the different Sub-Funds shall include the following:

- i)** all cash on hand and on deposit, including interest due but not yet received as well as interests accrued on these deposits up to the Valuation Day;
- ii)** all bills and demand notes and accounts receivable (including the results of securities sold insofar in case proceeds have not yet been collected);
- iii)** all securities, units or shares in undertakings for collective investment, stocks, debt securities, options or subscription rights, financial instruments and other investments and transferable securities owned by the Fund;
- iv)** all dividends and distribution proceeds to be received by the Fund in cash or securities insofar in case the Fund is aware of such;
- v)** all interest accrued but not yet received and all interest produced until the Valuation Day on securities owned by the Fund, unless this interest is included in the principal amount of such assets;
- vi)** the incorporation expenses of the Fund, insofar as they have not yet been written off;
- vii)** all other assets of whatever kind and nature, including prepaid expenses.

B. The value of these assets shall be determined as follows:

- i)** the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet received shall be deemed to be the full value of such assets, unless it is unlikely that such value be received, in which case the value thereof shall be determined by deducting such amount the Fund may consider appropriate to reflect the true value of these assets;
- ii)** the valuation of securities and/or financial derivative instruments listed on an official stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public, is based on the last available price and, if such security and/or financial derivative instrument is traded on several markets, on the basis of the last available price known on the market considered to be the main market for trading this security and/or financial derivative instrument. If the last available price is not representative, the valuation shall be based on the probable sales value estimated by the Board of Directors with prudence and in good faith;
- iii)** securities not listed on a stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public shall be assessed on the basis of the probable sales value estimated with prudence and in good faith;
- iv)** shares or units in open-ended undertakings for collective investment shall be valued at their last available calculated net asset value, as reported by such undertakings;
- v)** the value of each position in each currency, security or derivative instrument based on currencies or interest rates will be determined on the basis of quotations provided by a

pricing service selected by the Fund. Instruments for which no such quotations are available will be valued on the basis of quotations provided by dealers or market makers in such instruments selected by the Fund; and positions in instruments for which no quotations are available from pricing services, dealers or market makers shall be determined prudently and in good faith by the Board of Directors in its reasonable judgement;

vi) liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis;

vii) swaps are valued at their fair value based on the underlying securities as well as on the characteristics of the underlying commitments or otherwise in accordance with usual accounting practices;

viii) all other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The Board of Directors is authorised to apply other appropriate valuation principles for the assets of the Fund and/or the assets of a given Sub-Fund if the aforesaid valuation methods prove to be impossible or inappropriate due to extraordinary circumstances or events.

Securities and other assets expressed in a currency other than the valuation currency of the respective Sub-Fund shall be converted into that valuation currency on the basis of the last available exchange rate.

C. The liabilities of the Fund shall include:

i) all loans, bills matured and accounts due;

ii) all known liabilities, whether matured or not, including all matured contractual obligations that involve payments in

cash or in kind (including the amount of any unpaid dividends declared by the Fund);

- iii)** all reserves, authorised or approved by the Board of Directors, in particular those established to cover for potential depreciation on some of the Fund's investments;
- iv)** all other liabilities of the Fund, of whatever kind and nature with the exception of those represented by the Fund's own resources. To assess the amount of such other liabilities, the Fund shall take into account all fees and expenses payable by it, including, without limitation, the establishment cost (costs incurred in connection with the formation of the Fund, including the cost of services rendered in the incorporation of the Fund and in obtaining approval by the competent authorities) and those for subsequent amendments to the Articles or other offering documents, fees and expenses payable to the Management Company, Investment Managers, Investment Advisors, Depositary Bank, Correspondents, Central Administration, paying agents or other agents, employees of the Fund, as well as the permanent representatives of the Fund in countries where it is subject to registration, the costs for legal assistance, risk management and compliance, fund reports fee and expenses, Auditors' costs and audit fees, the costs for promoting, printing and publishing the sales documents for the Shares (prospectus, brochures, marketing material etc.), printing costs of annual and interim financial reports, the cost of convening and holding Shareholders' and Board of Directors' meetings, reasonable travelling and other expenses of the members of the Board of Directors, Directors' fees, the costs of registration statements, subscriptions to professional associations and other organisations in Luxembourg, which the Fund will decide to join in its own interest and in that of its Shareholders, all

taxes and duties charged by governmental authorities and stock exchanges, the annual registration fee as well as taxes or other fees payable to the supervisory authorities and costs relating to the distribution of dividends, the costs of publication of the issue and redemption prices as well as any other operating costs, including financial costs, bank charges and brokerage incurred at purchase or sale of assets or otherwise as well as any other administrative charges. For the valuation of the amount of such liabilities, the Fund shall take into account administrative and other expenses of a regular or periodic nature on a *pro-rata temporis* basis;

- v) the assets, liabilities, charges and expenses which are not attributable to a Sub-Fund shall be attributed to all the Sub-Funds, in equal proportions or as long as justified by the amounts concerned, to the *pro-rata* of their respective net assets.

- D. Each Share of the Fund to be redeemed is considered as an issued and existing Share until the close of business on the Valuation Day applicable to the redemption of such Share and its price shall be considered as a liability of the Fund from the close of business on such day and this, until the relevant price is paid.

Each Share to be issued by the Fund in accordance with subscription applications received, shall be considered as having been issued as from the close of business on the Valuation Day of its issue price and such price shall be considered as an amount to be received by the Fund until the Fund shall have received it.

- E. As far as possible, each investment or divestment disposed by the Fund until the Valuation Day shall be taken into account by the Fund.

With respect to the protection of investors in case of net asset value calculation error and the correction of the consequences resulting from non-compliance with the investment rules applicable to the Fund, the principles and rules set out in CSSF circular 02/77 of 27 November 2002, as amended from time to time, shall be applicable. As a result, the liability of the Administrative Agent in the context of the net asset value calculation process shall be limited to the tolerance thresholds applicable to the Fund set out in CSSF circular 02/77, as amended from time to time.

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

The Board of Directors is authorised to suspend temporarily the calculation of the net asset value of one or several Sub-Funds, as well as the issue, the redemption and the conversion of Shares under the following circumstances:

- i)** for any period during which a market or stock exchange which is the main market or stock exchange on which a substantial part of the Fund's investments is listed from time to time, is closed for periods other than regular holidays, or when trading on such markets is subject to major restrictions, or suspended;
- ii)** when the political, economic, military, monetary or social situation, or natural catastrophes or beyond the Fund's responsibility or control, makes the disposal of its assets impossible under reasonable and normal conditions, without being seriously prejudicial to the interests of the Shareholders;
- iii)** during any breakdown in communications networks normally used to determine the value of any of the Fund's investments or current prices on any market or stock exchange;

- iv)** whenever exchange or capital movement restrictions prevent the execution of transactions on behalf of the Fund or in case purchase and sale transactions involving the Fund's assets cannot be processed at normal conditions;
- v)** at the Board of Directors' discretion, as soon as a meeting is called during which the dissolution of the Fund shall be discussed;
- vi)** During any period when the calculation of the net asset value per unit or share of a substantial part of undertakings for collective investment in which the Fund is invested, is suspended and this suspension has a material impact on the Net Asset Value per Share of a Sub-Fund.

Under exceptional circumstances that may adversely affect the interest of Shareholders or in case of applications for redemption exceeding 10% of a Sub-Fund's net assets, the Board of Directors of the Fund shall reserve the right to determine the Share price only after having carried out, as soon as possible, the necessary sales of transferable securities or other assets on behalf of the Sub-Fund. In such case, outstanding applications for subscription, redemption and conversion shall be treated on the basis of the net asset value thus calculated.

Subscribers and Shareholders offering Shares for subscriptions, redemption or conversion shall be notified of the suspension of the net asset value calculation. Pending applications for subscription, redemption and conversion may be withdrawn in writing insofar as notification thereon is received by the Fund or by any other entity duly appointed by and acting in the name of the Fund before the end of suspension.

Pending subscriptions, redemptions and conversions shall be taken into consideration on the first Valuation Day immediately following the end of suspension.

6. SHARE DEALING

6.1 SHARES

For each Sub-Fund, shares are issued in registered form. The Fund may also issue fractional shares (up to 3 decimal places).

Registered shares will be dematerialized. The shareholders' register is kept at the registered office of the Fund. The Registrar and Transfer Agent performs the registration, alterations or deletions necessary of all registered shares in the Fund's register in order to insure the regular update thereof.

All the Shares of the Fund must be fully paid-up and are issued with no par value. There is no restriction with regard to the number of shares which may be issued.

The rights attached to the shares are those provided for in the Luxembourg law of 10 August 1915 on commercial companies, as amended, unless superseded by the Law of 2010. All shares of the Fund have an equal voting right, whatever their value (except fractional shares). The shares of each Sub-Fund have an equal right to the liquidation proceeds of their relevant Sub-Fund.

Any amendments to the Article of Incorporation changing the rights of one specific Sub-Fund have to be approved by a decision of the General Meeting of the Fund as well as a General Meeting of the shareholders of the specific Sub-Fund.

Within a Sub-Fund, classes of Shares may be defined from time to time by the Board of Directors so as to correspond to **i)** a specific distribution policy, and/or **ii)** a specific sales and redemption charge structure, and/or **iii)** a specific management or advisory fee structure, and/or **iv)** a specific distribution fee structure, and/or **v)** a specific currency, and/or **vi)** a specific category of investors, and/or **vii)** any other specific features applicable to one class.

For the time being, the Fund may issue Shares of two classes in each Sub-Fund:

- Class A, offered to individuals and legal entities.
- Class B, reserved for legal entities qualified as Institutional Investors as defined by the Luxembourg Law or by the recommendations of the CSSF from time to time.

Available Share classes for each Sub-Fund may be found in Appendix I “*Description of the Sub-Funds*” to this prospectus.

If investors were to subscribe or own Shares of a class for which they do not, or no longer fulfil the conditions, the Board of Directors may convert those Shares, free of charge, into those of the most suitable class.

6.2 ISSUE OF SHARES, SUBSCRIPTION AND PAYMENT PROCEDURE

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of November 12, 2004 on the fight against money laundering and financing of terrorism, as amended) as well as circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the investors. Accordingly, the Registrar and Transfer Agent may require, pursuant to its risks based approach, investors to provide proof of identity. In any case, the Registrar and Transfer Agent may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons.

In case of delay or failure by an investor to provide the documents required, the application for subscription may not be accepted and in case of redemption request, the payment of the redemption proceeds and/or dividends may not be processed. Neither the Fund/Management Company nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the investor providing no or only incomplete documentation.

Shareholders may be, pursuant to the Registrar and Transfer Agent's risks based approach, requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

Subscriptions will be considered valid and acceptable by the Fund only if the subscription form is sent together with, in the case of corporate entities, a copy of the corporate documents (articles of incorporation and a recent extract from the trade register, authorised signatures list, list of shareholders holding directly or indirectly more than 25% of the share capital or the voting rights of the investor, directors' list, ...) and a copy of the identification documents (passport or identity card) of the beneficiaries and of the persons authorised to give instructions to the Registrar and Transfer Agent.

Such documents must be duly certified by a public authority (public notary, police, consulate, embassy) of the Country of residence.

Such obligation is absolute, unless

- the subscription form is sent (i) by a financial intermediary residing in any of the Member States of the European Union, the European Economic Area or any other country which impose equivalent requirements to those set forth by the Law of 12 November 2004 on the fight against money laundering and terrorist financing as amended, or (ii) by a branch or a subsidiary of financial intermediaries located in another country, if the parent company of this branch or subsidiary is located in any of

these countries and if both the legislation of these countries and the parent company internal rules impose the application of rules relating to anti-money laundering and terrorist financing to this branch or subsidiary;

- the subscription form is sent directly to the Fund and the subscription is paid by a wire transfer from a financial intermediary residing in any of these countries.

However, the Fund shall obtain from its distributors, financial intermediaries or directly from the subscriber, upon request, a copy of the identification documents as indicated above.

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of November 12, 2004 on the fight against money laundering and financing of terrorism, as amended) as well as circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the investors. Accordingly, the Administrative Agent may require, pursuant to its risks based approach, Investors to provide proof of identity. In any case, the Administrative Agent may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons unless if required by applicable laws and regulations.

In case of delay or failure by an Investor to provide the documents required, the application for subscription may not be accepted and in case of redemption request, the payment of the redemption proceeds and/or dividends may not be processed. Neither the Fund nor its Management Company nor the Administrative Agent have any

liability for delays or failure to process deals as a result of the Investor or the subscriber providing no or only incomplete documentation.

Shareholders may be, pursuant to the Administrative Agent's risks based approach, requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

The Fund is authorised to issue Shares in each Sub-Fund at any time and without limitation.

The Shares are issued at a price corresponding to the net asset value per Share of the relevant class of Shares of each Sub-Fund; the issue price may be increased by a subscription fee and, in such case, details are defined in Appendix I "*Description of the Sub-Funds*" for each Sub-Fund.

Shareholders may be required to pay additional charges and fees to financial institutions acting as local paying agents in foreign countries where the Shares are distributed.

Subscriptions are made on the basis of unknown price. Initial application and application for additional Shares must be for the minimum amounts, if any, described in the Appendix I "*Description of the Sub-Funds*" for each Sub-Fund.

Applications for subscription may only refer to an amount to be invested in one or several Sub-Funds.

Applications for subscription must be sent to the Fund or to any other entity duly appointed by and acting in the name of the Fund in writing, by mail or fax, or through electronic information flow. The application is irrevocable and must indicate the number of Shares to be subscribed as well as all useful references for the settlement of the subscription. Subscription fees, if any, are defined for each Sub-Fund in the Appendix I "*Description of the Sub-Funds*".

Applications for subscription shall be carried out, if accepted, on the basis of the relevant net asset value determined on the applicable Valuation Day.

Shareholders may be required to pay additional charges and fees to financial institutions acting as local paying agents in foreign countries where the Shares are distributed.

All subscription requests must be received by the Registrar and Transfer Agent or at any other entity duly appointed by and acting in the name of the Fund at the latest on the Luxembourg bank business day preceding the applicable Valuation Day before 15h00 (Luxembourg time).

Applications notified after this deadline shall be executed on the next following Valuation Day. The subscription price of each Share is payable in the respective valuation currency of the relevant class/ Sub-Fund within the cut-off described in the Appendix I “*Description of the Sub-Funds*” for each Sub-Fund. The Fund may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Sub-Fund, pursuant to its investment policy and restrictions. Any such contribution in kind will be made at the net asset value of the assets contributed calculated in accordance with the rules set out in section 5. “Net asset value calculation” and according to the Luxembourg Law. The Board of Directors may require an auditor’s report drawn up in accordance with the requirements of Luxembourg law. Any costs incurred will be borne by the investor.

Written confirmations of shareholding will be sent to Shareholders within 10 business days following the relevant Valuation Day.

Initial and subsequent subscriptions may be subject to certain restrictions as detailed in the description of each Sub-Fund in the Appendix I “*Description of the Sub-Funds*”. The Board of Directors may decide not to apply these restrictions at its own discretion.

Pursuant to CSSF Circular 04/146 aimed at protecting Undertakings for Collective Investment and their investors against late trading and market timing practices, the Fund does not allow practices related to “late trading” and “market timing”.

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same fund within a short time period, by taking advantage of schedule differences for example.

The Fund keeps the right to reject subscription and conversion orders from an investor who it suspects of using such practices and to take, if appropriate, the necessary steps to protect the other Shareholders of the Fund.

The Fund also retains the right to:

- i)** refuse all or part of an application for subscription of Shares;
- ii)** redeem, at any time, Shares held by persons not authorised to buy or own the Fund's Shares;
- iii)** at any time, redeem Shares from Shareholders suspected of executing “market timing” transactions.

The Fund doesn't need to justify any such decision.

6.3 CONVERSION OF SHARES

Conversions of Shares are made on the basis of unknown prices.

Any Shareholder may request the conversion of all or part of his Shares/Class of Shares of one Sub-Fund into Shares/Class of Shares of the same or of another Sub-Fund at a price equal to the respective net asset values of the different Sub-Funds' Shares.

The Shareholder who wishes such a conversion of Shares shall make a written request by mail or by fax to the Fund or to any other entity duly appointed by and acting in the name of the Fund indicating the

number, the reference name of the Shares and relevant Sub-Funds to be converted.

Except in the case of a suspension of the calculation of the net asset values, the conversion shall be carried out on the next Valuation Day, provided that the request is notified to the Fund at the latest on the Luxembourg bank business day preceding that Valuation Day before 15h00 (Luxembourg time) and that the Valuation Day is a Valuation Day for both Sub-Funds concerned. The number of Shares allocated in the new Sub-Fund shall be established as follows:

$$A = \frac{B \times C \times D}{E}$$

A: number of Shares allotted in the new Sub-Fund;

B: number of Shares presented for conversion in the original Sub-Fund;

C: net asset value, on the applicable Valuation Day, of the Shares of the original Sub-Fund presented for conversion;

D: exchange rate applicable on the day of the operation between the currencies of both classes of Shares;

E: net asset value, on the applicable Valuation Day, of the Shares allotted in the new Sub-Fund.

Written confirmations of shareholding will be sent to Shareholders within 10 business days following the relevant Valuation Day.

Shareholders may be required to pay additional charges and fees to financial institutions acting as local paying agents in foreign countries where the Shares are distributed.

6.4 REDEMPTION OF SHARES

Redemptions are made on the basis of unknown price. Any Shareholder is entitled, at any time and without limitation to have his

Shares redeemed by the Fund. Shares redeemed by the Fund shall be cancelled.

Applications for redemption must be sent to the Fund or to any other entity duly appointed by and acting in the name of the Fund in writing, by mail or fax, or through electronic information flow. The application is irrevocable and must indicate the number of Shares to be redeemed as well as all useful references for the settlement of the redemption. Redemption fees, if any, are defined for each Sub-Fund in the Appendix I “*Description of the Sub-Funds*”.

Shareholders may be required to pay additional charges and fees to financial institutions acting as local paying agents in foreign countries where the Shares are distributed.

All redemption requests must be received by the Registrar and Transfer Agent or at any other entity duly appointed by and acting in the name of the Fund at the latest on the Luxembourg bank business day preceding the applicable Valuation Day before 15h00 (Luxembourg time). Requests notified after this deadline shall be executed on the next following Valuation Day. Shares shall be redeemed at the net asset value of the relevant class/Sub-Fund as determined on that Valuation Day. The payment for Shares redeemed shall be made within 4 (four) Luxembourg bank business days following the Valuation Day, provided the Fund has received all the documents pertaining to the redemption. Payment shall be made in the valuation currency of the respective Sub-Fund as detailed in Appendix I “*Description of the Sub-Funds*”.

The Fund at its discretion may accept redemptions in kind in accordance with the conditions and the procedure set to the paragraph 6.2.

The redemption price for Shares of the Fund may be higher or lower than the purchase price paid by the Shareholder at the time of subscription due to the appreciation or depreciation of the net assets of the Sub-Fund.

Furthermore, if 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.

7. DISTRIBUTION POLICY

Each year, the Shareholders' meeting of the Fund shall decide upon the proposal made by the Board of Directors on this matter. Should the Board of Directors propose the payment of a dividend in the general meeting, such dividend shall be calculated in accordance with the legal and statutory limits provided for this purpose.

In its distribution policy, the Board of Directors has determined to propose the capitalisation of the income. Nevertheless, if in its opinion, the payment of a dividend could be more profitable to the Shareholders, the Board shall not refrain from proposing such a dividend to the general meeting. This dividend may include, beside the net investment income, the realised and unrealised capital gains, after deduction of realised and unrealised capital losses.

All dividend payment notices are published in a regularly distributed Luxembourg newspaper and in any other newspaper the Board of Directors deems appropriate.

Registered Shareholders are paid by bank transfer according to their instructions.

Each Shareholder is offered the possibility to reinvest his/her dividend free of charge up to the available Share unit.

Dividends not claimed within five years after their payment date shall no longer be payable to the beneficiaries and shall revert to the relevant class/ Sub-Fund.

8. CHARGES AND EXPENSES

8.1 OPERATIONAL COSTS

The Fund bears operational costs as fully described under chapter 5.1 C including but not limited to the cost of purchase and sale of portfolio securities, governmental fees, taxes, fees and out-of-pocket expenses of its Directors (including their applicable Directors insurance costs) and of the Management Company, legal and auditing fees, local paying agents fees, publishing and printing expenses, financial reports and other documents for the Shareholders, postage, telephone and telex. The Fund also pays advertising expenses and the costs of the preparation of this prospectus, of the KIID and any other sales documents, registration fees, subscriptions to professional associations and other organisations in Luxembourg, which the Fund will decide to join in its own interest and in that of its Shareholders. All reasonable expenses are taken into account in the determination of the net asset value of the Shares of each Sub-Fund.

In case of recourse to portfolio management techniques, the Prospectus will describe the policy regarding direct and indirect operational costs/fees arising from efficient that may be deducted from the revenue delivered to the SICAV. The Prospectus will also describe the identity of the entity(ies) to which the direct and indirect costs and fees are paid and indicates if these are related parties to the SICAV Management Company or the depositary.

Establishment costs of the Fund, estimated at about EUR 70.000 will be amortised over a period of 5 (five) years. These expenses will be divided in equal parts between the Sub-Funds in existence.

8.2 FORMATION AND LAUNCHING EXPENSES OF ADDITIONAL SUB-FUNDS

In the event that any additional Sub-Fund is set up within the Fund, then the following amortization rules shall apply: (i) the costs and expenses for setting-up such additional Sub-Fund shall be borne by all Sub-Funds and will be written off over a period of five years and (ii) the additional Sub-Fund shall bear a pro rata of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the additional Sub-Fund.

8.3 MANAGEMENT COMPANY FEES

The Management Company is entitled to receive from each Sub-Fund a management company fee as detailed in Appendix I “Description of the Sub-Funds” for each relevant Sub-Fund.

8.4 INVESTMENT MANAGER AND DISTRIBUTOR FEES

The Investment Manager and/or the Management Company, where appointed, are entitled to receive from each Sub-Fund an Fee calculated on the average total net assets for the relevant period and payable at a frequency as better detailed in the Appendix to this Prospectus. The relevant fees, where applicable, are detailed in Appendix I “Description of the Sub-Funds” for each relevant Sub-Fund.

The financial intermediaries in connection with the placing or distribution of the Fund’s Shares may be entitled to a retrocession on the Investment Manager and Distributor Fees net of VAT if applicable.

8.5 PERFORMANCE FEES

In addition, the Management Company, the Investment Advisor and/or the Investment Manager may receive a performance fee

calculated as described in the Appendix I “*Description of the Sub-Funds*” for each relevant Sub-Fund.

The financial intermediaries in connection with the placing or distribution of the Sub-Fund’s Shares may be entitled to a retrocession on the Performance Fees, net of VAT if applicable.

8.6 FEES OF THE DEPOSITARY BANK AND THE CENTRAL ADMINISTRATION

The Depositary Bank and Central Administration are entitled to receive out of the assets of each Sub-Fund fees calculated, in accordance with customary banking practice in Luxembourg, as an annual percentage of the average total net assets and are payable quarterly in arrears. They are also determined partly on a transaction basis and partly as a fixed sum. In addition, the Depositary Bank is entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

9. MEETING AND REPORTS TO SHAREHOLDERS

9.1 ANNUAL GENERAL MEETING

The annual Shareholders meeting of the Fund will be held at the registered office of the Fund in Luxembourg on the third Tuesday of the month of April of each year at 11h00 a.m. or, if any such day is not a bank business day in Luxembourg, on the next following bank business day. The ordinary general meeting of shareholders may be held abroad, if the Board of Directors observes regularly that exceptional circumstances so require. Other meetings of shareholders may be held at such times and places as may be specified in the convening notices.

Shareholders shall meet upon a convening notice from the Board of Directors. Such notice setting forth the agenda, the time and place of the meeting and the conditions of admission, shall be sent at least eight days prior to the meeting to each registered shareholder at the

address indicated in the Shareholders' register. To the extent required by law, the notice shall moreover be published in the "Mémorial, Recueil des Sociétés et Associations of the Grand-Duchy of Luxembourg", in a Luxembourg newspaper and in any newspaper that the Board of Directors deems appropriate.

Each Share entitles the right to one vote. The vote on the payment of a dividend in a particular Sub-Fund requires a separate majority vote from the meeting of Shareholders of the Sub-Fund concerned.

9.2 REPORTS AND ACCOUNTS

The Fund's accounting year ends on 31 December in each year. Audited annual reports shall be published within 4 (Four) months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 (Two) months following the end of the period. The reports shall be made available at the registered offices of the Fund during ordinary office hours. The consolidation valuation currency of the Fund is the Euro. The annual report will comprise consolidated accounts of the Fund expressed in EUR as well as individual information on each Sub-Fund expressed in the valuation currency of each Sub-Fund.

9.3 PUBLICATION OF THE NET ASSET VALUE

The net asset value of each Sub-Fund is available at the registered office of the Fund and will be published in any newspaper or through any other means that the Board of Directors deems appropriate.

9.4 DOCUMENTS AVAILABLE TO THE PUBLIC

The full prospectus and the Key Investor Information Document (hereinafter the "KIID"), copy of the Articles, the latest financial annual report as well as the latest semi-annual report of the Fund

are kept and are available for consultation to the public at the Fund's registered office and at the local Distributor. The agreements between the Fund and other counterparties are available for consultation too.

10. DISSOLUTION AND LIQUIDATION OF THE FUND

The Fund may at any time be dissolved by a resolution of the Shareholders meeting subject to the quorum and majority requirements applicable for amendments to the Articles and only with the consent of the Board of Directors.

Whenever the Share capital falls below two-thirds of the minimum capital of EUR 1.250.000-, the question of the dissolution of the Fund shall be referred to a general meeting of Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide the dissolution by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of Shareholders whenever the Share capital falls below one-fourth of the minimum capital of EUR 1.250.000-; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one-fourth of the Shares represented at the meeting.

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

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities and do not need to be Shareholders; the general meeting of Shareholders shall appoint them and determine their powers and their compensation.

The net proceeds of liquidation corresponding to each class of Shares

in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant class of Shares in the relevant Sub-Fund in proportion to their holding of such Shares in such class of Shares.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the Law of 2010, which specify the steps to be taken to enable Shareholders to participate in the distribution(s) of the liquidation proceeds and provide for a deposit in escrow at the Caisse de Consignation at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

11. DISSOLUTION AND MERGER OF SUB-FUNDS OR CLASSES OF SHARES

In the event that for any reason the value of the net assets in any Sub-Fund or class of Shares has decreased to or has not reached an amount equivalent to EUR 2 million - which is the minimum level for such Sub-Fund or class of Shares to be operated in an economically efficient manner - or if a change in the economic, monetary or political situation relating to the Sub-Fund or class of Shares concerned would have material adverse consequences on the investments of that Sub-Fund or class of Shares or in order to proceed to an economic rationalization, the Board of Directors may decide to compulsorily redeem all the Shares issued in such Sub-Fund or class of Shares at their NAV (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Fund shall publish a notice to the holders of Shares concerned by the compulsory redemption prior to the effective date for such redemption in the newspaper(s) that the Board of Directors may determine, which will indicate the reasons for, and the procedure of, the redemption operations. Unless it is otherwise

decided in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Sub-Fund or class of Shares concerned may continue to request redemption (if appropriate) of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the Shareholders meeting of any Sub-Fund or class of Shares may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund or class of Shares and refund to the Shareholders the NAV of their Shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Caisse de Consignation on behalf of the persons entitled thereto in accordance with the provisions of the Law of 2010.

Under the same circumstances as provided in the first paragraph of this section, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Fund or to another undertaking for collective investment or to another Sub-Fund within such other undertaking for collective investment (the “new Sub-Fund”) and to re-designate the Shares of the Sub-Fund concerned as Shares of the new Sub-Fund (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 first paragraph of this section (and, in addition, the publication will contain information in relation to the new Sub-Fund), one month

before the date on which the merger becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, during such period. After such period, the decision commits the entirety of Shareholders who have not used this possibility, provided however that, if the amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (“fonds commun de placement”) or a foreign based undertaking for collective investment, such decision shall be binding only on the Shareholders who are in favour of such merger.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and of the liabilities attributable to any Sub-Fund to another Sub-Fund of the Fund may be decided upon by a general meeting of the Shareholders of the Sub-Fund concerned which will decide upon such an amalgamation by resolution taken with no quorum and by simple majority of those present or represented and voting at such meeting.

A contribution of the assets and of the liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fourth paragraph of this section or to another Sub-Fund within such other undertaking for collective investment shall require a resolution of the Shareholders of the Sub-Fund concerned taken with no quorum and by simple majority of those present or represented and voting at such meeting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (“fonds commun de placement”) or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such Shareholders who have voted in favour of such merger.

12. TAXATION

12.1 TAXATION OF THE FUND

In accordance with the law in force and current practice, the Fund is not subject to any Luxembourg tax on income and capital gains. Likewise, dividends paid by the Fund are not subject to any Luxembourg withholding tax.

However, each Sub-Fund is subject to an annual tax in Luxembourg (subscription tax or *taxe d'abonnement*) corresponding to 0.05% of the value of the net assets (except for the Shares reserved for institutional investors who may benefit from the reduced rate of 0.01%). This tax is payable quarterly on the basis of the Sub-Fund's net assets calculated at the end of the relevant quarter.

Certain income of the Fund's portfolios, consisting of dividends and interests, or capital gains, may be subject to payment of withholding tax at various rates in their Country of origin.

12.2 TAXATION OF THE SHAREHOLDERS

Subject to section 12.3. below, Shareholders are, under current legislation, not subject to whatever tax in Luxembourg on capital gains, income, donations or inheritance, nor to withholding taxes, with the exception of Shareholders having their domicile, residence or permanent establishment in Luxembourg, and certain Luxembourg ex-residents, owning more than 10% of the Fund's capital. The provisions above are based on the law and practices currently in force and may be amended.

Potential subscribers should inform themselves and, if necessary, take advice on the laws and regulations (such as those on taxation and exchange control) applicable to the subscription, purchase, holding and sale of their Shares in the Country of respectively their citizenship, residence or domicile.

12.3 EU TAX CONSIDERATIONS FOR INDIVIDUALS RESIDENT IN THE EU OR IN CERTAIN THIRD COUNTRIES OR DEPENDENT OR ASSOCIATED TERRITORIES

The Council of the EU has adopted on 3 June 2003, a Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (“the Directive”). It has been transposed into Luxembourg law of June 21, 2005 (“the Law of 2005”). Under the new regulations, Member States of the European Union (“Members States”) will be required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income paid by a paying agent or a person within its jurisdiction to an individual resident in that other Member State subject to the right of certain Member States to opt instead for a withholding tax system for a transitional period in relation to such payments. Certain other countries, including Switzerland, Monaco, Liechtenstein, the UK Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the above transitional period, withholding tax.

Dividends distributed by a Sub-Fund of the Fund will be subject to the Law of 2005 if more than 15% of such Sub-Fund’s assets are invested in debt claims (as defined in the Law of 2005) and proceeds realized by Shareholders on the redemption or sale of Shares in a Sub-Fund will be subject to the Directive and the Law of 2005 if more than 25% of such Sub-Fund’s assets are invested in debt claims (such Sub-Funds, hereafter “Affected Sub-Funds”).

The applicable withholding tax will be 35%.

Consequently, if in relation to an Affected Sub-Fund a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a Shareholder who is an individual resident or deemed resident for tax purposes in another EU Member State or certain of the above mentioned dependent or associated territories, such payment will, subject to the next paragraph below, be subject to tax at the rate indicated above.

No withholding tax will be withheld by the Luxembourg paying agent if the relevant individual either i) has expressly authorised the paying

agent to report information to the tax authorities in accordance with the provisions of the Law of 2005 or ii) has provided the paying agent with a certificate drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes.

The Fund reserves the right to reject any application for Shares if the information provided by any prospective investor does not meet the standards required by the Law as a result of the Directive.

The foregoing is only a summary of the implications of the Directive and the Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the Directive and the Law of 2005.

12.4 FOREIGN ACCOUNT TAX COMPLIANCE ACT FATCA

As of 1 July 2014, payments of U.S. source income (such as dividends and interest) and, as of 1 January 2015, gross proceeds from the disposition of property that can produce dividends and interest and a portion of payments from certain non-U.S. entities may be subject to a new U.S. reporting and withholding tax regime. The FATCA rules are designed to require non-U.S. accounts and financial assets of U.S. persons and certain U.S. owned persons to be reported to the U.S. Internal Revenue Service (“IRS”). If the FATCA rules are not complied with, the payments become subject to a 30% withholding tax.

However, on 21 May 2013 and the last time on 27 February 2014, the finance minister of Luxembourg announced that Luxembourg will enter into a Model 1 Intergovernmental agreement (“Model 1 Regime”) with the U.S. authorities.

Such Model 1 Regime should enable the Fund not to be subject to the 30% withholding tax on U.S. payments and to be subject to less stringent requirements. The Model 1 Regime requires the Fund not

to register with the IRS and the gathering and reporting of the FATCA related information shall be done directly to Luxembourg authorities, which in their turn will exchange the relevant information with their U.S. counterparts.

If the Fund is unable to get the FATCA related required information from an investor, it may be forced to withhold on that investor's share of the relevant payments and may be required to forcibly redeem that investor's interest in the Fund. If the Fund does not comply with FATCA, income and gains might be materially impaired as they would be subject to the 30% withholding tax in certain circumstances. In any case, the Fund intends to become FATCA compliant.

Each investor should consult its own tax advisors regarding the application of FATCA to its own situation.

The information set out above is a summary of those tax issues which could arise in Luxembourg and does not purport to be a comprehensive analysis of the tax issues which could affect a prospective Investor. It is expected that Investors may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the tax consequences for each prospective Investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in an Investor's country of citizenship, residence, domicile or incorporation and with his/her/its personal circumstances.

13. OFFICIAL LANGUAGE

The original version of this prospectus and of the Articles is in English. However, the Board of Directors may consider that these

documents must be translated into the languages of the countries in which the Shares are offered and sold. In case of any discrepancies between the English text and any other language into which the prospectus and the Articles are translated, the English text will prevail.

APPENDIX I - DESCRIPTION OF THE SUB-FUNDS

APPENDIX I.A.	KITE FUND SICAV TOTAL RETURN
Investment objective	KITE FUND SICAV - TOTAL RETURN (the “Sub-Fund”) aims to preserve the Shareholder’s capital and to provide an absolute positive return to the Shareholder without a link to any benchmark.
Investment policy	<p>In order to achieve the investment objective, the portfolio of the Sub-Fund will be invested:</p> <ul style="list-style-type: none"> • from 51% and up to 100% in bonds (e.g. ordinary bonds, subordinated bonds, convertible bonds, cum warrant bonds, etc...) of any type of corporate and government issuers world-wide located and in other similar debt securities, including treasury bills and treasury bonds; • up to 49% in equity and equity-linked transferable securities (both listed and unlisted) of world-wide located companies; • up to 49% in Money Market Instruments;” • up to 49% in UCITS, Exchange Traded Fund (qualifying as UCITS) and UCIs (within the limits set forth by the Law). <p>The Sub-Fund may also enter into derivative contracts both for hedging purposes (typically forward agreements to hedge currency risks) as well as for investment purposes. The derivatives used will include but will not be limited to:</p> <ul style="list-style-type: none"> - forwards - futures - plain-vanilla options - contracts for difference (CFDs) <p>The Sub-Fund may invest not more than 20% of its assets in structured notes with embedded derivatives (such as but not limited to Credit Linked Notes (CLN), Credit Default Swaps (CDS), Collateralised Loan Obligations (CLOs)) and Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS) (such as but not limited to Residential Mortgage-Backed Security RMBS and Commercial Mortgage-Backed Securities (CMBS))</p> <p>The investments in structured notes embedding derivatives will always be made in compliance with the grand-ducal</p>

regulation dated 8 February 2008 and article 41 (1) of the 2010 Law and the underlying of such structured products embedding derivatives will always comply and fulfil the criteria of art. 2.1 and 2.2 of the grand-ducal regulation dated 8 February 2008 and article 41 (1) of the 2010 Law.

The majority of ABS/MBS instruments that the Sub-Fund will invest in are AAA-rated.

ABS are securities collateralized by assets other than mortgages.

The most common types of ABS are collateralized by credit card receivables, home equity loans, manufactured homes and automobile loans and are typically structured as pass through or as structures with multiple bond classes, like a collateralized mortgage obligations (CMO).

Credit enhancement can take the form of over collateralization, a letter of credit, a third party guaranty, or a senior/subordinated structure.

MBS are securities whose source of repayment is a mortgage or pool of mortgages, or whose repayments are collateralized by a mortgage or pool of mortgages.

MBS include, but are not limited to, agency and non-agency pass through and collateralized mortgage obligations (CMOs and RMBS).

A majority of the MBS sector is comprised of Agency pass through (issued by FNMA, GNMA or FHLMC) – pass through are AAA rated, extremely liquid and is among the largest sectors of the US bond market.

MBS include mortgage pass-through securities, collateralized mortgage obligations (CMOs are debt obligations of a legal entity that are collateralised by mortgages.

They are typically rated by a rating agency and registered with the SEC and are structured into multiple classes, often referred to as “tranches”, with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including pre-payments), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals (which are mortgage securities issued by agencies or instrumentalities of the US Government or by private originators or of, or investors in, mortgage loans, including savings and loan associations, homebuilders, mortgage banks, commercial banks, investment banks, partnerships, trusts and special purpose entities of the foregoing), stripped mortgage-backed securities (“SMBSs”) and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property.

Investments in such securities carry the risk of default of the underlying collateral. Moreover the scheduled amortization

plan is subject to a certain degree of uncertainty due to the uncertainty in the timing of the cash flows of the underlying collateral.

Liquidity may be limited during times of market stress.

Furthermore, the Sub-Fund may be subject to other risks. Indeed, rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, a Sub-Fund that holds mortgage-related securities may exhibit additional volatility. This is known as extension risk.

In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Sub-Fund because the Sub-Fund will have to reinvest that money at the lower prevailing interest rates.

The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a Sub-Fund to a lower rate of return upon re-investment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed Income Securities.

The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers.

Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Further the Sub-Fund may invest in total return swaps and credit default swaps on single name, basket of names and credit indices (such as the ITRAXX and CDX indices).

	<p>Cash Borrowing of up to 10 % of the Sub-Fund`s net assets can be undertaken in a secured or unsecured basis provided that such borrowings are made only on a temporarily basis.</p> <p>The Sub-Fund will only enter into credit default swaps where the credit default swap counterparty is a credit institution of the type set forth under section 3.1.A1 V of the general part of the prospectus which has experience in such transactions.</p> <p>In case of credit default swaps, the investment restrictions shall apply to the credit default swap counterparty and to the underlying reference entity.</p> <p>The global risk exposure (calculated through the “Commitment Approach”) to markets linked and deriving from these derivative contracts may not exceed the Net Asset Value of the Sub-Fund.</p> <p>The Sub-Fund may also use techniques and instruments in accordance with the rules set out in CSSF Circular 08/356 as amended from time to time and in accordance with the paragraph 3.4.2 “Other Special Investment Techniques and Instruments”</p> <p>The Sub-Fund may accessorially hold liquid assets in all currencies in which investments are effected as well as in the currency of its respective Share Class(es).</p> <p>Short selling (net short positions) is not allowed in accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.</p>
Profile of typical investor	<p>The Sub-Fund has been designed for investors who are looking for main exposure to global markets in the world. It is therefore ideal for investors who are looking to a diversified portfolio aimed at producing long term capital growth and who are comfortable with and understand the risks of investing in the equity and bond markets of issuers world-wide located. The investors must be able to accept significant temporary losses.</p> <p>Due to the specific nature of the equity and bond market in terms of economic, currency and political risks of certain non–European markets, the Sub-Fund is suitable for investors who can afford to set aside the capital for at least a 5 years of investment horizon.</p>
Specific risk consideration	<p>No guarantee is given to shareholders in this Sub-Fund with respect to the investment objectives actually being reached. Investors should be aware that the global exposure of the Sub-Fund relative to the derivatives could reach, but not exceed, the total net assets of the Sub-Fund. For more considerations concerning risks, Investors should refer to the Ch.</p>

4 “Risk Factors”.

Credit Default Swap's Risk

The use of credit default swaps can be subject to higher risk than direct investment in the underlying securities. The market for credit default swaps may from time to time be less liquid than the underlying securities markets. In relation to credit default swaps where the Fund sells protection the Fund is subject to the risk of a credit event occurring in relation to the reference entity. Furthermore, in relation to credit default swaps where the Fund buys protection, the Fund is subject to the risk of the credit default swap counterparty defaulting.

To mitigate the counterparty risk resulting from credit default swap transactions, the Fund will only enter into credit default swaps with credit institutions of the type set forth under section 3.1.A1 V of the general part of the prospectus which have experience in such transactions.

Asset-backed and mortgage-backed securities risk

Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.

The risk profile of the Sub-Fund will be continuously monitored by the Risk Management unit of the Fund.

PHARUS MANAGEMENT LUX S.A. has been delegated by the Fund for the provision of risk management services, in relation to the measurement and monitoring of the global risk exposure of the Sub-Fund.

The Sub-fund employs a “Commitment approach” method to calculate and monitor the global exposure of the Sub-fund, in compliance with relevant Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.

Reference currency

EURO

Form of shares

Accumulation shares

Type and Classes of shares

- Class A: Opened to all type of investors
- Class B : Reserved to Institutional Investors

If investors in Class B Shares no longer fulfil the conditions of eligibility as Institutional Investors, the Shares shall be converted, free of charge, into Class A Shares.

	Share B is currently inactive and will be launched upon decision of the Board of Directors of the SICAV.
ISIN codes	Class A : LU0830807797 Class B : LU0830807953
Minimum subscription amount	Initial subscription of classes A: EUR 5.000 Initial subscription of class B : 2.500 000 EUR Subsequent subscriptions of classes A: EUR 1.000 Subsequent subscriptions of class B: 100.000 EUR
Valuation day	The Net Asset Value of each Class of Shares is calculated, under the overall responsibility of the Board of Directors, on a weekly basis, every Tuesday in Luxembourg (“Valuation day”). In case of legal or bank holiday, the Net Asset Value per Share is calculated the next following bank business day.
Subscription, conversion and redemption orders	Shares are issued and redeemed at NAV, subject to the subscription and redemption fees here above. All subscriptions, redemptions or conversions requests must be received by the Registrar and Transfer Agent - or at any other entity duly appointed by and acting in the name of the Fund- at the latest on the Luxembourg bank business day preceding the applicable Valuation Day before 15h00 (Luxembourg time). Requests notified after this deadline shall be executed on the next following Valuation Day. Requests shall be dealt with at the net asset value of the relevant class/Sub-Fund as determined on that Valuation Day. Subscription monies must be paid within the following cut-off: no later than 4 business days after the relevant Valuation Day (The Payment date). In the event there is no evidence of the payment on the bank accounts of the Sub-Fund at the end of the relevant payment date, the investor will be informed and debit interest claimed.
Management Company fees	For both classes, the Management Company is entitled to receive a management company fee of 0.07 % per year, based on the net assets of the Sub-Fund, with a minimum of EUR 15.000 per year. This fee will be calculated on the quarterly average of the total net assets under management of the previous quarter. It will be payable quarterly in arrears. In addition, for the service of risk management of the Sub-Fund, the Management Company is entitled to receive a fee of EUR 8.000 per year, payable quarterly in arrears.

Investment Manager & Distributor Fees	<p>The Management Company is entitled to receive from the Sub-Fund an Investment Manager & Distributor Fee of</p> <p>1.40 % for the share class A,</p> <p>1.00 % for the share class B</p> <p>(with a minimum fee of EUR 15.000 per year).</p> <p>This fee will be calculated on the monthly average of the total net assets under management of the previous month. It will be payable monthly in arrears.</p> <p>Part of these fees will serve as remuneration for the investment advisor. The financial intermediaries in connection with the placing or distribution of the Sub-Fund's Shares may be entitled to a retrocession on the Investment Manager & Distributor Fee, net of VAT if applicable.</p>
Performance fees	<p>For both classes, in addition to the Investment Manager Fees, the Management Company shall be entitled to receive from the Sub-Fund a Performance Fee which is calculated as follows:</p> <p>The Management Company will receive a performance fee, paid annually, based on the net asset value (NAV), equivalent to :</p> <ul style="list-style-type: none"> - 10 % of the performance of the NAV per share exceeding the Reference NAV (as defined hereafter) with a hurdle rate equal to 2% p.a. (and lower than 7% p.a.) - 15 % of the performance of the NAV per share exceeding the Reference NAV (as defined hereafter) with a hurdle rate equal to 7% p.a. <p>The above mentioned percentages will be calculated "per tranche".</p> <p>For example:</p> <p>if the NAV performance is 6%, the Performance Fee will be 10% of the NAV Performance exceeding 2% i.e. $(6\% - 2\%) \times 10\% = \mathbf{0,4\%}$;</p> <p>if the NAV Performance is 9%, the Performance Fee will be 10% of the NAV Performance between 2% and 7% plus 15% of the NAV Performance exceeding 7%, i.e. $[(7\% - 2\%) \times 10\%] + [(9\% - 7\%) \times 15\%] = 0,5\% + 0,3\% = \mathbf{0,8\%}$.</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per</p>

share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the Reference NAV for the calculation period in question.

The Reference NAV is defined as the greater of the following two figures:

The latest NAV per share after deduction of performance fee during the previous calculation period; and

- The latest Reference NAV.
- The Reference NAV for the first period is the initial NAV per share.

Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realised may be taken into account in the calculation and payment of performance fees.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the Reference NAV until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the Reference NAV adjusted by the hurdle at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.

The performance fee calculation period shall correspond to the accounting year of the Fund.

Performance fees are payable within 10 business days following the end of the calculation period.

Subscription fees	<p>up to 3% in favour of the subjects involved in the marketing and distribution chain, if any appointed (e.g. global and local distributors, <i>apporteur d'affaires</i>).</p> <p>The Subscription Fee is payable at the discretion of the Board of Directors.</p>
Redemption fees	<p>up to 3%. The Redemption Fee is payable at the discretion of the Board of Directors.</p>
Investment Advisor	<p>The Management Company has appointed Wise Consultants SA, a Swiss company with registered office at 38A Route de Malagnou, 1208 Genève CH (Switzerland), as Investment Advisor to give recommendations to the Management Company for the manner in which the cash raised by the Sub-Fund might be invested or divested and provide information and documentation relating to the market contemplated by the investment policy of the Sub-Fund.</p> <p>The Investment Advisor is not allowed to take investments and/or divestment decision; the Management Company remaining the sole entity responsible for management.</p>

APPENDI X I.B.	KITE FUND SICAV Kite Flexible Credit
Investment objective	<p>KITE FUND SICAV - Kite Flexible Credit (the “Sub-Fund”) will invest in High Yield, Investment Grade and Government Bonds, adjusting the weightings according to the different market situations.</p> <p>In order to reduce and hedge the portfolio`s volatility, the Sub-Fund will have access to different hedging instruments such as listed options on High Yield ETFs, interest rate futures, Credit Default Swaps (CDS) and listed options on Equity Indices.</p>
Investment policy	<p>The Sub-Fund will use a dynamic asset allocation strategy among multiple fixed income sectors taking into account the rating, the duration, the markets and the seniority of envisaged investments. The Sub-Fund invests primarily globally in Bonds and on an ancillary basis in Equities, and Money Market Instruments of regulated markets without any geographical restriction.</p> <p>The Sub-Fund seeks high current income with capital appreciation as a secondary objective.</p> <p>The Sub-fund can make use of several hedging tools to reduce its volatility.</p> <p>In order to achieve the investment objective, the portfolio of the Sub-Fund will be invested as below determined:</p> <ul style="list-style-type: none"> ▪ Investments in High Yield Bonds and/or Investment Grade Bonds (Including but not limited to subordinated and junior debt, (Alternative Tier 1, CoCo’s, Corporate Hybrids, and Preferred Shares) can make out 0% to 100% of the Sub-Fund`s assets. <p>Notwithstanding this investment opportunity investments in CoCos are limited to max 20% of the Sub-Fund`s assets.</p> <p>The weighed exposure to High Yield Bonds will increase in those market phases characterized by higher credit spreads, post sell-offs or with clear signs of economic expansion.</p> <p>Investments in Investment Grade Bonds and the Government Bonds will provide shelter and will receive higher Sub-Fund asset allocations in times of economic downturn phases, when the credit spread levels will be considered too expensive or the</p>

interest rates will be offering opportunities without taking other credit risks.

The Investment Manager will in this respect balance the Sub-Fund's exposure on investments in High Yield Bonds and/or Investment Grade according to the different market phases of the economic cycle.

The average rating on invested Bond Portfolio part will be changing and adapted according to the specific and/or foreseen market evolution.

The Investment Manager aims to

- (i) an average rating of BB/BB+ (High Yield Rating) of the overall Bond Portfolio over a half to one year period and
- (ii) an average rating on the High Yield Bond portion of the portfolio of BB-/B+ and
- (iii) an average rating on the Investment Grade/Government Bonds portion the portfolio of BBB+.

Investment in High Yield Bonds will be rated by a recognised rating agency between BB+ to CCC or equivalent.

Investments in defaulted or distressed securities are not foreseen to be actively invested.

Should the downgrade of one or more securities affect the rating limits mentioned above, the Investment Manager will have up to 6 months to rebalance the Sub-Fund. In this respect investors should take explicit note on the following fact: During this downgrade time invested securities could be considered as defaulted or distressed. In no case such distressed or defaulted securities will make out more **than 10 % of the Sub-Fund's portfolio.**

- Investments in Government Bonds can make out 0% to 100% of the Sub-Fund's assets
- Investments in Convertible Bonds can make out 0% to 10% of the Sub-Fund assets.
- Investments of the Sub-Fund in equity can be done up to 10% of the Sub-Fund's assets. (In general terms, the Investment Manager shall not seek any direct investment into equity securities, but, by way of exception, and with reference to subordinated bonds and convertible bonds, there is the possibility that such debt instruments under some conditions (e.g. will of supervisory authority and/or the reduction of credit rating of the issue/s) could be converted directly in equities; in

such a case the Investment Manager may decide to stay invested in such equities instruments)

- Investment in not rated Bonds can make out 0% to 20% of the Sub-Fund`s assets.
- Investments in UCITS and Exchange Traded Funds (qualifying as UCITS) can make out up to 10% of the Sub-Fund`s assets.

Notwithstanding this further investments and UCIs are authorized within the limits set forth by the Law. 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 PHARUS 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. Further it has to be ensured that the entry and management fees applying to the target UCITS, UCIs shall not exceed 3% (three percent) each of the Sub-Fund`s net asset value.

The Sub-Fund may also enter into derivative contracts both for hedging purposes (typically forward agreements to hedge currency risks) as well as for investment purposes. The derivatives used will include but will not be limited to:

- forwards
- futures
- plain-vanilla options
- contracts for difference (CFDs)

The Sub-Fund may invest not more than 20% of its assets in structured notes with embedded derivatives (such as but not limited to Credit Linked Notes (CLN), Credit Default Swaps (CDS), Collateralised Loan Obligations (CLOs)) and Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS) (such as but not limited to Residential Mortgage-Backed Security RMBS and Commercial Mortgage-Backed Securities (CMBS))

The investments in structured notes embedding derivatives will always be made in compliance with the grand-ducal regulation dated 8 February 2008 and article 41 (1) of the 2010 Law and the underlying of such structured products embedding derivatives will always comply and fulfil the criteria of art. 2.1 and 2.2 of the grand-ducal regulation dated 8 February 2008 and article 41 (1) of the 2010 Law.

The majority of ABS/MBS instruments that the Sub-Fund will invest in are AAA-rated.

ABS are securities collateralized by assets other than mortgages.

The most common types of ABS are collateralized by credit card receivables, home equity loans, manufactured homes and automobile loans and are typically structured as pass through or as structures with multiple bond classes, like a collateralized mortgage obligations (CMO).

Credit enhancement can take the form of over collateralization, a letter of credit, a third party guaranty, or a senior/subordinated structure.

MBS are securities whose source of repayment is a mortgage or pool of mortgages, or whose repayments are collateralized by a mortgage or pool of mortgages.

MBS include, but are not limited to, agency and non-agency pass through and collateralized mortgage obligations (CMOs and RMBS).

A majority of the MBS sector is comprised of Agency pass through (issued by FNMA, GNMA or FHLMC) – pass through are AAA rated, extremely liquid and is among the largest sectors of the US bond market.

MBS include mortgage pass-through securities, collateralized mortgage obligations (CMOs are debt obligations of a legal entity that are collateralised by mortgages.

They are typically rated by a rating agency and registered with the SEC and are structured into multiple classes, often referred to as “tranches”, with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including pre-payments), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals (which are mortgage securities issued by agencies or instrumentalities of the US Government or by private originators or of, or investors in, mortgage loans, including savings and loan associations, homebuilders, mortgage banks, commercial banks, investment banks, partnerships, trusts and special purpose entities of the foregoing), stripped mortgage-backed securities (“SMBSs”) and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property.

Investments in such securities carry the risk of default of the underlying collateral. Moreover the scheduled amortization plan is subject to a certain degree of uncertainty due to the uncertainty in the timing of the cash flows of the underlying collateral.

Liquidity may be limited during times of market stress.

Furthermore, the Sub-Fund may be subject to other risks. Indeed, rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, a Sub-Fund that holds

mortgage-related securities may exhibit additional volatility. This is known as extension risk.

In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Sub-Fund because the Sub-Fund will have to reinvest that money at the lower prevailing interest rates.

The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a Sub-Fund to a lower rate of return upon re-investment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed Income Securities.

The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers.

Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Further the Sub-Fund may invest in total return swaps and credit default swaps on single name, basket of names and credit indices (such as the ITRAXX and CDX indices).

The global risk exposure (calculated through the "Commitment Approach") to markets linked and deriving from these derivative contracts may not exceed the Net Asset Value of the Sub-Fund.

The Sub-Fund may also use techniques and instruments in accordance with the rules set out in CSSF Circular 08/356 as amended from time to time and in accordance with the paragraph 3.4.2 "Other Special Investment Techniques and Instruments"

The Sub-Fund may accessorially hold liquid assets in all currencies in which investments are effected as well as in the currency of its respective Share Class(es).

	<p>Short selling (net short positions) is not allowed in accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.</p>
Profile of typical investor	<p>The Sub-Fund has been designed for investors who are seeking income from a global and well diversified fixed income fund and who are comfortable with a certain amount of volatility.</p> <p>Due to the specific nature of the fixed income market in terms of rating, duration, capital structure and currency risk, the Sub-Fund is suitable for investors who can afford to set aside the capital for at least a 5 years of investment horizon.</p>
Specific risk consideration	<p>No guarantee is given to shareholders in this Sub-Fund with respect to the investment objectives actually being reached. Investors should be aware that the global exposure of the Sub-Fund relative to the derivatives could reach, but not exceed, the total net assets of the Sub-Fund. For more considerations concerning risks, Investors should refer to the Ch. 4 “Risk Factors”.</p> <p>Asset-backed and mortgage-backed securities risk</p> <p>Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.</p> <p>The risk profile of the Sub-Fund will be continuously monitored by the Risk Management unit of the Fund.</p> <p>Contingent Convertible Instruments risk</p> <p>Such types of financial instruments, also known as “CoCo bonds”, “CoCos” or “Contingent Convertible Notes”, are slightly different to regular convertible bonds in that the likelihood of the bonds converting to equity is “contingent” on a specified event (the “trigger”), such as the stock price of the company exceeding a particular level for a certain period of time. They carry a distinct accounting advantage since, unlike other kinds of convertible bonds, they do not have to be included in a company's diluted earnings per share until the bonds are eligible for conversion.</p> <p>CoCos are also a form of capital that regulators hope could help buttress a bank’s finances in times of stress. CoCos are different to existing hybrids because they are designed to convert into shares if the pre-set trigger is breached in order to provide a shock boost to capital levels and reassure investors more generally. Hybrids, including CoCos, contain features of both debt and equity. They are intended to act as a cushion between senior bondholders and shareholders, who will suffer first if</p>

capital is lost. The bonds usually allow a bank to either hold on to the capital past the first repayment date, or to skip paying interest coupons on the notes.

Shareholders should fully understand and consider the risks of CoCos and correctly factor those “risks into their valuation”. One inherent risk is related to the trigger levels (“**trigger level risk**”). Such levels determine the exposure to “**the conversion risk**”, depending on the distance to the trigger level. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator. As a result, the bond can be converted into equity at an unfavourable moment.

Furthermore, there is the “**risk of coupon cancellation**”. While all CoCos are subject to conversion or “write down” (i.e. the risk to lose part or all of the original investment, the “**write-down risk**”) when the issuing bank reaches the trigger level, for some CoCos there is an additional source of risk for the Shareholder in the form of coupon cancellation in a going concern situation. Coupon payments on such type of instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on such CoCos does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation (the “valuation risk”) of such instruments and may lead to mispricing of risk. Such CoCo holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

Further the “**Capital structure inversion risk**” should be taken into account: Contrary to classic capital hierarchy, investors in CoCos may also suffer a loss of capital when equity holders do not. In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down CoCo is activated. This cuts against the normal order of capital structure hierarchy, where equity holders are expected to suffer the first loss. This is less likely with a low trigger CoCo, when equity holders will already have suffered loss. Moreover, high trigger CoCos may suffer losses not at the point of gone concern, but conceivably in advance of lower trigger CoCos and equity.

Some CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority (the “**call extension risk**”). It cannot be assumed that the perpetual CoCos will be called on call date. Such CoCos are a form of permanent capital. In these cases, the Shareholder may not receive return of principal if expected on call date or indeed at any date. Moreover,

Shareholders might only resell CoCos on a secondary market, this potentially leading to the related **“liquidity and market risks”**.

In addition, there might arise risks due to “unknown factors” (the **“unknown risk”**). In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, it is unclear whether the market will view the issue as an idiosyncratic event or systemic. In the latter case, potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. Furthermore, in an illiquid market, price formation may be increasingly stressed.

Shareholders are also advised to consider the further risks associated with the investment in CoCos, in particular the “industry concentration risk” (which can result from the uneven distribution of exposures to financials due to the CoCos feature and structure, being CoCos requested to be part of the capital structure of financial institutions) and the **“liquidity risk”** (due to the fact that CoCos entail a liquidity risk in stressed market conditions, as a result of their general lower market volume compared to plain-vanilla bonds and of their specific investors).

Finally, Shareholders have been drawn to the instrument as a result of the CoCos’ often attractive yield which may be viewed as a complexity premium. Yield has been a primary reason this asset class has attracted strong demand, yet it remains unclear whether Shareholders have fully considered the underlying risks. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favourably from a yield standpoint. The concern is whether Shareholders have fully considered the **“risk of conversion or coupon cancellation”**.

For further information, please refer to the statement from the European Securities and Markets Authority (ESMA/2014/944) dated July 31, 2014, regarding potential risks associated with investing in contingent convertible instruments.

Special risk consideration regarding investments in high yield debt securities

Certain High Yield Bonds are speculative, involve comparatively greater risks than higher quality securities, including price volatility, and may be questionable as to principal and interest payments.

The attention of the potential Investor is drawn to the type of high-risk investment that the Portfolios are authorised to make when they invest

	<p>in High Yield Bonds.</p> <p>Compared to higher-rated securities, lower-rated High Yield Bonds generally tend to be more affected by economic and legislative developments, changes in the financial condition of their issuers, have a higher incidence of default and be less liquid.</p> <p>High Yield Bonds placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.</p> <p>Corporate Debt Securities may bear Fixed Coupon or Fixed and Contingent Coupon or Variable Coupon and may involve equity features such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer (e.g. synthetic convertibles) or participation based on revenue, sales or profits.</p> <p>PHARUS MANAGEMENT LUX S.A. has been delegated by the Fund for the provision of risk management services, in relation to the measurement and monitoring of the global risk exposure of the Sub-Fund.</p> <p>The Sub-fund employs a “Commitment approach” method to calculate and monitor the global exposure of the Sub-fund, in compliance with relevant Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.</p>
Reference currency	EURO
Form of shares	<p>Distributing shares are the shares of Classes A, A USD hedged and A CHF hedged.</p> <p>The annual dividend is however at the Board’s discretion and may include a partial return of the invested capital.</p> <p>Accumulating shares are the shares of Class I</p>
Type and Classes of shares	<ul style="list-style-type: none"> • Class A: Opened to all type of investors. This class is following an annual distribution policy. • Class A USD hedged: Opened to all type of investors and is hedged against the EUR. This class is following an annual distribution policy. • Class A CHF hedged: Opened to all type of investors and is hedged against the EUR. This class is following an annual distribution policy.

	<ul style="list-style-type: none"> Class I: Reserved to Institutional Investors. This class is accumulating. <p>If investors in Class I Shares no longer fulfil the conditions of eligibility as Institutional Investors, the Shares shall be converted, free of charge, into Class A, A USD hedged Shares or A CHF hedged shares</p> <p>Share B is currently inactive and will be launched upon decision of the Board of Directors of the SICAV.</p>
ISIN codes	<p>Class A : LU1550130873</p> <p>Class A USD hedged : LU1550131509 / Not launched yet</p> <p>Class A CHF hedged : LU1550130956 / Not launched yet</p> <p>Class I : LU1550131251 / Not launched yet</p>
Minimum subscription amount	<p>Initial subscription of classes A: EUR 10.000</p> <p>Initial subscription of classes A USD hedged: USD 10.000</p> <p>Initial subscription of classes A CHF hedged: CHF 10.000</p> <p>Initial subscription of class I : 2.500 000 EUR</p> <p>Subsequent subscriptions of classes A: EUR 1.000</p> <p>Subsequent subscriptions of classes A USD hedged: USD 1.000</p> <p>Subsequent subscriptions of classes A CHF hedged: CHF 1.000</p> <p>Subsequent subscriptions of class I: 100.000 EUR</p>
Valuation day	<p>For all classes the Net Asset Value of each Class of Shares is calculated, under the overall responsibility of the Board of Directors, on a weekly basis, every Tuesday in Luxembourg (“Valuation day”).</p> <p>Currently only Class A is launched.</p> <p>The initial subscription period for KITE FUND SICAV Kite Flexible Credit Class A is fixed from 31st March 2017 – 11th April 2017 3 p.m., with an initial price per share of 100 EUR.</p> <p>The cash Net Asset Value is calculated on 11th of April 2017. Value date to receive subscriptions monies is the 12th April 2017.</p> <p>The first official NAV (including liabilities /fees) is the one of the 18th of April 2017.</p> <p>In case of legal or bank holiday, the Net Asset Value per Share is calculated the next following bank business day.</p>

Subscription, conversion and redemption orders	<p>Shares are issued and redeemed at NAV, subject to the subscription and redemption fees here above.</p> <p>All subscriptions, redemptions or conversions requests must be received by the Registrar and Transfer Agent - or at any other entity duly appointed by and acting in the name of the Fund- at the latest on the Luxembourg bank business day preceding the applicable Valuation Day before 15h00 (Luxembourg time). Requests notified after this deadline shall be executed on the next following Valuation Day. Requests shall be dealt with at the net asset value of the relevant class/Sub-Fund as determined on that Valuation Day.</p> <p>Subscription monies must be paid within the following cut-off: no later than 4 business days after the relevant Valuation Day (The Payment date). In the event there is no evidence of the payment on the bank accounts of the Sub-Fund at the end of the relevant payment date, the investor will be informed and debit interest claimed.</p>
Management Company fees	<p>For all classes, the Management Company is entitled to receive a management company fee of 0.07 % per year, based on the net assets of the Sub-Fund with a minimum fee of 15.000 EUR p.a.</p> <p>This fee will be calculated on the quarterly average of the total net assets under management of the previous quarter. It will be payable quarterly in arrears.</p> <p>In addition, for the service of risk management of the Sub-Fund, the Management Company is entitled to receive a fee of EUR 8.000 per year, payable quarterly in arrears.</p>
Investment Manager & Distributor Fees	<p>The Management Company is entitled to receive from the Sub-Fund an Investment Manager & Distributor Fee of</p> <p>1.40 % for the share classes A, A USD hedged, A CHF hedged</p> <p>1.00 % for the share class I</p> <p>In any case the Management Company is entitled to minimum fee on sub fund level of 15.000 EUR p.a.</p> <p>This management fee will be calculated on the monthly average of the total net assets under management of the previous month. It will be payable monthly in arrears.</p> <p>Part of these fees will serve as remuneration for the Investment Advisor.</p> <p>The financial intermediaries in connection with the placing or distribution of the Sub-Fund's Shares may be entitled to a retrocession on the Investment Manager & Distributor Fee, net of VAT if applicable.</p>

Performance fees

For the classes A, A USD hedged, A CHF hedged the Management Company will receive a performance fee, paid half yearly, based on the net asset value (NAV), equivalent to :

- 10 % of the performance of the NAV per share not exceeding 5% of the Reference NAV (as defined hereafter)
- 15 % of the performance of the NAV per share exceeding 5 % of the Reference NAV (as defined hereafter)

For the classes I the Management Company will receive a performance fee, paid half yearly, based on the net asset value (NAV), equivalent to 10% of the performance of the NAV.

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the Reference NAV for the calculation period in question.

The Reference NAV is defined as the greater of the following two figures:

The latest NAV per share after deduction of performance fee during the previous calculation period; and

- The latest Reference NAV.
- The Reference NAV for the first period is the initial NAV per share.

Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.

	<p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the Reference NAV until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the Reference NAV adjusted by the hurdle at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>The performance fee calculation period shall correspond to a six month timeframe two times a year during the accounting year of the Fund.</p> <p>Performance fees are payable within 10 business days following the end of the calculation period.</p>
Subscription fees	<p>up to 3% for classes A, A USD hedged, A CHF hedged and B in favor of the subjects involved in the marketing and distribution chain, if any appointed (e.g. global and local distributors, <i>apporteur d'affaires</i>). 0 % for class I.</p> <p>The Subscription Fee is payable at the discretion of the Board of Directors.</p>
Redemption fees	<p>up to 3% for classes A, A USD hedged, A CHF hedged and B. 0 % for class I.</p> <p>The Redemption Fee is payable at the discretion of the Board of Directors to the classes of classes A, A USD hedged, A CHF hedged and B.</p>
Investment Advisor	<p>The Management Company has appointed Wise Consultants SA, a Swiss company with registered office at 38A Route de Malagnou, 1208 Genève CH (Switzerland), as Investment Advisor to give recommendations to the Management Company for the manner in which the cash raised by the Sub-Fund might be invested or divested and provide information and documentation relating to the market contemplated by the investment policy of the Sub-Fund.</p> <p>The Investment Advisor is not allowed to take investments and/or divestment decision; the Management Company remaining the sole entity responsible for management.</p>