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**ICBC (EUROPE) UCITS SICAV**  
*Société d'Investissement à Capital Variable*  
established in Luxembourg

**January 2018**

## IMPORTANT INFORMATION

**IMPORTANT: IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK, MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

The Directors, whose names appear on page v., accept responsibility for the information contained in this document. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects at the date hereof and that there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion. The Directors accept responsibility accordingly.

ICBC (Europe) UCITS SICAV is an investment company organised under the laws of the Grand Duchy of Luxembourg as a *société d'investissement à capital variable* and is governed by Part I of the UCI Law and qualifies as a UCITS.

No person has been authorised by the SICAV or the Management Company to give any information or make any representations in connection with the offering of Shares other than those contained in this Prospectus or any other document approved by the SICAV or the Management Company, and, if given or made, such information or representations must not be relied on as having been made by the SICAV or the Management Company.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Investors are informed that the transfer of Shares may be restricted.

This Prospectus may only be issued with one or more Supplements (each a “**Supplement**”), each containing information relating to a separate Sub-Fund. The creation of new Sub-Funds requires the prior review of the home regulator of the SICAV, i.e. the CSSF. If there are different Classes of Shares representing a Sub-Fund, details relating to the separate Classes may be dealt with in the same Supplement or in a separate Supplement for each Class. The creation of further Classes of Shares will be effected in accordance with the requirements of the CSSF. This Prospectus and the relevant Supplement should be read and construed as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement). The latest audited report and the latest unaudited semi-annual report may be obtained from the offices of the Administrator. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the SICAV have not changed since the date thereof.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The investors' attention is drawn 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 meetings of the Shareholders, 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.

The provisions of the SICAV's Articles are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus is based on information, law and practice currently in force in Luxembourg (which may be subject to change) at the date hereof. The SICAV cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with the Administrator that this is the most recently published Prospectus.

### **Restrictions on Distribution and Sale of Shares**

**Luxembourg** - The SICAV is registered pursuant to Part I of the UCI Law. However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorised and unlawful.

**European Union ("EU")** - The SICAV is a UCITS for the purposes of the UCITS Directive and the Board of Directors decided to market the Shares in accordance with the UCITS Directive in certain member states of the EU.

**Non EU** – The Board of Directors proposes to market the Shares in countries which are not member states of the EU.

**United States of America ("US")** - The Shares have not been and will not be registered under the 1933 Act or the securities laws of any of the states of the US. The Shares may not be offered, sold or delivered directly or indirectly in the US or to or for the account or benefit of any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. The Shares may be offered outside the US pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the US to US Tax-Exempt Investors in reliance on Regulation D promulgated under the 1933 Act and Section 4(2) thereof.

The SICAV has not been and will not be registered under the 1940 Act since Shares may only be sold to US Persons who are "qualified purchasers", as defined under Section 2(a)(51) of the 1940 Act and the rules promulgated thereunder. Accordingly, each subscriber for Shares that is a US Tax-Exempt Investor will be required to certify that it is an "accredited investor" and a "qualified purchaser", in each case as defined under the US federal securities laws.

The Articles give powers to the Board of Directors to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the SICAV are acquired or held by any

person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the SICAV incurring any liability or taxation or suffering any other disadvantage which the SICAV may not otherwise have incurred or suffered and, in particular, by any US Person as referred to above. The SICAV may compulsorily redeem all Shares held by any such person.

### **Generally**

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

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, conversion or redemption of the Shares of the SICAV.

Further copies of this Prospectus may be obtained from the registered office of the SICAV.

This Prospectus and any Supplements may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and Supplements. To the extent that there is any inconsistency between the English language Prospectus/Supplements and the Prospectus/Supplements in another language, the English language Prospectus/Supplements will prevail, except to the extent (but only to the extent) required by the law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a Prospectus in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail.

The singular shall include the plural and vice versa and references to one gender include any other gender.

Investors should read and consider the section entitled "Risk Factors" before investing in the SICAV.

**All or part of the fees and expenses may be charged to the capital of the SICAV. This will have the effect of lowering the capital value of your investment.**

## **DIRECTORY**

### **Registered Office**

C/o Brown Brothers Harriman (Luxembourg) S.C.A.  
80, route d'Esch  
L-1470 Luxembourg

### **Directors**

Mr. Lei XU (Chairman of the Board)  
Mr. Haijin LI  
Mr. Dennis George ROBERTSON

### **Management Company**

FundRock Management Company S.A. 33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### **Conducting officers of the Management Company**

Mr. Romain DENIS  
Mr. Christophe DOUCHE  
Mr. Enda Fahy  
Mr. Gregory NICOLAS  
Mr. Revel Justin WOOD

### **Administrator, Registrar and Transfer Agent** (by delegation of the Management Company)

Brown Brothers Harriman (Luxembourg) S.C.A.  
80, route d'Esch  
L-1470 Luxembourg

### **Legal Advisers under Luxembourg law**

Arendt & Medernach S.A.  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg  
Grand Duchy of Luxembourg

### **Depository, Paying Agent, Corporate Agent, Listing Agent and Domiciliary Agent**

Brown Brothers Harriman (Luxembourg) S.C.A.  
80, route d'Esch  
L-1470 Luxembourg

### **Auditor**

Ernst & Young S.A.  
35E, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Investment Managers**

(by delegation of the Management Company)

Please refer to the Investment Managers' section and the relevant Sub-Fund's Supplement for information on the Investment Manager in charge of the management of the relevant Sub-Fund)

ICBC Asset  
Management (Global) Company Limited  
Unit 2501, ICBC Tower  
3 Garden Road, Central  
Hong Kong

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## DEFINITIONS

“Accumulation Shares”	shares in respect of which income is accumulated and added to the capital property of a Sub-Fund
“Administration Agreement”	the fund administration services agreement entered into between the Administrator, the Management Company and the SICAV on 22 October 2014, as may be amended from time to time, pursuant to which the Administrator is appointed by the Management Company as administration agent, accounting and regulatory services provider, registrar and transfer agent and by the SICAV as domiciliary agent, listing agent, corporate agent and paying agent
“Administrator”	means Brown Brothers Harriman (Luxembourg) S.C.A.
“Articles”	articles of incorporation of the SICAV, as adopted by the Shareholders pursuant to the extraordinary general meeting of the Shareholders held on 22 October 2014
“A Shares”	shares of companies incorporated in mainland China and traded on the Shanghai or Shenzhen Stock Exchanges in Chinese renminbi
“Auditor”	means Ernst & Young S.A.
“Board”, “Board of Directors” or “Directors”	the members of the board of directors of the SICAV for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time
“B Shares”	shares of Chinese companies that trade in U.S. dollars on the Shanghai Stock Exchange and in Hong Kong dollars on the Shenzhen Stock Exchange
“Business Day”	in relation to a Sub-Fund means any day when the banks are open for a full day in Luxembourg, Hong Kong and the PRC and such other place or places and such other day or days as the Directors may determine and notify to Shareholders in advance and as shall be specified in the relevant Supplement for that Sub-Fund
“China”, the “People’s Republic of China” or “PRC”	the People’s Republic of China not including, for the purposes of this Prospectus, the Hong Kong S.A.R., Macau S.A.R. and Taiwan R.O.C.
“Controlling Persons”	means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor, the

	trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations.
"Corporate Agent"	means Brown Brothers Harriman (Luxembourg) S.C.A.
"CSSF"	the Luxembourg authority, currently the <i>Commission de Surveillance du Secteur Financier</i> , or its successor in charge of the supervision of undertakings for collective investment in the Grand-Duchy of Luxembourg
"Cut-Off time"	such time in respect of any relevant Dealing Day as shall be specified in the relevant Supplement for that Sub-Fund or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Cut-Off time is no later than the Valuation Point for the relevant Dealing Day
"Dealing Day"	such Business Day on which subscription requests or redemption requests shall be effected, as specified in the relevant Supplement for that Sub-Fund or any such other day or days as the Directors may determine and notify in advance to the Shareholders provided there is at least one every two weeks
"Depository"	means Brown Brothers Harriman (Luxembourg) S.C.A.
"Depository Agreement"	the custodian services agreement pursuant to which the Depository is appointed by the SICAV as custodian bank, as may be amended from time to time
"Distribution Agreements"	the agreements by which the Management Company appoints local Distributors, as they may be amended from time to time
"Distributor"	any distributor appointed by the Management Company according to the terms of the relevant Distribution Agreement
"Distribution Shares"	shares in respect of which income is distributed periodically to Shareholders

"Domiciliary Agent"	means Brown Brothers Harriman (Luxembourg) S.C.A.
"Entity"	means a legal person or a legal arrangement such as a trust
"ERISA"	the US Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder
"EU"	the European Union
"Eurozone"	the geographical area consisting of the member states of the EU that have adopted the EUR as their national currency
"EU Savings Directive "	the EU Council Savings Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments, as amended
"FATCA"	the provisions of the Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act (FATCA)
"Financial Institution"	means a custodial institution, a depository institution, an investment entity or a specified insurance company, as defined by the IGA
"Fiscal Year"	the period beginning on 1 <sup>st</sup> January of each year and ending on 31 <sup>st</sup> December of the same year, or such other period or periods as the general meeting of the Shareholders may from time to time determine
"Fund Management Company Agreement"	the management company agreement entered into between the SICAV and the Management Company on 22 October 2014, as may be amended from time to time, pursuant to which the Management Company has been appointed as designated management company of the SICAV
"Group of Companies"	companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules, as amended
"Hong Kong" or the "Hong Kong S.A.R."	the Hong Kong Special Administrative Region of the People's Republic of China
"H Shares"	shares of companies that are incorporated in mainland China, but trade on the Hong Kong Stock Exchange. They

	are traded in Hong Kong dollars and are accessible to non-residents of China
“IGA”	means the intergovernmental agreement concluded between the Grand-Duchy of Luxembourg and the US in relation to FATCA on 28 March 2014
“Ineligible Applicant”	<p>any person to whom a transfer of Shares (legally or beneficially) or by whom a holding of Shares (legally or beneficially) would or, in the opinion of the Directors, might:</p> <ul style="list-style-type: none"> <li>a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such Shares; or</li> <li>b) require the SICAV, the Management Company or the Investment Managers to be registered under any law or regulation whether as an investment fund or otherwise, or cause the SICAV to be required to comply with any registration requirements in respect of any of its Shares, whether in the US or any other jurisdiction; or</li> <li>c) cause the SICAV, its Shareholders, the Management Company or the Investment Managers some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the SICAV, its Shareholders, the Management Company or the Investment Managers might not otherwise have incurred or suffered</li> </ul> <p>Persons that do not provide necessary information requested by the SICAV in order to comply with legal and regulatory rules as but not limited to the FATCA provisions shall be deemed Ineligible Applicants</p>
“Initial Offer Period”	the period set by the Directors in relation to any Sub-Fund or Class of Shares as the period during which Shares are initially on offer and as specified in the relevant Supplement
“Initial Offer Price”	the initial price payable for a Share as specified in the relevant Supplement for each Sub-Fund
“Institutional Investor”	includes, subject to the CSSF’s evolving administrative practice, credit institutions or other professionals of the financial sector, insurance and reinsurance companies, pension funds/plans, undertakings for collective investment, local authorities, certain types of holding companies, financial or industrial groups, and certain types of

	foundations
“Investment Grade”	means a credit rating of at least BBB- or equivalent as rated by domestic rating agencies in the PRC
“Investment Management Agreement”	any investment management agreement entered into between the Management Company, the SICAV and an Investment Manager, pursuant to which the Investment Manager is appointed by the Management Company to provide discretionary investment management services to the SICAV in relation to one or several Sub-Fund(s)
“Investment Manager”	1.1 any investment manager appointed by the Management Company in relation to one or several Sub-Fund(s) present and future, in view of managing the assets of such Sub-Fund(s) in accordance with an investment management agreement. At the date of this Prospectus, ICBC Asset Management (Global) Company Limited has been appointed as Investment Manager for the Sub-Funds (please refer to the Investment Managers’ section and the relevant Sub-Fund’s Supplement for information regarding the appointed Investment Manager)
“IRS”	means the United States Internal Revenue Service
“Listing Agent”	means Brown Brothers Harriman (Luxembourg) S.C.A.
“Luxembourg”	the Grand Duchy of Luxembourg
“Luxembourg Financial Institution”	means (i) any Financial Institution resident in Luxembourg, but excluding any branch of such Financial Institution that is located outside Luxembourg and (ii) any branch of a Financial Institution not resident in Luxembourg, if such branch is located in Luxembourg
“Management Company”	means FundRock Management Company S.A.
“Member State”	a member state of the EU and any state that is a contracting party to the agreement creating the European Economic Area other than the member states of the EU, within the limits set forth by that agreement and related acts

“Minimum Additional Subscription”	the minimum additional investment for each Class of Shares as specified in the relevant Supplement for each Sub-Fund
“Minimum Holding”	the minimum holding for each Class of Shares as specified in the relevant Supplement for each Sub-Fund
“Minimum Subscription”	the minimum investment for each Class of Shares as specified in the relevant Supplement for each Sub-Fund
“Money Market Instruments”	instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time, and instruments eligible as money market instruments, as defined by guidelines issued by the CSSF from time to time
“Net Asset Value”	the net asset value of the SICAV, a Sub-Fund or a Class (as the context may require) as calculated in accordance with the Articles
“Net Asset Value per Share”	the Net Asset Value in respect of any Sub-Fund or Class divided by the number of Shares of the relevant Sub-Fund or Class in issue at the relevant time
“Non-EU Regulator” or “Non-EU Regulators”	any financial regulator with which the SICAV and or any of its Sub-Funds may be registered for public distribution in a Non-Member State
“Non-Member State”	any State of Europe, America, Africa, Asia and Oceania which is not a Member State
“Non-US Entity”	means an Entity that is not a US Person
“OECD”	the Organisation for Economic Co-operation and Development
“Other Regulated Market”	a market which is regulated, operates regularly and is recognized and open to the public, namely a market: (i) that meets the following cumulative criteria: liquidity, multilateral order matching (general matching of bid and ask prices in order to establish a single price) and transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that state or by that public authority such as a professional association and (iv) on which the securities dealt are accessible to the public, as those criteria are

	defined and/or amended by guidelines issued by the CSSF from time to time
“Paying Agent”	means Brown Brothers Harriman (Luxembourg) S.C.A.
“P Chips”	shares of non-state owned Chinese companies that are incorporated outside of Mainland China in domiciles of convenience such as the Cayman Islands, Bermuda, etc. and listed on the Hong Kong Stock Exchange
“Prospectus”	this prospectus, as may be amended or supplemented from time to time
“Red Chips”	shares of Chinese companies that are incorporated outside of Mainland China and listed on the Hong Kong Stock Exchange. Red Chips, which are controlled by mainland Chinese entities, are traded in Hong Kong dollars and are available to non-residents of China
“Redemption Price”	the price per Share at which Shares are redeemed
“Reference Currency”	as the context may require, the reference currency of the SICAV, which is the EUR, or of the relevant Sub-Fund, or of the relevant Class of Shares, as described in the Supplement of the relevant Sub-Fund
“Regulated Market”	a market in the meaning of directive 2004/39/EC of the EC Parliament and Council on markets in financial instruments, namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the Directive 2004/39/EC
“Settlement Day”	the Business Day on which subscription monies or redemption proceeds shall be received or paid by the Administrator as defined under “Subscriptions” and “Redemptions” and/or in the Supplement of the relevant Sub-Fund
“SICAV”	ICBC (Europe) UCITS SICAV
“Share” or “Shares”	shares of any Class in the SICAV as the context requires

“Share Class” or “Class of Shares” or “Class”	all of the Shares issued by the SICAV as a particular class of Shares relating to a single Sub-Fund
“Shareholder”	a holder of Shares in the SICAV
“Specified US Person”	means a US Person, other than: (i) a corporation the stock of which is regularly traded on one or more established securities market; (ii) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the US Internal Revenue Code, as a corporation described in clause (i); (iii) the US or any wholly owned agency or instrumentality thereof ; (iv) any States of the US, any US Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under section 501(a) of the US Internal Revenue Code or an individual retirement plan as defined in section 7701(a)(37) of the US Internal Revenue Code; (vi) any bank as defined in section 581 of the US Internal Revenue Code; (vii) any real estate investment trust as defined in section 856 of the US Internal Revenue Code; (viii) any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the US Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (ix) any common trust fund as defined in section 584(a) of the US Internal Revenue Code; (x) any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US Internal Revenue Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the US or any State; (xii) a broker as defined in section 6045(c) of the US Internal Revenue Code; or (xiii) any tax-exempt trust under a plan that is described in section 403(b) or section 457(g) of the US Internal Revenue Code
“Stock Connect”	the mutual market access program through which non-PRC investors can deal in select securities listed on a PRC stock exchange, currently the Shanghai Stock Exchange, through a platform organized by the Hong Kong Stock Exchange and a broker and a clearing house based in Hong Kong, and PRC domestic investors can deal in select securities listed on the Hong Kong Stock Exchange through a platform put in place by a PRC stock exchange, currently the Shanghai Stock Exchange



“Sub-Fund”	a sub-fund of the SICAV representing the designation by the Directors of one or more Classes of Shares as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and investment strategies applicable to such sub-fund and which is established by the Directors from time to time and subject to prior review of the home regulator of the SICAV
“Subscription Price”	the price per Share at which Shares may be issued after the close of the Initial Offer Period calculated in the manner described in section “Subscription Price, Preliminary Charge and Redemption Fee” of the relevant Supplement
“Supplement”	a supplement to this Prospectus specifying certain information in respect of a Sub-Fund and/or one or more Classes
“Transferable Securities”	<p>(i) shares and other securities equivalent to shares (“shares”);</p> <p>(ii) bonds and other debt instruments (“debt securities”); and</p> <p>(iii) any other negotiable securities that carry the right to acquire any such transferable securities by subscription or exchange, to the extent they do not qualify as Techniques and Instruments as described in Appendix 1 of this Prospectus</p>
"UCI"	undertaking for collective investment
“UCI Law”	the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended
“UCITS”	an undertaking for collective investment in transferable securities established pursuant to the UCITS Directive
“UCITS Directive”	the Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended
“UCITS Regulation”	The Commission Delegated Regulation (EU) No 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries

“UCITS Rules”	The UCITS Directive and any binding guidelines or other delegated acts and regulations issued from time to time by the EU relevant authorities pursuant to the UCITS Directive and/or the UCITS Regulation, as well as any Luxembourg laws and regulations applicable in this respect (including but not limited to the UCI Law).
“US”	means United States of America
“US Person”	means a US citizen or resident individual, a partnership or a corporation organized in the US or under the laws of the US or any States thereof, a trust if (i) a court within the US would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the US. This definition shall be interpreted in accordance with the United States Internal Revenue Code
“US Tax-Exempt Investor”	a US person within the meaning of the United States Internal Revenue Code that is subject to ERISA or is otherwise exempt from payment of US Federal income tax
“Valuation Day”	the Business Day as of which the Administrator determines the Net Asset Value per Share of each Sub-Fund, as specified in the relevant Supplement for that Sub-Fund
“Valuation Point”	the point in time on which the value of the assets of a Sub-Fund is determined on a Valuation Day, as specified for each Sub-Fund in the relevant supplement to this Prospectus.

In this Prospectus the words and expressions set out in the first column above shall have the meanings set opposite them unless the context requires otherwise.

## Currencies

<b>“CHF”</b>	means the legal currency of Switzerland;
<b>“EUR”</b>	means the legal currency of those member states of the EU participating in the EUR or such successor currency determined by the Board of Directors;
<b>“GBP”</b>	means the legal currency of the United Kingdom;
<b>“HKD”</b>	means the legal currency of Hong Kong;
<b>“Offshore RMB”</b>	means the legal currency of the PRC, as traded outside the PRC;
<b>“RMB/onshore RMB”</b>	means the legal currency of the PRC, as traded within the PRC;
<b>“USD”</b>	means the legal currency of the US.

## THE SICAV AND THE SUB-FUNDS

The SICAV is an open-ended investment company incorporated under the laws of Luxembourg as a *Société d'Investissement à Capital Variable* in accordance with the provisions of Part I of the UCI Law for an unlimited period of time.

The SICAV was incorporated as a UCITS governed by the provisions of Part I the UCI Law, on 22 October 2014, under the name of ICBC (Europe) UCITS SICAV, and is registered with the Luxembourg Trade and Companies' Register under number B 191675.

The Articles have been deposited with the Luxembourg Trade and Companies' Register and published in the *Mémorial C. Recueil des Sociétés et Associations* on 2 December 2014.

The SICAV is an umbrella fund designed to offer investors access to a variety of investment strategies through a range of separate Sub-Funds. At the date of this Prospectus, the SICAV has created the following Sub-Fund: ICBC (Europe) UCITS SICAV – China Opportunity RQFII Bond Fund.

The SICAV has appointed FundRock Management Company S.A. as its designated management company, within the meaning of the UCI Law. Further details on the Management Company are provided below under the section "Management Company".

At all times the SICAV's capital will be equal to the Net Asset Value of the SICAV and will not fall below the minimum capital required by Luxembourg law.

The Directors may create additional Sub-Funds from time to time in respect of which a Supplement or Supplements will be issued after prior review of the home regulator of the SICAV.

The assets of each Sub-Fund will be segregated from one another and will be invested in accordance with the investment objectives and investment strategies applicable to each such Sub-Fund and as set out in the relevant Supplement. Pursuant to Article 181 of the UCI Law, each Sub-Fund corresponds to a distinct part of the assets and liabilities of the SICAV, i.e. the assets of a Sub-Fund are exclusively available to satisfy the rights of Shareholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation and operation of that Sub-Fund.

The liabilities of a particular Sub-Fund (in the event of a winding up of the SICAV or a repurchase of the Shares in the SICAV or all the Shares of any Sub-Fund) shall be binding on the SICAV but only to the extent of the particular Sub-Fund's assets and in the event of a particular Sub-Fund's liabilities exceeding its assets, recourse shall not be made against the assets of another Sub-Fund to satisfy any such deficit.

The Reference Currency of each Sub-Fund and Class of Shares is set out in the relevant Supplement.

Shares of a Sub-Fund may be listed on the Luxembourg Stock Exchange or on another stock exchange. The Board of Directors will decide whether Shares of a particular Sub-Fund are to be listed. The relevant Supplement will specify if the Shares of a particular Sub-Fund are listed.

## The Sub-Funds and their Investment Objectives and Strategies

Details of the investment objective, investment strategies and certain terms relating to an investment in a Sub-Fund will be set out for each Sub-Fund in the relevant Supplement.

## Profile of a Typical Investor

The profile of a typical investor will be set out for each Sub-Fund in the relevant Supplement.

The decision to invest in one particular Sub-Fund should be determined by the investor's attitude to risk, preference for income or growth, intended investment time horizon and in the context of the investor's overall portfolio. Investors should seek professional advice before making investment decisions.

## Classes of Shares

Each Sub-Fund may offer more than one Class of Shares. Each Class of Shares may have different features with respect to e.g. its criteria for subscription, redemption, Minimum Holding, fee structure, currency, hedging strategy and dividend policy. A separate Net Asset Value per Share will be calculated for each Class. The Classes of Shares currently available for each Sub-Fund are set out in the relevant Supplement. Further Classes may be created by the Board of Directors in accordance with the requirements of the Articles and the CSSF.

Information as to the availability of Classes of Shares in each country where the Shares of the SICAV are registered for sale may be obtained from the local Distributors.

The Minimum Subscription, Minimum Holding and Minimum Additional Subscription for any Sub-Fund or Class of Shares may be waived or reduced at the discretion of the Directors.

## Investment Restrictions

Investment of the assets of each Sub-Fund must comply with the UCI Law and, in relation to Sub-Funds which are registered for public distribution in Non-Member States, may be required to comply with certain legal or regulatory provisions of those Non-Member States. The investment and borrowing restrictions applying to the SICAV and each Sub-Fund are as set out in Appendix 1. Subject to prior review from the home regulator of the SICAV and, when applicable, the relevant Non-EU Regulator, the Directors may impose further restrictions or change any investment restrictions in respect of any Sub-Fund(s). In relation to Sub-Funds registered for public distribution in Non-Member States, the SICAV will provide prior notification as may be required or allowed by the home regulator of the SICAV and the Non-EU Regulator to the investors concerned.

With the exception of permitted investments in unlisted securities or in units of open-ended collective investment schemes or in over-the-counter (“**OTC**”) derivative contracts, investments will be made on Regulated Markets or on Other Regulated Markets. Each Sub-Fund may also hold ancillary liquid assets.

## Reports and Financial Statements

The SICAV's accounting period will end on the 31<sup>st</sup> of December of each year.

The SICAV will prepare an annual report and audited annual accounts within four months of the financial period to which they relate i.e. by the 30<sup>th</sup> of April of each year. Copies of the unaudited half yearly reports (made up to the 30<sup>th</sup> of June of each year) will also be prepared within two months of the end of the half year period to which they relate i.e. by the 31<sup>st</sup> of August of each year.

Copies of the annual audited financial statements and half yearly reports will be circulated to Shareholders and prospective investors upon request (see also "General Information" section).

## Distribution Policy

In each Class of Shares within each Sub-Fund, the Board of Directors may issue Accumulation Shares and Distribution Shares, as more fully described in the relevant Supplement.

Distribution Shares may pay a dividend to their holders whereas Accumulation Shares capitalise their entire earnings.

The annual general meeting of the Shareholders shall decide, on recommendation of the Board of Directors, what share of the SICAV's profits shall be distributed from each relevant Class of Shares. Distribution of a dividend may be decided independently of all capital gains or losses, realised or unrealised.

Consequently, the annual general meeting of the Shareholders may approve, for each Sub-Fund or Class of Shares, the distribution of the net income and capital gains after deduction of capital losses. The amounts corresponding to income attributable to the Shares of a Class which decided not to pay a dividend will be capitalised in the assets of the Class concerned.

The type of distribution (net investment income or capital) will be specified in the SICAV's financial statements. Every resolution of the annual general meeting of the Shareholders deciding the distribution of a dividend in a Sub-Fund must be approved by the Shareholders of the said Sub-Fund by a simple majority of the votes validly cast at such meeting.

For each Sub-Fund, the Board of Directors may decide on the payment of interim dividends in compliance with legal requirements.

The distribution policy of each Class of Shares within each Sub-Fund is set out in the relevant Supplement.

Entitlement to dividends and allocations not claimed within five years of the due date shall be forfeited and the corresponding assets shall revert to the Sub-Fund concerned or, in case of liquidation of such Sub-Fund, to the remaining Sub-Fund.

Payments will be made in the Reference Currency of the relevant Class.

In any event, no distribution may be made if, as a result thereof, the Net Asset Value of the Sub-Fund would fall below the equivalent of EUR 1,250,000.

Publication of Net Asset Value per Share

The Net Asset Value per Share may be obtained free of charge from and will be available at the offices of the Administrator during business hours in Luxembourg.

## **DIRECTORS**

The Board of Directors is responsible for the overall management and control of the SICAV in accordance with the Articles. The Board of Directors shall have the power to determine the corporate and investment objectives and strategies of the SICAV and each Sub-Fund thereof, as well as the course of conduct of the management and business affairs of the SICAV. It shall be further responsible for oversight of the administration and operations of each Sub-Fund.

The members of the Board of Directors will receive periodic reports from the Management Company in relation to the performance by the Management Company of its functions as per the Fund Management Company Agreement.

The members of the Board of Directors currently are:

Mr. Lei XU (Chairman of the Board)  
Deputy General Manager  
ICBC (Europe) S.A. & ICBC Luxembourg Branch

Mr. Haijin LI  
Head of Global Investment Division  
Asset Management Department, ICBC Head Office

Mr. Dennis George ROBERTSON  
Independent director



## MANAGEMENT COMPANY

Pursuant to the Fund Management Company Agreement, the SICAV has appointed FundRock Management Company S.A. (formerly known under the name RBS (Luxembourg) S.A.) as its designated management company within the meaning of the UCI Law. The Management Company is responsible, subject to the overall supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the SICAV.

The Management Company was incorporated in the form of a *société anonyme* on 10 November 2004 for an unlimited duration. The Management Company is approved as a management company regulated by Chapter 15 of the UCI Law. The Management Company has a subscribed and paid-up capital of EUR 10,000,000.-.

The board of directors of the Management Company is, at the date of this Prospectus, composed as follows:

Mr. Kevin Charles Brown (Chairman)  
Independent Non-Executive Director

Mr. Eric May  
Director  
Founding Partner of BlackFin Capital Partners

Mr Michael Marcel Vareika  
Independent Non-Executive Director

Mr Romain Denis  
Executive Director – IT Projects, Data Management and Strategy Projects  
FundRock Management Company S.A.

Mr Christophe Douche  
Executive Director – Risks and Operations  
FundRock Management Company S.A.

Mr Ross Thomson  
Executive Director – Ireland Branch  
FundRock Management Company S.A.  
Mr. Revel Justin Wood  
Executive Director - Chief Executive Officer  
FundRock Management Company S.A.

The Management Company is managed by its board of directors.

The conducting officers of the Management Company are Mr. Romain Denis (Executive Director – IT Projects & Data Management and Strategy Projects), Mr. Christophe Douche (Executive Director - Risks and Operations), Mr. Enda Fahy (Director - Alternative Investments), Mr. Gregory

Nicolas (Director - Legal, Compliance and Corporate) and Mr. Revel Justin Wood (Executive Director - Chief Executive Officer).

In addition to the SICAV, the Management Company also acts as management company for other funds. The list of funds managed by the Management Company is set out in the Management Company's annual reports and may be obtained upon request from the Management Company.

Upon recommendation and with the written prior consent of the Directors and, to the extent required by applicable law, the approval of the CSSF, the Management Company is authorised to delegate all or part of its duties and powers to any person or entity, provided such duties and powers remain under the supervision and responsibility of the Management Company.

The Management Company, with the approval and upon recommendation of the SICAV, has delegated the central administration functions and the registrar and transfer agency functions to the Administrator, the investment management function to the Investment Managers and the marketing activities to the Distributors.

The relationship between the Management Company and the SICAV is subject to the terms of the Fund Management Company Agreement which has been entered into for an unlimited period of time from the date of its execution. Each of the Management Company and the SICAV may terminate the Fund Management Company Agreement upon ninety (90) calendar days' written notice. The Fund Management Company Agreement may also be terminated on shorter notice in certain circumstances.

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the European Directive 2014/91/EU ("**UCITS V**") and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the investors in such UCITS, and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Management Company manages.

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

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: [https://www.fundrock.com/pdf/Fundrock\\_Remuneration\\_policy.pdf](https://www.fundrock.com/pdf/Fundrock_Remuneration_policy.pdf). A paper version of this remuneration policy is made available free of charge to investors at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion which relies on the following principles<sup>1</sup>:

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

The Fund Management Company Agreement contains provisions indemnifying the Management Company, and exempting the Management Company from liability, in certain circumstances.

Where the Management Company has delegated any of its functions to a third party, the relevant agreement shall contain a provision which allows the Management Company to give at any time further instructions to the entity(ies) to which those functions have been delegated and to terminate the relevant agreement without prior notice and with immediate effect, as provided for by article 110 (1) (g) of the UCI Law.

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<sup>1</sup> It should be noted that, upon issuance of final guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

## INVESTMENT MANAGERS

Upon recommendation and with the approval of the Directors, the Management Company may appoint one or several investment managers to manage and invest the assets of the Sub-Funds pursuant to their respective investment objectives and strategies.

ICBC Asset Management (Global) Company Limited has been appointed to manage and invest the assets of the Sub-Fund ICBC (Europe) UCITS SICAV – China Opportunity RQFII Bond Fund (please refer to Supplement 1).

ICBC Asset Management (Global) Company Limited is a limited company incorporated and existing under the laws of Hong Kong since 26 March 1991, having its registered office at Unit 2501, ICBC Tower, 3 Garden Road, Central, Hong Kong. It is licensed under Part V of the Hong Kong Securities and Futures Ordinance to conduct Type 4 (advising on securities), Type 5 (advising on future contracts) and Type 9 (asset management) regulated activities with the Securities and Futures Commission in Hong Kong (“SFC”) with SFC Central Entity Number AAY077. ICBC Asset Management (Global) Company Limited is a wholly owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited, which was established on 12 November 1964 and is a licensed bank incorporated in Hong Kong. It is principally engaged in banking, financial and other finance-related services with a focus on retail and commercial banking as well as corporate banking business. The ultimate holding company of ICBC Asset Management (Global) Company Limited is Industrial and Commercial Bank of China, licensed with the China Banking Regulatory Commission. It is currently China's largest commercial bank by market capitalisation. It offers a wide range of financial services to corporate and individual customers, including various types of deposits and loans, trade finance, remittance, settlement, commercial and industrial finance, syndicated loans, inward and outward bills of exchange, China business advisory and financial services, asset management, securities, trustee and bullion brokerage services as well as insurance agency services.

Details of any sub-investment manager(s) appointed by the Investment Managers in respect of the assets of any Sub-Fund, if any, are set out in the Supplement relevant to the Sub-Fund in question.

Each Investment Manager is appointed pursuant to an Investment Management Agreement. Under the applicable Investment Management Agreement, each Investment Manager has full discretion, subject to the overall review and control of the Management Company, to manage the assets of the SICAV on a discretionary basis.

The Investment Managers provide the Management Company with advice, reports and recommendations in connection with the management of the assets of the relevant Sub-Funds and shall advise the Management Company as to the selection of liquid assets and other securities and assets constituting the portfolios of the relevant Sub-Funds and have discretion, on a day-to-day basis and subject to the overall control and responsibility of the Management Company, to purchase and sell such liquid assets and other securities and otherwise to manage the relevant Sub-Funds' portfolios. Any management activities of the Investment Managers shall be subject to compliance with the investment objective, strategy and restrictions of the relevant Sub-Funds as set out in this Prospectus as well as with any additional restrictions and directions notified by the Management Company to the relevant Investment Manager from time to time.

## ADMINISTRATOR

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed upon recommendation and with the approval of the Directors by the Management Company as the Administrator of the SICAV pursuant to the Administration Agreement entered into for an unlimited period of time from the date of its signature. The Administrator will carry out all administrative duties related to the administration of the SICAV, including the calculation of the Net Asset Value of the Shares and the provision of accounting and regulatory services to the SICAV.

The Administrator is a *société en commandite par actions* organised under the laws of the Grand Duchy of Luxembourg. It was incorporated in Luxembourg on 9 February 1989 and its registered office is at 80, route d'Esch, L-1470 Luxembourg. It is licensed to engage in all banking operations under Luxembourg law.

The Administrator is not responsible for any investment decisions of the SICAV or the effect of such investment decisions on the performance of the SICAV.

The Administrator has also been appointed as the registrar and transfer agent of the SICAV pursuant to the Administration Agreement. In this function the Administrator will process all subscriptions, redemptions and transfers of Shares and will register these transactions in the Share register of the SICAV.

The relationship between the SICAV, the Management Company and the Administrator is subject to the terms of the Administration Agreement. The SICAV, the Management Company and the Administrator may terminate the Administration Agreement on ninety (90) calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances.

The Administration Agreement contains provisions indemnifying the Administrator, and exempting the Administrator from liability, in certain circumstances.

Subject to the prior written consent of the Directors, the Management Company reserves the right to change the administration arrangements described above by agreement with the Administrator and/or in its discretion to appoint an alternative administrator without prior notice to Shareholders. Shareholders will be notified in due course of any appointment of an alternative administrator and the Prospectus will be duly amended to reflect such a change, as appropriate.

The Administrator has also been appointed by the SICAV as Corporate Agent, Domiciliary Agent, Paying Agent and Listing Agent pursuant to the Administration Agreement.

## DEPOSITARY

Brown Brothers Harriman (Luxembourg) S.C.A. ("BBH") has been appointed by the SICAV as the depositary of its assets (the "Depositary") pursuant to the terms of a depositary agreement, as amended from time to time (the "Depositary Agreement") in charge of (i) the safekeeping of the assets of the SICAV, (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as may be agreed in writing from time to time between the SICAV and the Depositary in accordance with the UCITS Rules.

The Depositary is entrusted with the safekeeping of the SICAV's assets in accordance with the UCITS Rules. The Depositary is required to ensure that the SICAV's cash flows are properly monitored, and in particular, that subscription monies have been received and all cash of the SICAV has been booked in cash accounts, inter alia, in the name of (i) the SICAV or (ii) the Depositary on behalf of the SICAV.

In addition, the Depositary is required to:

- i. ensure that the sale, issue, repurchase, redemption and cancellation of the Shares are carried out in accordance with the Articles and applicable Luxembourg laws, rules and regulations;
- ii. ensure that the value of the Shares is calculated in accordance with the Articles and applicable Luxembourg laws, rules and regulations and the Prospectus;
- iii. ensure that in transactions involving the SICAV's assets any consideration is remitted to the SICAV within the usual time limits;
- iv. ensure that the SICAV's income is applied in accordance with the Articles and applicable Luxembourg laws, rules and regulations; and
- v. carry out the instructions from the SICAV, unless they conflict with the Articles and applicable Luxembourg laws, rules and regulations.

The Depositary is entrusted with the safe-keeping of the SICAV's assets. All assets that can be held in custody are registered in the Depositary's books within segregated accounts, opened in the name of the SICAV, in respect of each Sub-Fund, so that they can be clearly identified as belonging to the SICAV in accordance with the applicable laws at all times. For the other assets, the Depositary must verify the ownership of such assets by the SICAV in respect of each Sub-Fund. Furthermore, the Depositary shall ensure that the SICAV's cash flows are properly monitored.

The Depositary is not allowed to carry out activities with regard to the SICAV that may create conflicts of interest between the SICAV, the Shareholders and the Depositary itself, unless the Depositary has properly identified any such potential conflicts of interest, has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the Shareholders. In that respect, the Depositary maintains comprehensive and detailed corporate policies and procedures requiring the Depositary to comply with applicable laws and regulations.

The Depositary has policies and procedures governing the management of conflicts of interest. These policies and procedures address conflicts of interest that may arise through the provision of services by the Depositary to the SICAV.

The Depositary's policies require that all material conflicts of interest involving internal or external parties are promptly disclosed, escalated to senior management, registered, mitigated and/or

prevented, as appropriate. In the event a conflict of interest may not be avoided, the Depositary shall maintain and operate effective organizational and administrative arrangements in order to take all reasonable steps to properly (i) disclosing conflicts of interest to the SICAV and to the Shareholders (ii) managing and monitoring such conflicts.

The Depositary ensures that employees are informed, trained and advised of conflicts of interest policies and procedures and that duties and responsibilities are segregated appropriately to prevent conflicts of interest issues.

Compliance with conflicts of interest policies and procedures is supervised and monitored by the Board of Managers as general partner of the Depositary and by the Depositary's Authorized Management, as well as the Depositary's compliance, internal audit and risk management functions.

The Depositary shall take all reasonable steps to identify and mitigate potential conflicts of interest. This includes implementing its conflicts of interest policies that are appropriate for the scale, complexity and nature of its business. This policy identifies the circumstances that give rise or may give rise to a conflict of interest and includes the procedures to be followed and measures to be adopted in order to manage conflicts of interest. A conflict of interest register is maintained and monitored by the Depositary.

The Depositary does also act as administrative agent and registrar and transfer agent of the SICAV. The Depositary has implemented appropriate segregation of activities between the Depositary and the administration, registrar and transfer agency services, including escalation processes and governance. In addition, the depositary function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

The Depositary may delegate to third parties the safe-keeping of the SICAV's assets to correspondents (the "Correspondents") subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. In relation to the Correspondents, the Depositary has a process in place designed to select the highest quality third-party provider(s) in each market. The Depositary shall exercise all due skill, care and diligence in choosing and appointing each Correspondent so as to ensure that each Correspondent has and maintains the required expertise and competence. The Depositary shall also periodically assess whether Correspondents fulfill applicable legal and regulatory requirements and shall exercise ongoing supervision over each Correspondent to ensure that the obligations of the Correspondents continue to be appropriately discharged. The list of Correspondents relevant to the SICAV is available on <http://www.bbh.com/luxglobalcustodynetworklist>. This list may be updated from time to time and is available from the Depositary upon written request.

A potential risk of conflicts of interest may occur in situations where the Correspondents may enter into or have a separate commercial and/or business relationship with the Depositary in parallel to the safekeeping delegation relationship. In the conduct of its business, conflicts of interest may arise between the Depositary and the Correspondent. Where a Correspondent shall have a group link with the Depositary, the Depositary undertakes to identify potential conflicts of interests arising from that link, if any, and to take all reasonable steps to mitigate those conflicts of interest.

The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to any Correspondent. The Depositary will notify the Board of the SICAV and/or the Board of the Management Company of the relevant SICAV of any such conflict should it so arise.

To the extent that any other potential conflicts of interest exist pertaining to the Depositary, they have been identified, mitigated and addressed in accordance with the Depositary's policies and procedures.

Updated information on the Depositary's custody duties and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depositary.

The rights and duties of the Depositary are governed by the Depositary Agreement entered into for an unlimited period of time from the date of its signature. The SICAV and the Depositary may terminate the Depositary Agreement on ninety (90) calendar days' prior written notice; provided, inter alia, that a new depositary assumes the responsibilities and functions of the Depositary and that the prior approval of the home regulator of the SICAV and, to the extent applicable the relevant Non-EU Regulator(s) has been obtained. The depositaryship shall, if terminated by the SICAV, however continue thereafter for such period as may be necessary for the complete delivery or transfer of all assets held by it to the new depositary.

In accordance with the provisions of the UCITS Rules and the Depositary Agreement, the Depositary shall be liable for the loss of financial instruments held in custody by the Depositary or a third party to whom the custody of such financial instruments has been delegated as described above. In such case, the Depositary must return a financial instrument of identical type or the corresponding amount to the SICAV, without undue delay. The Depositary shall not be liable if it is able to prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall also be liable to the SICAV or to the Shareholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under the UCITS Rules and the Depositary Agreement.



## **DISTRIBUTORS**

Upon recommendation and with the approval of the Directors, the Management Company may appoint Distributors pursuant to Distribution Agreements entered into between the SICAV, the Management Company and the relevant Distributor to distribute shares of the SICAV in agreed countries.

Certain Distributor(s) (themselves or acting through their branches, where applicable) or certain duly authorised sub-distributor(s) of any Distributor(s) may offer a nominee service pursuant to which the nominee holds Shares in its name but on behalf of the investors purchasing Shares. Investors may elect, but are not obliged, to make use of such nominee service and retain the ability to directly invest in the SICAV without using a nominee service.

Furthermore, nominee arrangements between investors and the relevant nominee shall contain termination provisions which give investors the right to claim direct title to the Shares further to termination of the arrangement, subject to compliance with any anti-money laundering, anti-terrorism financing and know your customer investor due diligence requirements as set out in this Prospectus which apply to all direct Shareholders.

The Distributors may retain any preliminary charge, conversion or redemption fee payable by investors, as may be agreed from time to time. The Distributor(s) may decide to offer a contractual settlement in respect of applications for Shares, where the application is made by a professional investor, an Institutional Investor, or via a financial intermediary, in accordance with this Prospectus, subject to the consent of the Management Company and/or the Board of Directors.

## **SUBSCRIPTIONS**

### **Initial Offer**

Shares in the SICAV may be subscribed for during the relevant Initial Offer Period at the Initial Offer Price and will be issued for the first time on the first Dealing Day after expiry of the relevant Initial Offer Period. In addition, the SICAV may also charge a preliminary charge during the Initial Offer Period, as set out in the relevant Supplement of the relevant Sub-Fund. Such preliminary charge will be deducted from the subscription amount paid by the Shareholder as set out in “Fees and Expenses”. Such a preliminary charge shall revert to Distributors. The Distributor(s) may waive its (their) right to all or part of the applicable preliminary charge in its (their) sole discretion. The Directors may also extend the Initial Offer Period at their discretion. In such a case, Shareholders having subscribed for Shares prior to the extension of the Initial Offer Period will have to be notified of such extension and be granted the possibility to redeem their Shares at no costs.

### **Subsequent Subscriptions**

Following the close of the relevant Initial Offer Period, Shares will be available for subscription at the Subscription Price on each Dealing Day on a forward pricing basis (see below under “Procedure”). In addition, the SICAV may also charge a preliminary charge on such a subscription for Shares, as set out in the relevant Supplement of the relevant Sub-Fund. Such preliminary charge will be deducted from the subscription amount paid by the Shareholder as set out in “Fees and Expenses”. Such a preliminary charge shall revert to Distributors. The Distributor(s) may waive its (their) right to all or part of the applicable preliminary charge in its (their) sole discretion. In case the relevant Sub-Fund is a master fund of another UCITS, the relevant feeder fund will not pay any preliminary charge.

The Directors are authorised from time to time to resolve to close a Sub-Fund or any Class of Shares to subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

### **Procedure**

Applicants for Shares during the relevant Initial Offer Period should complete and sign an application form and send it to the Administrator by mail (or, subject to the following, by facsimile) so as to be received by the Administrator no later than the end of the Initial Offer Period. Cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) must be received by the Administrator at the latest on the third Business Day after the last day of the Initial Offer Period or as otherwise set out in the relevant Supplement (the “Settlement Day”).

If the relevant application form and/or subscription monies is/are not received on the Settlement Day, the application will be held over until such application form and/or subscription monies is/are received and handled the relevant following Dealing Day. Shares will then be issued at the relevant Subscription Price on that Dealing Day.

Thereafter, applicants for Shares and Shareholders wishing to apply for additional Shares, must inform the Administrator of their wish to apply for additional Shares before the relevant Cut-Off time as described in the relevant Supplement, and ensure that cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) are received by the Administrator at the latest on the third Business Day after the relevant Dealing Day or as otherwise set out in the relevant Supplement (the "Settlement Day"). Applications accepted prior to the Cut-Off time will be processed the following Business Day (i.e. the Dealing Day). Any applications received after the Cut-Off time for a particular Dealing Day will be processed on the following Dealing Day.

The Directors may decide, for e.g. Classes of Shares denominated in certain currencies, that the cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) must be received by the Administrator by a determined time, referring to Luxembourg time, on the Settlement Day, as further described in the relevant Supplement.

Initial applications may be made by facsimile subject to the prompt receipt by the Administrator of the original signed application form and such other supporting documents (such as documentation in relation to money laundering prevention checks) as may be required. Thereafter, Shareholders wishing to apply for additional Shares may apply for Shares by facsimile and these applications may be processed without a requirement to submit original documentation. Amendments to a Shareholder's registration details and payment instructions will only be effected on receipt of original documentation.

Application forms may also be sent to Distributor(s). In such case, the Distributor(s), shall receive all necessary documents (including the documentation in relation to money laundering prevention checks) no later than, in the case of subscriptions during the Initial Offer Period, the Cut-Off time of the last day of the Initial Offer Period (as specified for each Sub-Fund in the relevant Supplement), and thereafter no later than the Cut-Off time of the relevant Dealing Day. Subscriptions received by the Distributor(s) after the Cut-Off time of the relevant Dealing Day shall be effected on the following Dealing Day. In case applications are sent directly to Distributor(s), subscription monies (including any preliminary charge) may be paid to the relevant Distributor(s).

Submission of application forms via the Distributor(s) and payment of subscription monies (including any preliminary charge) may be subject to a cut-off time which is different from the Cut-Off time specified in the relevant Supplement. Investors should therefore check with the relevant Distributor(s) on the timing and procedures for submission of any application forms and payment of subscription monies (including any preliminary charge).

Payment of subscription monies (including any preliminary charge) must be made by wire transfer in cleared funds (net of any transfer costs) on a designated account, as referred to in the application form, in the Reference Currency of the relevant Class of Shares, as specified in the relevant Supplement.

Subscription amounts received in any convertible currency, other than the Reference Currency of the relevant Class of Shares, will be converted upon receipt of cleared funds (net of any transfer costs) by the Administrator acting on behalf of the investor and at his expense and risk, into the relevant Reference Currency.

Fractions of Shares to three decimal places will be issued if necessary. Interest on subscription monies will accrue to the SICAV.

The Board of Directors reserves the right to reject any application in whole or part at its absolute discretion, including but not limited to, in cases where the application is below the Minimum Subscription or the Minimum Additional Subscription, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) to the applicant as soon as practicable in the relevant currency at the risk and cost of the applicant.

The Board of Directors may agree to issues of Shares in exchange for assets other than cash but will only do so where, in the absolute discretion of the Board of Directors, it is determined that the SICAV's acquisition of such assets in exchange for Shares complies with the investment strategies and restrictions laid down in the relevant Supplement to this Prospectus for each Sub-Fund, has a value equal to the relevant Subscription Price of the Shares (including any preliminary charge) and is not likely to result in any material prejudice to the interests of Shareholders. Such contribution in kind to any Sub-Fund will be valued independently in a special report from the Auditor, at the expense of the investor. Transaction charges incurred on the transfer of assets will be chargeable to the investor in respect of such contribution in kind.

#### Late payment of subscription monies

If the payment of the subscription monies has not been received by the Settlement Day, any pending application for Shares may be rejected or, if the application had previously been accepted by the SICAV, any allocation of Shares made on the basis of the application may be cancelled by a compulsory redemption of the Shares at the applicable Redemption Price, as defined in the "Redemption" section below. The Administrator will inform the applicant that the application has been rejected or the subscription cancelled, as applicable, and the money received after the Settlement Day, if any, will be returned to the applicant at its risks and costs, without interest.

In all cases, the SICAV reserves the right to require indemnification from the applicant against any losses, costs or expenses arising as a result of any failure to settle the subscription monies by the Settlement Day. The SICAV may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

#### Minimum Investment

The Minimum Holding, the Minimum Subscription and the Minimum Additional Subscription (if any) for each Class in respect of each Sub-Fund are set out in the relevant Supplement.

#### Ineligible Applicants

The application form requires each prospective applicant for Shares to represent and warrant to the SICAV that, among other things, any applicant is not an Ineligible Applicant.

In particular, the Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the SICAV incurring any liability to taxation or suffering any other pecuniary disadvantage which the SICAV might not otherwise incur or suffer, or would result in the SICAV being required to register under any applicable US securities laws.

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (a) such US Person is a US Tax-Exempt Investor which certifies that it is an “accredited investor” and a “qualified purchaser”, in each case as defined under applicable US federal securities laws;
- (b) such issue or transfer does not result in a violation of the US Securities Act of 1933, as amended, or the securities laws of any of the states of the US;
- (c) such issue or transfer will not require the Sub-Fund to register under the US Investment Company Act of 1940, as amended, or to file a prospectus with the US Commodity Futures Trading Commission or the US National Futures Association pursuant to regulations under the US Commodity Exchange Act;
- (d) such issue or transfer will not cause any assets of the Sub-Fund to be “plan assets” for the purposes of Part 4 of Title 1 of the ERISA; and
- (e) such issue or transfer will not result in any adverse regulatory or tax consequences to the Sub-Fund or its Shareholders as a whole.

Each applicant for, and transferee of, Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete the appropriate application form.

#### Form of Shares

All the Shares will be registered Shares and will only be issued in bookstock form, meaning that a Shareholder’s entitlement will be evidenced by an entry in the SICAV’s register of Shareholders, as maintained by the Administrator, and not by a Share certificate.

#### Suspension

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under “Suspension of Valuation of Assets”. No Shares will be issued during any such period of suspension.

#### Anti-Money Laundering

The applicants wanting to subscribe Shares of the SICAV must provide the Management Company, Administrator, Distributor or their delegates with all necessary information, which they may reasonably require to perform the customary due diligence on the applicant, in compliance

with all applicable international and Luxembourg laws, rules and regulations regarding the prevention of money laundering and in particular with the Luxembourg law dated 12 November 2004 against money laundering and terrorism financing, as amended by the law of 17 July 2008 and by the law of 27 October 2010, with the Grand-Ducal regulation dated 1 December 2009 abrogating the Grand-Ducal regulation dated 29 July 2008, the CSSF Regulation No 12-02 of 14 December 2012, and the CSSF Circular 13/556 dated 16 January 2013, as they may be amended from time to time. Failure to do so may result in the SICAV refusing to accept the subscription for Shares in the SICAV.

Applicants must indicate whether they invest on their own account or on behalf of a third party.

The Management Company, Administrator, Distributor or their delegates must in particular verify the identity of the applicant by effecting customer due diligence measures.

Except for applicants applying through companies which are regulated credit or financial institutions, bound in their country by legal provisions on the prevention of money laundering equivalent to those applicable in Luxembourg (in such case, the Management Company, Administrator, Distributor or their delegates may apply simplified customary due diligence procedures) any applicant is obliged to submit to the Management Company, Administrator, Distributor or their delegates all necessary information, which they may reasonably require to perform the customary due diligence.

In the case of an applicant on behalf of a third party, the Management Company, Administrator, Distributor or their delegates must also verify the identity of the beneficial owner(s). In such context, any such applicant undertakes that it will notify the Management Company, Administrator, Distributor or their delegates prior to the occurrence of any change in the identity of any such beneficial owner.

In addition, the Management Company, Administrator, Distributor or their delegates are obliged to identify the source of funds from a financial institution which is not subject to an obligatory identification procedure equivalent to that required under Luxembourg law. The processing of a subscription may therefore be temporarily suspended until the source of the funds has been identified. It is generally accepted that a regulated financial sector professional resident in a Member State is deemed to have an identification obligation equivalent to that required by Luxembourg law.

Failure to provide such information or documentation in a timely manner could result in delay in the allotment of Shares, or in a refusal to allot Shares.

#### Data Protection

In accordance with the provisions of the law of 2 August 2002 on the protection of persons with regard to the processing of personal data as amended, the SICAV has to inform Shareholders that their personal data is kept by means of a computer system.

The SICAV collects, stores and processes by electronic or other means the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services required by the Shareholders and complying with its legal obligations. The data processed includes the name, address and invested amount of each Shareholder (the “**Personal Data**”).

The investor may, at his discretion, refuse to communicate the Personal Data to the SICAV. In this case however the SICAV may reject his request for subscription for Shares in the SICAV.

In particular, the data supplied by Shareholders is processed for the purpose of (i) maintaining the register of Shareholders, (ii) processing subscriptions and redemptions of Shares and payments of dividends to Shareholders, if any, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules and (v) complying with any applicable tax laws and/or regulations for instance in the context of an automatic exchange of information between tax authorities. The SICAV, or the Management Company, can delegate to other entities (the “**Processors**”) such as the Administrator, the processing of the Personal Data in compliance and within the limits of the applicable laws and regulations.

Each Shareholder has a right to access his Personal Data and may ask for a rectification thereof in cases where such data is inaccurate and incomplete. In relation thereto, the Shareholder can ask for a rectification by letter addressed to the SICAV.

The Shareholder has a right of opposition regarding the use of his Personal Data for marketing purposes. This opposition can be made by letter addressed to the SICAV. The Shareholder's Personal Data shall not be held for longer than necessary with regard to the purpose of data processing observing legal periods of limitations.

## REDEMPTIONS

Shareholders may request the redemption of all or any of their Shares on any Dealing Day specified for the relevant Class of Shares in the relevant Supplement for the Sub-Fund in question. Shareholders should send a completed redemption request in the form available from the Administrator to be received by the Administrator no later than the Cut-Off time for the Dealing Day in question.

### Procedure

Redemption requests may be submitted to the Administrator by facsimile, provided that the original subscription application form has been received and all the documentation required by the SICAV (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures have been completed.

Any redemption requests received after the Cut-Off time for a Dealing Day will be processed on the next Dealing Day.

Redemption requests may also be submitted to the Distributor(s) by the Cut-Off time as specified in the relevant Supplement. In such case, and provided that the original subscription application form has been received and all the documentation required by the SICAV (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures have been completed, the redemption request shall be effected on the relevant Dealing Day. Redemption requests received by the Distributor(s) after the Cut-Off time of the relevant Dealing Day shall be effected on the following Dealing Day.

Submission of redemption requests via the Distributor(s) may be subject to a cut-off time earlier than the Cut-Off time as specified in the relevant Supplement. Investors should therefore check with the relevant Distributor(s) on the timing and procedures for submission of any redemption requests.

If as a result of a request for a partial redemption of Shares the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding, the Board of Directors of the SICAV may decide that the holding of such Shareholder will be redeemed in its entirety.

A redemption request, once given to the Administrator or the relevant Distributor, is irrevocable save with the consent of the Directors (which may be withheld in their discretion), provided that the principle of equal treatment of Shareholders be complied with, at any time.

### Redemption Price

The Redemption Price per Share will be equal to the Net Asset Value per Share as of the relevant Valuation Day determined in accordance with the policy set out below. In the event of a partial redemption, Shares will be redeemed on a "first in first out" basis (provided that the principle of equal treatment of Shareholders is complied with, at any time) unless the redeeming Shareholder advises the Administrator otherwise.



The SICAV may charge a redemption fee as set out in the relevant Supplement for the relevant Sub-Fund. A redemption fee would have the result of reducing the redemption proceeds. In case the relevant Sub-Fund is a master fund of another UCITS, the relevant feeder fund will not pay any redemption fee.

### Settlement

Payment of redemption proceeds will be made as soon as practicable after the relevant Dealing Day and normally within a maximum of 7 Business Days of the relevant Cut-Off time, except otherwise provided in the relevant Supplement (the "Settlement Day"). Payment will be made in the currency of denomination of the Shares being redeemed by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk. Payments made on receipt of faxed instructions will only be processed where payment is made to the account of record as provided on either (a) the original, duly signed, initial application form, or (b) the original, duly signed bank mandate change request.

### Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "Suspension of Valuation of Assets". No Shares will be redeemed during any such period of suspension.

### Compulsory Redemptions

The Directors may effect a compulsory redemption of any or all Shares held by or for the benefit of a Shareholder at any time for the purpose of ensuring that no Shares are acquired or held by any person in breach of the provisions of the Prospectus (i.e. *inter alia* payment of the subscription monies on the Settlement Day by an applicant or Shareholder), the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Directors might result in the SICAV, the Management Company or the Investment Managers incurring any liability or taxation or suffering any other disadvantage which the SICAV, the Management Company or the Investment Managers may not otherwise have incurred or suffered (including, but not limited to, Shareholders who become Ineligible Applicants or US Persons who are not able to meet the conditions set out in this Prospectus). Furthermore, the Directors may effect a compulsory redemption of any or all Shares held by or for the benefit of a Shareholder at any time in exceptional circumstances (e.g. subscription of the Shares of the SICAV by a US Person) where they determine that such a compulsory redemption is in the interest of investors.

Subject to the relevant Supplement, if the Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding, the SICAV reserves the right to require compulsory redemption of all Shares of the relevant Class held by a Shareholder. Where the Net Asset Value of the Shares held by a Shareholder is less than the Minimum Holding and the SICAV decides to exercise its right to compulsorily redeem for this reason, the SICAV will notify the Shareholder in writing and allow such Shareholder 30 calendar days to purchase additional Shares to meet the minimum requirement.

### Deferred Redemptions

The Directors may (but are not obliged to) defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10% of a Sub-Fund's Net Asset Value. The Directors will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The Directors will pro-rate all such redemption requests to the stated level (i.e. 10% of the Sub-Fund's Net Asset Value) and will defer the remainder until the next Dealing Day. The Directors will also ensure that all deals relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

The Directors currently expect not to exercise such power to defer redemptions except to the extent that they consider that existing Shareholders would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation.

### In-Specie Redemptions

The SICAV shall have the right, if the Board of Directors so determines, to satisfy payment of the Redemption Price, to any Shareholder who agrees, in specie by allocating to such Shareholder investments from the portfolio of assets set up in connection with such Sub-Fund equal in value (calculated in the manner described in the Articles) as of the Valuation Day, when the Redemption Price is calculated, to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders and the valuation used shall be confirmed by a special report of the Auditor at the expense of the relevant Shareholder. The costs of any such transfers shall be borne by the transferee.

### Anti-Money Laundering

Investors should note that the Directors may refuse to settle a redemption request if it is not accompanied by such additional information as they, the Management Company, the Administrator, the Distributor or their delegates on their behalf, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under "Subscriptions".

## CONVERSION BETWEEN SUB-FUNDS OR CLASSES AND TRANSFERS

Except when issues and redemptions of Shares have been suspended in the circumstances described under “Suspension of Valuation of Assets”, holders of Shares may, to the extent allowed in the relevant Supplement for the Sub-Fund, request a conversion of some or all of their Shares in one Class or Sub-Fund (the “**Original Class**”) for Shares in another Class or Sub-Fund (the “**New Class**”). Such conversions can only take place, if following the conversion, the Shareholder’s holding in the New Class will satisfy the criteria and applicable Minimum Holding of that Class or Sub-Fund. Transfers between investors or from one investor to a prospective investor of part or all of his/their Shares may be prohibited or restricted as further described also in the relevant Supplement for the Sub-Fund.

### Procedure for the conversion

Shareholders should send a completed conversion request in the form available from the Administrator to be received by the Administrator prior to the earlier of the Cut-Off time for redemptions in the Original Class and the Cut-Off time for subscriptions in the New Class. Any applications received after such time will be dealt with on the next Dealing Day.

Shareholders may also send a completed conversion request to the Distributor(s) prior to the earlier of the Cut-off time for redemptions in the Original Class and the Cut-off time for subscriptions in the New Class. Conversion requests received by the Distributor(s) after the earlier of the Cut-Off time for redemptions in the Original Class and the Cut-Off time for subscriptions in the New Class of the relevant Dealing Day shall be effected on the following Dealing Day.

Submission of conversion requests via the Distributor(s) may be subject to a cut-off time earlier than the Cut-Off time as specified in the relevant Supplement; investors should therefore check with the relevant Distributor(s) on the timing and procedures for submission of any conversion requests.

The Directors may at their absolute discretion reject any request for the conversion of Shares in whole or in part.

Fractions of Shares to three decimal places may be issued by the SICAV on conversion where the value of Shares converted from the Original Class is not sufficient to purchase an integral number of Shares in the New Class and any balances representing entitlements of less than a fraction of a Share to three decimal places will be retained by the SICAV in order to discharge administration costs.

The Articles authorise the Directors to charge a conversion fee. The Directors shall only charge a conversion fee if a higher preliminary charge is applicable to the Shares of the Sub-Fund or the Class being acquired. In such case the conversion fee shall not exceed the difference between the preliminary charges applicable to the relevant Sub-Funds or Classes.

A conversion request, once given to the Administrator or the relevant Distributor, is irrevocable save with the consent of the Directors (which may be withheld in their discretion but provided that the principle of equal treatment of Shareholders be complied with at any time) or in the event of a suspension of calculation of the Net Asset Value of the SICAV in respect of which the conversion requests are made.

A conversion of Shares of one Sub-Fund or Class for Shares of another Sub-Fund or Class will be treated as a redemption of Shares and a simultaneous purchase of Shares. A converting Shareholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the Shareholder's citizenship, residence or domicile. No redemption charge will be levied on a redemption of Shares for the purpose of any conversion.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{(R \times NAV \times ER)}{SP}$$

where

**S** is the number of Shares of the New Class to be allotted.

**R** is the number of Shares in the Original Class to be redeemed.

**NAV** is the Net Asset Value per Share of the Original Class as at the relevant Dealing Day.

**ER** is the currency conversion factor (if any) as determined by the Administrator as representing the effective rate of conversion of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Sub-Funds or Classes where the base currencies are different or, where the base currencies are the same,  $ER = 1$ .

**SP** is the Net Asset Value per Share of the New Class as at the relevant Dealing Day.

All terms and notices regarding the redemption of Shares shall equally apply to the exchange of Shares. For the avoidance of doubt, no redemption charge may apply to "NAV" above.

## **PREVENTION OF LATE TRADING AND MARKET TIMING**

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order for shares in a fund after the time limit fixed for accepting orders on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

The SICAV considers that the practice of late trading is not acceptable as it violates the provisions of this Prospectus which provide that an order received after the Cut-Off time is dealt with at a Subscription or Redemption Price based on the Net Asset Value calculated on the next applicable Dealing Day. As a result, subscriptions, conversions and redemptions of Shares shall be dealt with at an unknown Net Asset Value. The Cut-Off time is set out in the Supplements for each Sub-Fund.

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 undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value of the undertaking for collective investment.

The SICAV considers that the practice of market timing is not acceptable as it may affect the SICAV's performance through an increase of the costs and/or entail a dilution of the capital. As a result, the SICAV reserves the right to refuse any subscription, redemption or conversion of Shares which might or appears to be related to market timing practices and to take any appropriate measures in order to protect Shareholders against such practice.

## **VALUATION**

### **Net Asset Value and Valuation of Assets**

The Net Asset Value of each Sub-Fund will be calculated by the Administrator on the Valuation Point of each Valuation Day, in accordance with the Articles.

The Net Asset Value of a Sub-Fund shall be determined on the Valuation Point of each Valuation Day by valuing the assets of the relevant Sub-Fund (including income accrued but not collected) and deducting the liabilities of the relevant Sub-Fund.

The Net Asset Value attributable to a Class shall be determined on the Valuation Point of the relevant Valuation Day by calculating that portion of the Net Asset Value of the relevant Sub-Fund attributable to the relevant Class on the Valuation Point of such a Valuation Day by reference to the number of Shares in issue in each Class as of the relevant Valuation Day subject to adjustment to take account of assets and/or liabilities attributable to the Class.

In the event that the Investment Managers hedge the foreign currency exposure of any Class of Shares denominated in a currency other than the Reference Currency of the relevant Sub-Fund, the costs and any benefit of such hedging will be allocated solely to the relevant Class of Shares to which the hedging relates. The Net Asset Value of a Sub-Fund will be expressed in the Reference Currency of the Sub-Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case.

The Net Asset Value per Share shall be calculated on the Valuation Point of each Valuation Day by dividing the Net Asset Value of the relevant Sub-Fund or attributable to a Class by the total number of Shares in issue or deemed to be in issue in the Sub-Fund or Class on the Valuation Point of the relevant Valuation Day and rounding the resulting total to two decimal places or such number of decimal places as the Directors may determine.

In determining the value of the assets of the SICAV:

- (A) Transferable Securities and Money Market Instruments which are quoted, listed or traded on a Regulated Market or an Other Regulated Market save as hereinafter provided will be valued at last traded market prices, which may be, the closing market price, the mid-market price or the latest market price, as appropriate. Where a security is listed or dealt in on more than one Regulated Market or an Other Regulated Market the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on. Investments listed or traded on a Regulated Market or an Other Regulated Market, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount as of the Valuation Day provided that a competent person (having been appointed by the Directors) shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (B) The value of any Transferable Security which is not quoted, listed or dealt in on a Regulated Market or an Other Regulated Market or which is so quoted, listed or dealt in but for which no such quotation or value is available or the available quotation or value is not representative shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the relevant Investment Manager) selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (C) Cash on hand or on deposit will be valued at its nominal / face value plus accrued interest, where applicable, on the Valuation Point of the relevant Valuation Day.
- (D) Derivative contracts traded on a Regulated Market or an Other Regulated Market shall be valued at the settlement price on the relevant market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or the relevant Investment Manager or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Derivative contracts which are traded OTC will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Depositary and who is independent of the counterparty; or (ii) using an alternative valuation provided by a competent person appointed by the Directors and approved for the purpose by the Depositary or a valuation by any other means provided that the value is approved by the Depositary (the “**Alternative Valuation**”). Where such Alternative Valuation method is used the SICAV will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as the International Organisation of Securities Commissions or the Alternative Investment Management Association and will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.

- (E) Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to freely available market quotations.
- (F) Notwithstanding paragraph (A) above units in collective investment schemes shall be valued at the latest available net asset value per unit or mid-price as published by the relevant collective investment scheme or, if listed or traded on a Regulated Market or an Other Regulated Market, in accordance with (A) above.
- (G) The Directors may value securities having a residual maturity not exceeding three months and having no specific sensitivity to market parameters including credit risk, using the amortised cost method of valuation.
- (H) The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market or Other Regulated Market and with remaining maturity of less than twelve (12) months and of more than sixty (60) days is deemed to be the market value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of sixty (60) days or less will be valued by the amortised cost method, which approximates market value.
- (I) The Directors may adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (J) Any value expressed otherwise than in the Reference Currency of the relevant Sub-Fund shall be converted into the Reference Currency of the relevant Sub-Fund at the prevailing exchange rate (whether official or otherwise) that the Directors shall determine to be appropriate.
- (K) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person approved for the purpose by the Depositary.
- (L) If the Directors deem it necessary a specific investment may be valued under an Alternative Valuation method chosen by the Directors in particular, if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good practice.

In calculating the Net Asset Value of each Sub-Fund the following principles will apply:



- (A) in determining the value of investments of each Sub-Fund the Directors may at their discretion value the investments of each Sub-Fund (i) at lowest market dealing bid prices where on any Dealing Day the value of all redemption requests received exceeds the value of all applications for Shares received for that Dealing Day or at highest market dealing offer prices where on any Dealing Day the value of all applications for Shares received for that Dealing Day exceeds the value of all redemption requests received for that Dealing Day, in each case in order to preserve the value of the Shares held by existing Shareholders; or (ii) at bid and offer prices, where a Sub-Fund is dual priced and bid and offer value is used to determine the price at which Shares are issued and redeemed;
- (B) every Share agreed to be issued by the Directors with respect to each Dealing Day shall be deemed to be in issue as of the Valuation Point of the relevant Valuation Day for the relevant Dealing Day and the assets of the Sub-Fund shall be deemed to include not only cash and property in the hands of the Depositary but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting therefrom (in the case of Shares agreed to be issued for cash) or providing for preliminary charges;
- (C) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Directors have reason to believe such purchase or sale will not be completed;
- (D) there shall be added to the assets of the relevant Sub-Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the SICAV which is attributable to that Sub-Fund;
- (E) there shall be added to the assets of the relevant Sub-Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses;
- (F) there shall be added to the assets of the relevant Sub-Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief;
- (G) where notice of the redemption of Shares has been received by the SICAV with respect to a Sub-Fund for a particular Dealing Day and the cancellation of such Shares has not been completed, the Shares to be redeemed shall be deemed not to be in issue on the Valuation Point of the relevant Valuation Day and the value of the assets of the Sub-Fund, as of the Valuation Point of the relevant Valuation Day, shall be deemed to be reduced by the amount payable upon such redemption; and
- (H) there shall be deducted from the assets of the Sub-Fund:

- (1) the total amount of any actual or estimated liabilities properly payable out of the assets of the Sub-Fund including any and all outstanding borrowings of the Sub-Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the Valuation Point of the relevant Valuation Day;
- (2) such sum in respect of tax (if any) on income or capital gains realised on the investments of the SICAV or Sub-Fund as in the estimate of the Directors will become payable;
- (3) the amount (if any) of any distribution declared but not distributed in respect thereof;
- (4) the remuneration of the Management Company, the Administrator, the Depositary, the Investment Managers, any Distributor and any other providers of services to the Sub-Fund accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
- (5) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the Sub-Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the Valuation Point of the relevant Valuation Day;
- (6) an amount as of the Valuation Point of the relevant Valuation Day representing the projected liability of the Sub-Fund in respect of costs and expenses to be incurred by the Sub-Fund in the event of a subsequent liquidation;
- (7) an amount as of the Valuation Point of the relevant Valuation Day representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the Sub-Fund or Class of Shares; and
- (8) any other liability which may properly be deducted.

In the absence of fraud, bad faith, gross negligence or manifest error, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the SICAV in calculating the Net Asset Value of a Class or the Net Asset Value per Share shall be final and binding on the SICAV and on present, past or future Shareholders, subject to the Articles.

The Directors have delegated to the Administrator the day to day responsibility for the calculation of the Net Asset Value and Net Asset Value per Share.

#### Swing Pricing

In certain circumstances, subscriptions, redemptions and/or conversions in a Sub-Fund may have a negative impact on the Net Asset Value per Share. Where subscriptions, redemptions and/or conversions in a Sub-Fund cause the Sub-Fund to buy and/or sell underlying investments, the value of these investments may be affected by bid/offer spreads, trading costs and related expenses including transaction charges, brokerage fees, and taxes. This investment activity may have a negative impact on the Net Asset Value per Share called “dilution”. In order to protect

existing or remaining investors from the potential effect of dilution, the SICAV may apply a “swing pricing” methodology as further explained below.

The SICAV may apply a so-called “swing pricing” methodology which adjusts the Net Asset Value per Share to account for the aggregate costs of buying and/or selling underlying investments. The Net Asset Value per Share will be adjusted by a certain percentage set by the Board of Directors from time to time for each Sub-Fund called the “swing factor” which represents the estimated bid-offer spread of the assets in which the Sub-Fund invests and estimated tax, trading costs, and related expenses that may be incurred by the Sub-Fund as a result of buying and/or selling underlying investments (the “**Swing Factor**”). As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the Swing Factor may be different for net subscriptions and net redemptions in a Sub-Fund. Generally, the Swing Factor will not exceed five percent (5%) of the Net Asset Value per Share unless otherwise set out for each Sub-Fund in the Supplement. A periodical review will be undertaken in order to verify the appropriateness of the Swing Factor in view of market conditions.

The Board of Directors will determine if a partial swing or full swing is adopted. If a partial swing is adopted, the Net Asset Value per Share will be adjusted upwards or downwards if net subscriptions or redemptions in a Sub-Fund exceed a certain threshold set by the Board of Directors from time to time for each Sub-Fund (called the “**Swing Threshold**”). If a full swing is adopted, no Swing Threshold will apply. The Swing Factor will have the following effect on subscriptions or redemptions:

- 1) on a Sub-Fund experiencing levels of net subscriptions on a Valuation Day (i.e. subscriptions are greater in value than redemptions) (in excess of the Swing Threshold, where applicable) the Net Asset Value per Share will be adjusted upwards by the Swing Factor; and
- 2) on a Sub-Fund experiencing levels of net redemptions on a Valuation Day (i.e. redemptions are greater in value than subscriptions) (in excess of the Swing Threshold, where applicable) the Net Asset Value per Share will be adjusted downwards by the Swing Factor.

The volatility of the Net Asset Value of the Sub-Fund might not reflect the true portfolio performance (and therefore might deviate from the Sub-Fund’s benchmark, where applicable) as a consequence of the application of swing pricing. The performance fee, where applicable, will be charged on the basis of the unswung Net Asset Value of the Sub-Fund.

#### Publication of Net Asset Value per Share

The Net Asset Value per Share may be obtained free of charge from, and will be available at, the offices of the Administrator during business hours in Luxembourg.

#### Suspension of Valuation of Assets

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of the SICAV or a Sub-Fund and the issue, conversion and redemption of Shares in any Sub-Fund:

- A. during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Regulated Markets or Other Regulated Markets on which the SICAV's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- B. during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation by the SICAV of investments of the Sub-Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the SICAV; or
- C. during the whole or part of any period when any breakdown occurs in the means of communication normally employed in determining the price or value of any of the SICAV's investments of the relevant Sub-Fund; or
- D. during the whole or any part of any period when for any other reason the price or value of any of the SICAV's investments cannot be reasonably, promptly or accurately ascertained; or
- E. during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of the SICAV or the Sub-Fund being unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- F. following a possible decision to merge, liquidate or dissolve the SICAV or, if applicable, one or several Sub-Funds; or
- G. following the suspension of the calculation of the net asset value per share/unit, the issue, redemption and/or the conversion at the level of a Master Fund in which the Sub-Fund invests in its quality as Feeder Fund of such Master Fund, to the extent applicable;
- H. if any other reason makes it impossible or impracticable to determine the value of a portion of the investments of the SICAV or any Sub-Fund; or
- I. if, in exceptional circumstances, the Directors determine that suspension of the determination of the Net Asset Value is in the interest of Shareholders (or Shareholders in that Sub-Fund as appropriate).

Any suspension of valuation of the Net Asset Value of the SICAV or a Sub-Fund and the issue, conversion and redemption of Shares in any Class shall be notified to Shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

When a Sub-Fund is registered in a Non-Member State, the Directors may be limited by local rules and regulations in relation to the cases and/or the manner in which they may suspend the determination of the Net Asset Value of that Sub-Fund and the issue, conversion and redemption of Shares in that particular Sub-Fund. Information in relation to those limitations shall be included in the relevant Supplement.

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

## **FEES AND EXPENSES**

Any fees or expenses payable by a Shareholder or out of the assets of the SICAV are set out in this section and the relevant Supplement. The preliminary charge, the fees of the Management Company, Investment Managers, Depositary, Administrator and Directors may be increased provided that a prior notice, as determined by the CSSF and the Non-EU Regulator, as the case may be, be given to Shareholders, subject to the maximum rate set out in this Prospectus or the relevant Supplement.

### **Preliminary Charge**

The SICAV is permitted to make a preliminary charge payable to the Distributor(s) on the subscription for Shares by an investor subscribing through the Distributor(s) as set out in the relevant Supplement of the relevant Sub-Fund and in compliance with any applicable local laws and regulations or local practice in the country of distribution. The preliminary charge shall revert to the Distributors. The Distributor(s) may waive its (their) right to all or part of the applicable preliminary charge in its (their) sole discretion.

### **Redemption Fee**

The SICAV is permitted to make a redemption fee payable to the Distributor(s) on the redemption of Shares by a Shareholder redeeming through the Distributor(s). The current percentage rates of the redemption fee are shown in the relevant Supplement for each Sub-Fund.

### **Management Company Fee**

Unless otherwise stated in the relevant Supplement, in consideration for the provision of the services under the Fund Management Company Agreement, the Management Company will receive a fee for the provision of its services. The fee, which is expressed as a percentage of the Net Asset Value of the Sub-Funds and is calculated on the basis of the Net Asset Value of each Sub-Fund on the last Valuation Day of a given month, is specified in the Supplement.

The fee shall be payable in EUR within thirty (30) Luxembourg business days after receipt of the invoice provided that the amount of the fee to be billed as set out in the invoice is undisputed.

All other reasonably-incurred operating expenses and fees in connection with the provision of services under the Fund Management Company Agreement, as well as all disbursements and out-of-pocket expenses incurred by the Management Company may be charged to the relevant Sub-Fund.

### **Investment Management Fee**

Unless otherwise stated in the relevant Supplement, in consideration for the provision of the investment management services under the respective Investment Management Agreement, and all associated costs, each Investment Manager is entitled to receive a fee for the provision of its services. The fee, which is expressed as a percentage of the Net Asset Value of the Sub-Funds and is calculated on the basis of the average Net Asset Value of each Sub-Fund of a given month, is specified in the Supplement.

The Investment Managers may from time to time, and in their sole discretion, and out of their own resources decide to rebate to all Shareholders (including the Directors), their agents or to intermediaries, part or the entire fee.

#### Depositary Fee

The fee payable to the Depositary under the Depositary Agreement shall be agreed separately between the SICAV and the Depositary, on a Sub-Fund by Sub-Fund basis by reference to typical market rates. The SICAV will reimburse the Depositary for all fees and expenses including legal fees and expenses and out-of-pocket expenses as further disclosed in the Depositary Agreement.

#### Administrator Fee

The fee payable to the Administrator under the Administration Agreement shall be agreed separately between the SICAV, the Management Company and the Administrator, by reference to typical market rates. In addition, the Administrator will be paid by the SICAV reasonable out-of-pocket costs and expenses in respect of its duties as administrator, registrar and transfer agent, corporate agent, listing agent, domiciliary agent and paying agent.

#### Directors Fee

The Directors of the SICAV are paid fees in respect of their services to the SICAV out of the assets of the SICAV and will be appropriately reimbursed for their out-of-pocket expenses incurred in connection with the performance of their duties as directors.

Mr. Lei XU and Mr. Haijin LI shall not receive a fee for acting as Director.

#### Operating Expenses and Fees

The SICAV bears its own operating and other expenses. Where applicable, these expenses include (but are not limited to) (a) all investment expenses (including, but not limited to, specific expenses incurred in obtaining systems, research and other information utilised for portfolio management purposes, including the costs of statistics and services, service contracts for quotation equipment and related hardware and software), (b) all fees and expenses of transactional and trade-related services including, for the avoidance of doubt and without limitation, costs incurred in arranging and participating in stock lending programme, (c) all administrative expenses (including *inter alia* the costs necessary for the SICAV to comply with any tax laws and/or regulations applicable to it) and custody fees, (d) all of the charges and expenses of legal and professional advisers, accountants and auditors (including in connection with the preparation of the SICAV's tax returns), (e) all brokers' commissions, all fees for investment research and/or trade ideas, all borrowing charges on short positions taken through derivative instruments and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions, (f) all taxes and corporate fees payable to governments or agencies, (g) all interest on borrowings (h) all communication expenses with respect to investor services and all expenses of meetings of the Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (i) the fees and expenses of the Directors (in accordance with the Articles), including the reasonable travel

expenses of the Directors and all of the costs of insurance for the benefit of the Directors (if any), (j) all litigation, regulatory investigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (k) the fees of the CSSF, (l) the cost of termination of the SICAV or any Sub-Fund, (m) the fees and expenses of any regulator, paying agent, representative, distributor or correspondent bank appointed in connection with the registration of the SICAV (or any Sub-Fund) or the marketing of Shares or the application for and maintenance of particular tax treatment for the Shares in any jurisdiction, (n) the costs of any liability insurance obtained on behalf of the SICAV, and (o) all other organisational and operating expenses.

Any such operating and other expenses may be deferred and amortised by the SICAV, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the SICAV will be provided for in the calculation of the Net Asset Value of the SICAV. Operating expenses and the fees and expenses of service providers which are payable by the SICAV shall be borne by all Shares in proportion to the Net Asset Value of the SICAV or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Class shall be borne solely by the relevant Class.

As a result of the SICAV and/or any of its Sub-Funds being authorised in a Non-Member State, the SICAV may be required to undertake to such Non-EU Regulator that no marketing or advertising expenses will be paid by the SICAV in respect of those Sub-Funds which are authorised in those Non-Member States, and no commissions will be paid by the SICAV in respect of those Sub-Funds to any Distributors arising out of any dealing in Shares of those Sub-Funds.

#### Allocation of Assets, Charges and Expenses

All fees, duties, charges and expenses are allocated to the relevant Sub-Fund or Class in connection to which they were incurred. In case such fees, duties, charges and expenses cannot be allocated to one or several Sub-Fund(s) or Classes, such fees, duties and expenses will be shared by all Sub-Funds or Classes on a pro-rata basis.

#### Costs of Establishment

The total costs and expenses of setting-up ICBC (Europe) UCITS SICAV are estimated to be approximately EUR 200,000.-. All expenses incurred in the formation of the SICAV or the relevant Sub-Fund shall be paid by the SICAV or the relevant Sub-Fund and may at the discretion of the Directors be amortised over a period not exceeding five (5) years. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

Any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that have not been fully amortised at the time of termination of that Sub-Fund will be debited against the Sub-Fund's assets at that time.



These establishment expenses are being charged as between the various Sub-Funds established by the SICAV within the amortisation period on such terms and in such manner as the Directors (with the consent of the Depositary) deem fair and equitable and provided that each Sub-Fund bears its own direct establishment costs and costs of listing its Shares on any stock exchange. It is expected that such accounting treatment will not be material to the financial statements of the SICAV. If the effect of the accounting treatment becomes material in the future and there is a requirement to write off any unamortised balance of establishment expenses in the financial statement, the Directors will reconsider this policy.

#### Charges to Capital

Where the SICAV determines that the generation of income in a Sub-Fund has equal or higher priority to capital growth, all or part of the fees and expenses of that Sub-Fund may be charged against capital instead of against income. This will constrain and may forego the potential for future capital growth.

## TAXATION

### General

The following summary is based on the law and practice applicable in the Grand Duchy of Luxembourg as at the date of this Prospectus and is subject to changes in law (or interpretation) later introduced, whether or not on a retroactive basis. Investors should inform themselves of, and when appropriate, consult their professional advisors with regards to the possible tax consequences of subscription for buying, holding, exchanging, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

It is expected that Shareholders will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each investor subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with a Shareholder's personal circumstances. Investors should be aware that the residence concept used under the respective headings applies for Luxembourg tax assessment purposes only. Any reference in this section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Investors should also note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Shareholders may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply in addition.

### The SICAV

#### *Subscription tax*

The SICAV is as a rule liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate net assets of each Sub-Fund of the SICAV at the end of the relevant calendar quarter.

This rate is however of 0.01% per annum for:

- individual sub-funds of UCIs the exclusive object of which is the collective investment in money market instruments and the placing of deposits with credit institutions;
- individual sub-funds of UCIs the exclusive object of which is the collective investment in deposits with credit institutions;
- individual sub-funds of UCIs with multiple sub-funds as well as for individual classes of securities issued within a UCI or within a sub-fund of a UCI with multiple sub-funds, provided that the securities of such sub-funds or classes are reserved to

one or more Institutional Investors.

Are further exempt from the subscription tax:

- the value of the assets represented by units held in other UCIs, provided such units have already been subject to the subscription tax;
- UCIs as well as individual sub-funds of umbrella funds (i) whose securities are reserved for Institutional Investors, (ii) whose exclusive object is the collective investment in money market instruments and the placing of deposits with credit institutions, (iii) whose weighted residual portfolio maturity must not exceed ninety (90) days, and (iv) which have obtained the highest possible rating from a recognized rating agency; and
- UCIs whose securities are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, created on the initiative of a same group for the benefit of its employees and (ii) undertakings of this same group investing funds they hold, to provide retirement benefits to their employees.
- for UCIs as well as individual sub-funds of umbrella funds whose investment policy provides for an investment of at least 50% of their assets into microfinance institutions or which have been granted the LuxFLAG label; and
- for UCIs as well as individual sub-funds of umbrella funds (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and (ii) whose exclusive object is to replicate the performance of one or more indices.

#### *Withholding taxes*

Under current Luxembourg law, there is no withholding tax on any distribution, redemption or payment made by the SICAV to its Shareholders under the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the Shareholders.

Non-resident investors should however note that under the EU Savings Directive, interest payments made by the SICAV or its Luxembourg paying agent to individuals and residual entities (i.e. entities: (a) without legal personality (save for (i) a Finnish *avoin yhtiö* and *kommandiittiyhtiö/öppet bolag* and *kommanditbolag* and (ii) a Swedish *handelsbolag* and *kommanditbolag*); (b) whose profits are not taxed under the general arrangements for the business taxation; and (c) that are not, or have not opted to be considered as, UCITS recognised in accordance with the UCITS Directive) resident or established in another EU member state as Luxembourg or in certain associated territories of EU (i.e. Aruba, British Virgin Islands, Curaçao, Guernsey, Isle of Man, Jersey, Montserrat and Sint Maarten) may be subject to a withholding tax in Luxembourg unless the beneficiary opts for an exchange of information whereby the tax authorities of the state of residence are informed of the payment thereof.

As at the date of this Prospectus, the rate of such withholding tax is 35%. This withholding tax applies to (i) distributions of profits by the SICAV derived from interest payments (unless the SICAV's investment in debt claims does not exceed 15%) and (ii) income realised upon the sale, refund or redemption of Shares if the SICAV invests directly or indirectly more than 25% of its net assets in debt claims and to the extent such income corresponds to gains directly or indirectly

derived from interest payments.

Under the Luxembourg laws dated 21 June 2005 implementing the EU Savings Directive and several agreements concluded between Luxembourg and certain associated territories of the European Union (Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat, Curaçao and Sint Maarten – collectively the “**Associated Territories**”), as amended by the Luxembourg law dated 25 November 2014 (the “**Laws**”), a Luxembourg paying agent (within the meaning of the EU Savings Directive) is required to provide the Luxembourg tax administration with information on payments of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or a residual entity within the meaning of article 4.2. of the EU Savings Directive (*i.e.* an entity (i) without legal personality, except for a Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and a Swedish *handelsbolag* and *kommanditbolag*, and (ii) whose profits are not taxed under the general arrangements for the business taxation and (iii) that is not, or has not opted to be considered as, a UCITS recognised in accordance with the UCITS Directive – a “**Residual Entity**”) resident or established in an EU Member State other than Luxembourg. The Luxembourg tax administration then communicates such information to the competent authority of such EU Member State.

The same regime applies to payments to individuals or Residual Entities resident or established in any of the Associated Territories.

The EU Savings Directive has been repealed by Council Directive of 2015/2060 of 10 November 2015 with effect from 1 January 2016. However, for a transitional period, the EU Savings Directive shall continue to apply and notably regarding reporting obligations and scope of information to be provided by the Luxembourg paying agent (within the meaning of the EU Savings Directive) and regarding obligations of the Member States in respect of the issuance of the tax residence certificate and elimination of double taxation. As a consequence of the repeal of the EU Savings Directive, the Laws will no longer apply, save for the provisions related to the above mentioned obligations and within the transitional period foreseen by the said Council Directive.

On 9 December 2014, the Council of the European Union adopted Directive 2014/107/EU amending Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between EU Member States (“**DAC Directive**”), including income categories contained in the EU Savings Directive. The adoption of the aforementioned directive implements the OECD Common Reporting Standard (“**CRS**”) and generalises the automatic exchange of information within the European Union as of 1 January 2016 (CRS Reporting as from 1 January 2017).

The measures of cooperation provided thus by the EU Savings Directive are then replaced by the implementation of the DAC Directive which is also to prevail in cases of overlap of scope. As Austria has been allowed to start applying the DAC Directive up to one year later than other Member States, special transitional arrangements taking account of this derogation apply to Austria.

In addition, Luxembourg signed the OECD’s multilateral competent authority agreement (“**Multilateral Agreement**”) to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. This Multilateral Agreement, jointly with

the DAC Directive introducing the CRS have been implemented into Luxembourg by the law of 18 December 2015 relating to the automatic exchange of information in tax matters (the “CRS Law”).

Under the terms of the CRS Law, the SICAV is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the SICAV’s documentation, the SICAV will be required to annually report to the Luxembourg tax authorities personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) investors that are reportable persons under the CRS Law, and (ii) Controlling Persons (as defined below) of certain non-financial entities which are themselves reportable persons. This information, as exhaustively set out in the CRS Law, will include personal data related to the reportable persons (the “CRS Information”).

The Fund’s ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the SICAV with the required CRS Information, as explained above, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the SICAV will process such CRS Information for the purposes as set out in the CRS Law. The investors undertake to inform their controlling persons, if applicable, of the processing of their CRS Information by the Fund.

For the purposes of this section, “Controlling Person” means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

Investors are further informed that the CRS Information related to reportable persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, reportable persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities. Similarly, investors undertake to inform the SICAV within thirty (30) days of receipt of these statements should any personal data not be accurate. The investors further undertake to immediately inform the SICAV of and provide the SICAV with all supporting documentary evidence of any changes related to the CRS Information after occurrence of such changes. Any investor that fails to comply with the Fund’s CRS Information or documentation requests may be held liable for penalties imposed on the SICAV and attributable to such investor’s failure to provide the information or subject to disclosure of the CRS Information by the SICAV to the Luxembourg tax authorities.

**Investors should get information about, and where appropriate take advice on, the impact of the changes to the EU Savings Directive, the implementation of the DAC Directive and the Multilateral Agreement in Luxembourg and in their country of residence on their investment.**

#### Shareholders

##### *Luxembourg Tax Residency*

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of Shares or the execution, performance or enforcement of its rights thereunder.

#### *Income Tax - Luxembourg Residents*

Luxembourg resident Shareholders are not liable to any Luxembourg income tax on reimbursement of the share capital contributed to the SICAV.

#### *Luxembourg Resident Individuals*

Any dividends and other payments derived from the Shares received by Luxembourg resident individuals, who act in the course of either their private wealth or their professional or business activities are subject to income tax at the progressive ordinary rate.

Capital gains realised upon the sale, disposal or redemption of Shares by Luxembourg resident individual Shareholders acting in the course of the management of their private wealth are not subject to Luxembourg income tax, provided this sale, disposal or redemption takes place more than six months after the Shares were acquired and provided the Shares do not represent a substantial shareholding. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the Shareholder has held, either alone or together with his/her spouse or partner and/or his/her minor children, either directly or indirectly, at any time within the five years preceding the realisation of the gain, more than 10% of the share capital of the SICAV or (ii) the Shareholder acquired free of charge, within the five years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or alienators, in case of successive transfers free of charge within the same five year period). Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). If the Shares are disposed of less than six months after the acquisition thereof, or if their disposal precedes their acquisition, capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

#### *Luxembourg Resident Corporations*

Luxembourg resident corporate Shareholders (*sociétés de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes. The same inclusion applies to individual Shareholders acting in the course of the management of a professional or business undertaking, who are Luxembourg residents for tax purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

#### *Luxembourg Residents Benefiting from a Special Tax Regime*

Luxembourg resident Shareholders which benefit from a special tax regime, such as (i) UCI governed by the UCI Law, (ii) specialised investment funds governed by the law of 13 February 2007, as amended, and (iii) family wealth management companies governed by the amended law

of 11 May 2007, are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax.

#### *Income Tax - Luxembourg Non-residents*

Shareholders, who are non-residents of Luxembourg and which have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable are generally not subject to any income, withholding, estate, inheritance, capital gains or other taxes in Luxembourg.

Corporate Shareholders which are non-residents of Luxembourg but which have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

Investors should consult their professional advisors regarding the possible tax or other consequences of buying, holding, transferring or selling Shares under the laws of their countries of citizenship, residence or domicile.

#### Net Wealth Tax

Luxembourg resident Shareholders, and non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, unless the Shareholder is (i) a resident or non-resident individual taxpayer, (ii) a UCI governed by the UCI Law, (iii) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the law of 13 February 2007, as amended, or (vi) a family wealth management company governed by the amended law of 11 May 2007.

#### Value Added Tax

The SICAV is considered in Luxembourg as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the SICAV could potentially trigger VAT and require the VAT registration of the SICAV in Luxembourg so as to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the SICAV to its Shareholders, to the extent that such payments are linked to their subscription for Shares and do not constitute the consideration received for any taxable services supplied.

#### Other Taxes

No estate or inheritance tax is levied on the transfer of Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax may be levied on a gift or donation of Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg.

### FATCA

The United States HIRE Act was adopted in March 2010. It includes provisions generally known as FATCA.

The intention of these is that details of Specified US Persons holding assets outside the US will be reported by financial institutions to the IRS as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US Financial Institutions from staying outside this regime, all US securities held by a Financial Institution that does not enter and comply with the regime will in principle be subject to a US tax withholding of 30 per cent on gross sales proceeds as well as income.

On 28 March 2014, Luxembourg has signed an IGA with the US, in order to facilitate compliance of Luxembourg Financial Institutions, such as the SICAV, with FATCA and avoid the above-described US withholding tax. Under the IGA, Luxembourg Financial Institutions will provide the Luxembourg tax authorities with information on the identity and the investments of and the income received by their investors that are Specified US Persons or, in case of a Non-US Entity being a Shareholder, on the status of any Controlling Person as a Specified US Person. The Luxembourg tax authorities will then automatically pass the information on to the IRS. The Luxembourg Model 1 IGA was approved by way of legislation on 24 July 2015 (the “**FATCA Law**”).

Such reporting is, however, not required in case the Luxembourg Financial Institution can rely on a specific exemption or a deemed-compliant category contained in the IGA. In this respect, the SICAV expects to be treated as deemed-compliant under the “collective investment vehicle” category. Accordingly, the SICAV will not be required to report information on its Shareholders and their investment in the SICAV under the IGA and the FATCA Law.

Despite anything else herein contained and as far as permitted by Luxembourg law, the SICAV shall however have the right:

- to change its FATCA classification at any time if necessary or deemed necessary by it, in order to comply with the FATCA requirements;
- to require any Shareholder or beneficial owner of the Shares to promptly furnish such Personal Data as may be required by the SICAV in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the SICAV;
- withhold the payment of any dividend or redemption proceeds to a Shareholder until the SICAV holds sufficient information to enable it to determine the correct amount to be withheld.



The SICAV's ability to satisfy its obligations under the IGA and the FATCA Law will depend on each Shareholder in the SICAV providing the SICAV with any information, including information concerning the direct or indirect owners of such Shareholder, that the SICAV determines is necessary to satisfy such obligations. Each Shareholder agrees to provide such information upon request by the SICAV.

A Shareholder that fails to comply with such documentation requests may be charged with any taxes or penalties imposed on the SICAV attributable to such Shareholder's non-compliance under the IGA, the FATCA Law and FATCA, and the SICAV may, in its sole discretion, redeem such Shares.

While the SICAV will make all reasonable efforts to seek documentation from Shareholders to comply with these rules and to allocate any taxes or penalties imposed or required to be deducted under the IGA, the FATCA Law and/or FATCA to Shareholders whose non-compliance caused the imposition or deduction of the tax or penalty, it cannot be excluded that other complying Shareholders in the SICAV may be affected by the presence of such non-complying Shareholders.

All prospective investors and Shareholders are advised to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the SICAV.

## **RISK MANAGEMENT PROCESS**

In accordance with the UCI Law, the SICAV must employ a risk management process which enables to monitor and measure at all times the risks associated with each Sub-Fund's investments and their contribution to the overall risk profile of the Sub-Funds.

As part of the risk management process the SICAV uses the commitment approach to monitor and measure the SICAV's global exposure in accordance with the CSSF's requirements.

This approach measures the global exposure related to positions on financial derivative instruments and other efficient portfolio management techniques (if used), under consideration of netting and hedging (if used).

The commitment is quantified as the sum, as an absolute value, of the individual commitments and shall not exceed 100% of the Sub-Fund's net asset value.

Responsibility for the risk management process of the SICAV has been delegated to the Management Company which is also in charge of the permanent risk management function.

## **RISK FACTORS**

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Sub-Fund. Different risks may apply to different Sub-Funds.

Details of Sub-Fund specific risks in relation to a particular Sub-Fund which are additional to those described in this section will be disclosed in the relevant Sub-Fund Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares.

Prospective investors should consider, among others, the following factors before subscribing for Shares:

### **General Risks**

Investors should be aware that there are risks inherent in the holding of securities:

- (A) There is no assurance that any appreciation in the value of investments will occur, or that the investment objectives of any Sub-Fund will be achieved. Past performance is no guide to the future. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
- (B) The tax treatment of the Sub-Funds may change and such changes cannot be foreseen.
- (C) Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment.
- (D) The difference at any one time between the Subscription Price and the Redemption Price for Shares means that any investment should be viewed as medium to long-term investment. An investment should only be made by those persons who are able to sustain a loss on their investment.
- (E) The value of the Shares may fall as well as rise and a Shareholder on transfer or redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and reliefs from taxation may change.

### **Business Risk**

While the investment results of a Sub-Fund are reliant upon, among other things, the success of the relevant Investment Manager, neither the SICAV, nor the Management Company nor the Investment Managers guarantee the performance of any Sub-Fund. Prospective investors should be aware that the prices of the Shares in a Sub-Fund may go down as well as up. There can be

no assurance that the SICAV will achieve its investment objective in respect of any of the Sub-Funds.

#### Charges to Capital

Where all or part of the fees and/or charges in respect of any Class or Sub-Fund may be charged against capital rather than income, this may enhance income returns but may also constrain future capital growth. Charging all or part of the fees and expenses to the capital will result in income being increased for distribution, however, the capital that the Sub-Fund has available for investment in the future and capital growth may be reduced.

#### Effect of Preliminary Charge

Where an initial charge is imposed, an investor who realises Shares after a short period may not (even in the absence of a rise in the value of the relevant investments) realise the amount originally invested.

The Shares therefore should be viewed as medium to long-term investments.

#### Past Performance

The past investment performance of the Investment Managers or any of their affiliates, or entities with which they have been associated, may not be construed as an indication of the future results of an investment in the SICAV. The Sub-Funds' investment strategies should be evaluated on the basis that there can be no assurance that the assessment of the investment or the short-term or long-term prospects of investments will prove accurate or that the Sub-Funds will achieve their investment objective.

#### Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including redemption by way of exchanging) may be suspended (see "Suspension of Valuation of Assets").

#### Segregation of liabilities between Sub-Funds

As a matter of Luxembourg law, the assets of each Sub-Fund will not be available to meet the liabilities of another. However, the SICAV is a single legal entity which may operate or have assets held on behalf of or be subject to claims in other jurisdictions which may not necessarily recognise such ring-fencing and, in such circumstances, the assets of one Sub-Fund may be exposed to the liabilities of another.

#### Depository liability risk – Segregation, Correspondents and Insolvency

Under the UCITS Rules, the liability regime of depositaries of UCITS is a strict liability regime for the loss of financial instruments held in custody as opposed to other assets as defined under the UCITS Rules. The Depository's liability shall not be affected by any delegation of the safekeeping duties of the Depository to a third-party. When delegating safekeeping functions, the Depository should ensure *inter alia* that the assets of the UCITS clients of the Depository are properly segregated. This obligation should particularly ensure that assets of the UCITS are not lost due to

insolvency of the third party to whom safekeeping functions are delegated. This means that the Depositary will be liable to return an instrument in custody if the loss of that instrument is caused by events in the operational sphere of the Depositary or its Correspondents. In the event of insolvency of a Correspondent, operational failures on its part would also give rise to the restitution obligation while external events beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, would not, as set out under the UCITS Rules. Investors are hereby informed that the qualification of assets (either as financial instruments held in custody or other assets) may be subject to different interpretations among the market players. This may be the case for China A-Shares, RMB denominated fixed income instruments or any other securities in which a Sub-Fund may invest in the PRC for example, the consequences being that no strict liability regime will then apply in the case of loss of such assets. In such a case, the Depositary will be liable to the SICAV or to its Shareholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under the UCITS Rules and the Depositary Agreement.

#### Market Crisis and Governmental Intervention

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Managers' ability to fulfil a Sub-Fund's investment objective. However, the Investment Managers believe that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of a Sub-Fund's portfolio.

#### Taxation Risk

Where the SICAV invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The SICAV will not be able to recover such withheld tax and so any such change would have an adverse effect on the Net Asset Value of the Shares. .

The attention of potential investors is drawn to the taxation risks associated with investing in any Sub-Fund. Please see the heading "Taxation" above.

## PRC Tax Risk

Under the PRC Corporate Income Tax (“**CIT**”) regime, if the relevant Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to CIT at 25% on its worldwide taxable income. If the relevant Sub-Fund is considered as a non PRC resident enterprise with an establishment, a place of business or a permanent establishment (“**PE**”) in the PRC, the PRC sourced profits attributable to that PE are subject to CIT at 25%.

A non-PRC resident enterprise without a PE in the PRC will generally be subject to a PRC Withholding Income Tax (“**WHT**”) at the current rate of 10%, which may be reduced by the relevant double taxation agreement / arrangement (“**DTA**”), on its PRC sourced income.

The Investment Managers intend to manage and operate the Sub-Funds in such a manner that the Sub-Funds should not be treated as a tax resident enterprise of the PRC or a non-PRC resident enterprise with a PE in the PRC for CIT purposes, although this cannot be guaranteed. As such, it is expected that the Sub-Funds should only be subject to WHT to the extent the Sub-Funds derive PRC sourced income.

When investing in securities of PRC companies, the SICAV may, directly or indirectly, be subject to withholding and various other taxes imposed in the PRC. To date, a 10% WHT, which may be reduced by the relevant DTA, is levied on dividends and interest payments received from PRC companies by foreign investors, including qualified foreign institutional investors (“**QFIIs**”) and Renminbi qualified foreign institutional investors (“**RQFIIs**”). Interest derived from government bonds issued by the PRC Ministry of Finance (“**MOF**”) is exempt from CIT under the CIT Law. According to the relevant tax regulations, enterprises and individuals are exempt from CIT, WHT and PRC Individual Income Tax with respect to coupon interest received from bonds issued by local governments since 2009. The term “local government bonds” refers to bonds which are approved by the PRC State Council to be issued by governments of provinces, autonomous regions, municipalities directly under the PRC government or municipalities separately listed on the state plan.

According to CaiShui [2014] 79 (“**Circular 79**”), QFIIs and RQFIIs are temporarily exempt from WHT with respect to gains realised from the disposal of equity investments including shares in PRC enterprises (e.g. A-Shares and B-Shares), via the QFII or RQFII investment quota, effective from 17 November 2014. With respect to gains realised prior to 17 November 2014, QFIIs and RQFIIs are subject to WHT in accordance with the relevant laws. However, Circular 79 does not address the WHT treatment in respect of gains realised by QFIIs and RQFIIs from the disposal of debt investments (e.g. government bonds, corporate bonds, etc.). The CIT regime does not specifically address the WHT treatment of gains realised by non-PRC resident enterprises (including RQFIIs) from the disposal of bonds issued by PRC enterprises / PRC government. In this connection, the general principles of the CIT Law and its Implementation Rules should be followed, subject to any special rules to be issued by the PRC State Administration of Taxation (“**SAT**”) and / or the MOF in the future. On the basis that bonds should be categorized as “movable assets” for the purposes of determining the sourcing rule, there should be grounds to argue that realised gains from the disposal of bonds by the relevant Sub-Fund, which is a non-PRC resident, should not be considered as PRC-sourced income, and thus should not be subject to WHT.

QFIs are exempt from PRC Business Tax (“BT”) on gains realised from the trading of securities (generally refer to shares and bonds issued by PRC enterprises / PRC government) pursuant to Caishui [2005] 155. As the RQFII regime was only introduced in 2011, no subsequent PRC tax circular has been issued to clarify whether Caishui [2005] 155 would also apply to RQFIs. Given that the RQFII regime is akin to the QFII regime as they are both arrangements introduced by the PRC government to promote the opening up and development of the PRC capital market, there should be grounds to argue that Caishui [2005] 155 should also apply to RQFIs to ensure that QFIs and RQFIs are subject to the same BT treatment in respect of gains realised from the trading of PRC securities. In practice, the PRC tax authorities have not enforced BT on gains realised by RQFIs from the trading of PRC securities (including bonds).

The Investment Managers have decided not to make a WHT provision on unrealised and realised gross gains derived by the Sub-Fund from the disposal of A-Shares via the RQFII investment quota after 17 November 2014. As the PRC tax regulation / practices may change in the future, the Investment Manager reserves the right to provide for the WHT on such gains and withhold the tax for the account of the relevant Sub-Fund. If there is a shortfall in the tax provision amount, Shareholders should note that the Net Asset Value of Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities.

The Investment Managers have decided to make a WHT provision on unrealised and realised gross gains derived by the relevant Sub-Fund from the disposal of bonds via the RQFII investment quota. If there is a shortfall in the tax provision amount, Shareholders should note that the Net Asset Value of the relevant Sub-Fund may suffer more than the tax provision amount as the relevant Sub-Fund will ultimately have to bear the additional tax liabilities.

Upon further changes to tax law or policies, the Investment Managers will, as soon as practicable, make relevant adjustments to the amount of tax provision as they consider necessary. The amount of any such tax provision will be disclosed in the accounts of the Sub-Fund.

The tax law and regulations of the PRC are constantly changing, and they may be changed with retrospective effect to the advantage or disadvantage of Shareholders. The interpretation and applicability of the tax law and regulations by tax authorities may not be as consistent and transparent as those of more developed nations, and may vary from region to region. It should also be noted that any provision for taxation made by the Investment Managers may be excessive or inadequate to meet final PRC tax liabilities.

Consequently, Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in/from the relevant Sub-Fund.

### US Tax-Exempt Investors

Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in the SICAV, or their engaging directly or indirectly through an investment in a Sub-Fund, in investment strategies of the types which the Sub-Funds may utilise from time to time. While the SICAV believes that the Sub-Funds’ investment programs are otherwise generally appropriate from a tax perspective for the US Tax Exempt Investors for which an investment in the Sub-Funds would be suitable, each type of such investor may be subject to different laws, rules and regulations and should consult with its own advisers as to the advisability

and tax consequences of an investment in the Sub-Fund. Investment in the Sub-Fund by tax-exempt entities subject to ERISA and other tax-exempt investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Prospectus and the relevant application form.

### FATCA

FATCA rules being particularly complex and as the rules governing their implementation for Luxembourg funds are still uncertain, the SICAV cannot at this time accurately assess the extent of the requirements that FATCA provisions will place upon it.

Although the SICAV will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, no assurance can be given that the SICAV will be able to satisfy these obligations. If the SICAV becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected.

The SICAV and/or its Shareholders may also be indirectly affected by the fact that a non-US financial entity does not comply with FATCA regulations even if the SICAV satisfies with its own FATCA obligations.

### Currency Risk

A Sub-Fund may be exposed to currency exchange risks where the assets and income are denominated in currencies other than the Reference Currency of the Sub-Fund. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a Sub-Fund's investments to decline or increase. Currency exchange rates may fluctuate significantly over short periods of time. They are generally determined by supply and demand in the currency exchange markets and the relative merits of investment in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can also be affected unpredictably by intervention (or failure to intervene) by governments or central banks, or by currency controls or political developments.

### Hedging Risk

The Investment Managers may, if set out in the relevant sections of the relevant Supplement, enter into certain transactions using futures, forwards or other exchange-traded or OTC instruments or by the purchasing of securities ("**Hedging Transactions**") to hedge the Sub-Fund's exposure to foreign exchange risk where Classes of Shares are denominated in currencies other than the Reference Currency of the relevant Sub-Fund and/or certain other exposures including the risk of the value of a Class of Shares, or any increase thereto, being reduced by inflation in the underlying currency of the relevant Class.

Hedging Transactions, while potentially reducing the risk of currency and inflation exposure which a Class of Shares may otherwise be exposed to, involve certain other risks, including the risk of a default by a counterparty. There is no guarantee that a Hedging Transaction will fully protect a Class of Shares against foreign exchange and/or inflation risks.



Also, there is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. In adverse situations, the use of hedging instruments may become ineffective in hedging and the relevant Sub-Fund may suffer significant losses.

Please refer to the heading “Risk Warnings” in the relevant Supplement for further risks associated with hedging transactions.

## **Specific Risks**

### **Concentration of Investments**

A Sub-Fund may at certain times hold relatively few investments. Such a Sub-Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

### **Credit Spreads**

A Sub-Fund may make investments that expose it to corporate credit spreads and movements in such spreads will thus impact on the Net Asset Value per Share of each Class.

### **Debt Securities**

The Sub-Funds may invest in debt securities which may not be rated by a recognised credit-rating agency or below Investment Grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Because investors generally perceive that there are greater risks associated with unrated and below Investment Grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-Investment Grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Sub-Funds. The Sub-Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Sub-Funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Sub-Funds will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### **Equity Securities**

A Sub-Fund may invest in equity securities. The risks associated with investments in equity securities are high, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

Where the equity securities are traded in a developing securities market, the choice of investments may be limited as compared with other developed securities markets. The trading volumes of a developing securities market may be much lower than those in developed markets. The prices of the equity securities invested by a Sub-Fund and the Net Asset Value of that Sub-Fund may be adversely affected if the markets for the equity securities are illiquid. Further, market volatility may result in significant fluctuations in the prices of the equity securities held by a Sub-Fund and hence in the value of the Sub-Fund. Potential illiquidity and volatility may have an adverse impact on the prices of the equity securities in which a Sub-Fund may invest.

#### Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10% of the total number of Shares representing interests in a single Sub-Fund then in issue, redemption requests may be reduced rateably and pro rata and the redemption of Shares may be carried forward to the next following Dealing Day. In the event of a large number of redemptions, this power to defer redemptions could be exercised on a number of successive Dealing Days and materially restrict a Shareholder's ability to redeem his Shares.

#### Convertible Bond Transactions

Convertible bond transactions are designed to be relatively market neutral i.e., they hedge out the directional risks generally associated with unhedged investments in the underlying instruments. However, should the credit status of an issuer weaken, losses may result from decreases in the market conversion premium or a loss of liquidity with respect to the security. These losses will be limited by the short hedge on the underlying security, but may be substantial in relation the Net Asset Value of the SICAV.

The SICAV may also suffer losses if an issuer is acquired for cash or debt securities at a price that does not generate profits on the unhedged portion of a position sufficient to recover the premium paid to acquire the convertible security and any unpaid accrued interest that would be lost should a conversion become necessary. Losses may result when securities are called for redemption at prices below the current market prices. Frequently, these losses will include interest accrued but not paid upon conversion of the called securities. In addition, losses may occur if the terms of the convertible bond do not allow for an adjustment in the conversion terms, or the SICAV is forced to convert a security earlier than anticipated.

#### Credit Default Swaps

The SICAV may take positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the "**protection buyer**") to transfer credit risk of a reference entity (the "**reference entity**") to one or more other parties (the "**protection seller**"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a "**credit event**") experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the SICAV if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment

following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

### Swap Agreements

The SICAV may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the SICAV's exposure to long-term or short-term interest rates (in the US or abroad), non-US currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The SICAV is not limited to any particular form of swap agreement if consistent with the terms of the Prospectus and the investment objective and strategy of a Sub-Fund.

Swap agreements tend to shift the SICAV's investment exposure from one type of investment to another. For example, if the SICAV agrees to exchange payments in dollars for payments in non-US currency, the swap agreement would tend to decrease the SICAV's exposure to US interest rates and increase its exposure to non-US currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the SICAV's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the SICAV. If a swap agreement calls for payments by the SICAV, the SICAV must be prepared to make such payments when due. In addition, if counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the SICAV.

### Use of Swaps and Other Derivatives

The Investment Managers may make use of swaps and other forms of derivative contracts. In general, a derivative contract typically involves leverage (within the permitted limits), i.e., it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. Many of the derivative contracts used by the SICAV will be privately negotiated in the OTC market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. These transactions are also expected to involve significant transaction costs.

### Currency Exposure

The Shares are denominated in the Reference Currencies specified for each Class of Shares in the Supplement of the relevant Sub-Fund and the Reference Currency of the Sub-Funds is specified in the Supplement for each Sub-Fund. The Investment Managers may seek to hedge out currency exposure at Sub-Fund level by entering into forward foreign exchange transactions. The Investment Managers may use spot currency transactions, forward currency contracts and

options when available on acceptable terms to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Notwithstanding the foregoing, and noting that hedging techniques may not be completely effective, where the currency exposure of the Sub-Fund is not fully hedged, the value of the assets of the Sub-Fund may be affected favourably or unfavourably by fluctuations in currency rates. To the extent that the hedging policy is successful, performance of the Class is likely to move in line with the performance of the underlying assets and investors in a hedged Class will not benefit if the Class' Reference Currency falls against the Reference Currency of the Sub-Fund. Furthermore, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Reference Currency of the Sub-Fund and such other currencies. Performance of a Sub-Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Sub-Fund may not correspond with the securities positions held.

### Currency Options Trading

The Sub-Funds may acquire and sell currency options, the value of which depend largely upon the likelihood of favourable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to OTC options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the purchaser of an option may at worst lose his entire investment (the premium he pays).

### Derivatives

The Sub-Funds may utilise both exchange-traded and OTC derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of their investment strategies. These instruments can be highly volatile and expose investors to a high risk of loss.

Derivatives, in particular derivatives which are negotiated OTC are subject to legal risks including the uncertainty in the applicability of laws, or the interpretation or enforceability of contracts or an action by a court or regulatory body that could invalidate a derivative contract entered into by the SICAV.

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

### Particular Risks of OTC Derivatives

Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC derivatives, are generally established through negotiation with the other party to the instrument. While this type of arrangement allows a Sub-Fund greater flexibility to tailor the instrument to its needs, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC derivatives are deemed not to be legally enforceable or are not documented

correctly.

Transactions in OTC contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery. There may also be a legal or documentation risk that the parties to the OTC derivatives may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the SICAV to enforce its contractual rights may lead the SICAV to decide not to pursue its claims under the OTC derivatives. The SICAV thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the SICAV has incurred the costs of litigation.

### Counterparty Risk

The Sub-Funds will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons.

Some of the markets in which a Sub-Fund may effect transactions are OTC (or “interdealer”) markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such OTC transactions. This exposes the relevant Sub-Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the relevant Sub-Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the relevant Sub-Fund has concentrated its transactions with a small group of counterparties. Moreover, although the Sub-Funds shall only transact with eligible counterparties, the Investment Managers have no formal credit function which evaluates the creditworthiness of the relevant Sub-Fund’s counterparties. The ability of a Sub-Fund to transact business with any one or number of counterparties, the lack of any separate evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Sub-Funds.

### Synthetic Short Selling

Typically, UCITS, such as the SICAV, invest on a “long only” basis.

This means that the respective Net Asset Value will rise (or fall) in value based on the market value of the assets held. A “short” sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the security and is obligated to return the security (or a security exchangeable for such security) to the lender,

which is accomplished by a later purchase of said security. Although the SICAV is not permitted to enter into short sales under the UCI Law, a Sub-Fund may, by employing certain derivative techniques (such as contracts for difference) designed to produce the same economic effect as a short sale (a “synthetic short”), establish both “long” and “short” positions in individual stocks and markets. As a result, as well as holding assets that may rise or fall with markets, a Sub-Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position. Investors should also consider the risk factors under “Derivatives” and “Particular Risks of OTC Derivatives” above.

### Options

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

### Developing Markets

The Sub-Funds may invest in developing market debt securities, foreign exchange instruments and equities which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in developing market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, developing market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the investment opportunities of the Sub-Funds in certain developing markets may be restricted by legal limits on foreign investment in local securities.

Developing markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in developing markets are lower than in developed countries. When seeking to sell developing market securities, little or no market may exist for the securities. In addition, issuers based in developing markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in developing markets may not accurately reflect the actual circumstances being reported.

Some developing markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some developing markets is much slower and subject to a greater risk of failure than in markets in developed countries. Further, depositaries are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the SICAV will not be recognised as the owner of securities held on its behalf by a sub-depositary.

With respect to any developing market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the SICAV, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Sub-Funds' investments in those countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

#### Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require a Sub-Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the assets of the Sub-Fund and/or disrupting the relevant Investment Manager's investment strategy. Reduction in the size of a Sub-Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in a Sub-Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

### Event Driven Investing

Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Investment Managers had anticipated, resulting in losses.

In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganisation, the risk exists that the reorganisation either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the SICAV of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, the results of the SICAV's operations may be expected to fluctuate from period to period. Accordingly, Shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

### Forward Foreign Exchange Contracts

A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are generally effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Sub-Funds are subject to the risk of the inability or refusal of their counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel the Sub-Funds to cover their commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.



### Investment Management Risk

The investment performance of a Sub-Fund is substantially dependent on the services of certain individuals. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Sub-Fund may be adversely affected.

### Legal Risk

The Sub-Funds may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which assets of the Sub-Funds may be invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Sub-Funds and their operations.

### Net Asset Value Considerations / Accounting Standard Risk

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Sub-Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the SICAV. In addition, where there is any conflict between Luxembourg GAAP and the valuation principles set out in the Articles and this document in relation to the calculation of Net Asset Value, the latter principles shall take precedence. However, in such case, if the Net Asset Value calculated in accordance with the valuation principles set out in the Articles and this document differs from that calculated in accordance with Luxembourg GAAP, such difference will need to be disclosed in the financial statements of the SICAV and the Directors of the SICAV may be required to make adjustments in the annual financial statements of the SICAV in order to comply with Luxembourg GAAP, and if relevant will include a reconciliation note in the annual financial statements of the SICAV to reconcile values shown determined under Luxembourg GAAP to those arrived at by applying the SICAV's valuation rules.

In calculating a Sub-Fund's Net Asset Value, the Administrator may consult the Investment Managers with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Investment Managers in determining the valuation price of each Sub-Fund's investments and the Investment Managers' other duties and responsibilities in relation to the Sub-Funds, the Investment Managers will endeavour to resolve any such conflict of interest fairly and in the interest of investors.

### Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

### Strategy Risk

Strategy risk is associated with the failure or deterioration of an entire strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple investment managers in the same investment or general economic or other events that adversely affect particular strategies (e.g., the disruption of historical pricing relationships). The strategies employed by the Sub-Funds may be speculative and involve substantial risk of loss in the event of such failure or deterioration, in which event the performance of the Sub-Funds may be adversely affected.

### Tax Considerations

Where the Sub-Funds invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Sub-Funds will not be able to recover such withheld tax and so any change would have an adverse effect on the Net Asset Value of the Shares. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Sub-Funds.

### Transaction Costs

The investment strategies of the Sub-Funds may involve a high level of trading and turnover of the investments of the Sub-Funds which may generate substantial transaction costs which will be borne by each Sub-Fund separately.

### Clearing House Protections

On many exchanges, the performance of a transaction by a broker (or a third party with whom it is dealing on the SICAV's behalf) is "guaranteed" by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the SICAV and may not protect the SICAV if a broker or another party defaults on its obligations to the SICAV.

### Redemption Risks

Payment of redemption proceeds may be delayed if the Directors declare a temporary suspension of the determination of the Net Asset Value of the SICAV or a Sub-Fund in any of the exceptional circumstances as described under "Valuation – Suspension of Valuation of Assets" (above).

### Undervalued/Overvalued Securities

One of the key objectives of a Sub-Fund may be to identify and invest in undervalued and overvalued securities ("**misvalued securities**"). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While purchases of undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments of the Sub-Funds may not adequately compensate for the business and financial risks assumed.

The Sub-Funds may make certain speculative investments in securities which the Investment Managers believe to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Sub-Funds may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the capital of the Sub-Funds may be committed to the securities, thus possibly preventing the Sub-Funds from investing in other opportunities.

### Volatility

Futures prices are highly volatile. Such prices are influenced by, amongst other things: government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in the foreign exchange markets with the specific intention of influencing exchange rates. The effect of such intervention is often heightened by a group of governments acting in concert. The other investments in which the Sub-Funds may invest, principally debt securities, will be subject to their own fluctuations in value as a result of, amongst other things, market, interest rate and currency movements. The Sub-Funds may be exposed to adverse changes in their Net Asset Value as a result of these factors.

### Availability of Investment Strategies

The success of the investment activities of the Sub-Funds will depend on the Investment Managers' ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Sub-Funds involves a high degree of uncertainty. No assurance can be given that the Investment Managers will be able to locate suitable investment opportunities in which to deploy all of the Sub-Funds' assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the Sub-Funds seek to invest, as well as other market factors, will reduce the scope for the implementation of the Sub-Funds' investment strategies.

The Sub-Funds may be adversely affected by unforeseen events involving such matters as changes in interest rates, exchange rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

### Other Activities of the Investment Managers and the Management Company

The Investment Managers and their members, officers, employees and affiliates, including those involved in the investment management of the Sub-Funds may be engaged in businesses in addition to the investment management of the Sub-Funds. The Investment Managers may have proprietary interests in, and manage and advise, other accounts or funds which may have investment objectives similar or dissimilar to those of the Sub-Funds and/or which may engage in transactions in the same types of securities and instruments as the Sub-Funds. The Sub-Fund's performance may differ significantly from the results achieved by the Investment Managers for other accounts managed or advised by the Investment Managers. When making an investment where conflicts of interest arise, the Investment Managers will endeavour to act in a fair,

reasonable and equitable manner as between the SICAV and its other clients. Personnel of the Investment Managers are not required to devote all or any specified portion of their time to managing the affairs of the SICAV and are not required to accord exclusivity or priority to the SICAV in the event of limited investment opportunities, but will devote to the SICAV so much of their time as the Investment Managers deem necessary or appropriate. The Investment Managers may choose to trade or rebalance separate products with similar strategies at different times. Investment activities by the Investment Managers on behalf of other clients may give rise to additional conflicts of interest and demands on their time and resources. The Investment Managers may from time to time act as director, investment manager, administrator or prime broker in relation to or otherwise be involved with other companies established by parties other than the SICAV. In such event, should a conflict of interest arise, the Investment Managers will endeavour to ensure that it is resolved fairly.

The Management Company is an independent entity, appointed under the terms of a Fund Management Company Agreement. This Fund Management Company Agreement includes provisions regulating the standards to which the Management Company is required to act, the conflicts of interest to which it may be subject and the circumstances in which it can be removed or can resign. Any such resignation or removal or any other premature termination of the appointment of the Management Company as well as any breach of duty by the Management Company will trigger the termination of the Fund Management Company Agreement and may materially adversely affect the SICAV and the Sub-Funds.

#### Interest Rate Risk

The SICAV is subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The SICAV may attempt to minimize the exposure of the Sub-Funds' portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Investment Managers will be successful in fully mitigating the impact of interest rate changes on the Sub-Funds' portfolios.

#### Securities Lending, Repurchase or Reverse Repurchase Transactions

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

A SICAV may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments

would reduce the amount of collateral available to be returned by the SICAV to the counterparty as required by the terms of the transaction. The SICAV 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 SICAV.

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

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

### **Sub-Fund Specific Risks**

Please review the particular Sub-Fund Supplement for specific risks associated with each particular Sub-Fund.

## CONFLICTS OF INTEREST

The Directors, the Management Company, the Investment Managers, any sub-investment manager, the Depositary and the Administrator and/or their respective affiliates or any person connected with them (together the “**Relevant Parties**”) may from time to time act as directors, management company, investment manager, manager, distributor, trustee, custodian, depositary, registrar, broker, administrator, investment adviser or dealer in relation to, or be otherwise involved in, other investment funds which have similar or different objectives to those of the Sub-Funds or which may invest in the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Sub-Funds. The Board of Directors and each of the Relevant Parties will, at all times, have regard in such event to its obligations to the Sub-Funds and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any Relevant Party may deal, as principal or agent, with the Sub-Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm’s length basis. Any Relevant Party may deal with the SICAV as principal or as agent, provided that it complies with applicable law and regulation and the provisions of the Fund Management Company Agreement, the Investment Management Agreements, the Administration Agreement or the Depositary Agreement, to the extent applicable.

The Management Company, the Investment Managers, any sub-investment manager or any of its or their affiliates or any person connected with the Management Company, the Investment Managers or any sub-investment manager may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Sub-Funds. Neither the Management Company, the Investment Managers, any sub-investment manager nor any of its or their affiliates nor any person connected with the Management Company, the Investment Managers or any sub-investment manager is under any obligation to offer investment opportunities of which any of them becomes aware to the SICAV or to account to the SICAV in respect of (or share with the Sub-Funds or inform the SICAV of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the SICAV and other clients.

In the event that a potential conflict of interests arises between the Relevant Parties, the Relevant Parties shall have regard to their respective obligations in respect of the SICAV (or the Sub-Fund, as the case may be) under the applicable agreement or instrument and endeavour to act, so far as practicable, in the best interests of the SICAV (or the Sub-Fund, as the case may be) and the Shareholders. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and “Chinese walls” have been put in place to minimise potential conflicts of interest. In any event, the Investment Managers will ensure that all investment opportunities will be fairly allocated.

In calculating a Sub-Fund’s Net Asset Value, the Administrator may consult with the Investment Managers and/or the Management Company or any sub-investment manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of the Investment Managers and/or the Management Company or any sub-investment manager in determining the Net Asset Value of a Sub-Fund and the entitlement of the Investment Managers and/or the Management Company or any sub-investment manager to a management fee, a performance fee and/or a management company fee which is calculated on the basis of the Net

Asset Value of the Sub-Fund. The Investment Managers and/or the Management Company will endeavour to resolve any such conflict of interest fairly and in the interest of investors.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in the Sub-Fund.

The Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly.

## USE OF DEALING COMMISSIONS

The Investment Managers do not intend to agree to incur higher commissions or spreads for securities transactions effected through brokerage firms that provide it with research or other products or services. However, the Investment Management Agreements authorize the use of “soft dollars” to the extent permitted by applicable law. (The term “**soft dollars**” refers to the receipt by an investment manager of products and services provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager.) The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Research services delivered by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, discussion with research personnel, and invitations to attend conferences or meetings with management or industry consultants. The Investment Managers are not required to weigh any of these factors equally. Information so received in addition to and not in lieu of services required to be performed by the Investment Managers and the Investment Managers’ fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the SICAV may be used by the Investment Managers or their affiliates in connection with their investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by the Investment Managers in performing its services for the SICAV.

The SICAV’s soft dollar arrangements are subject to the following conditions: (i) the Investment Managers will act at all times in the best interest of the SICAV when entering into soft commission arrangements; (ii) the services provided will be in direct relationship to the activities of the Investment Managers for the SICAV; (iii) brokerage commissions on portfolio transactions for the SICAV will be directed by the Investment Managers to broker-dealers that are entities and not to individuals; (iv) the Investment Managers will provide periodic reports to the Management Company with respect to soft commission arrangements including the nature of the services it receives; (v) soft commission agreements will be listed in such periodic reports; and (vi) such other conditions as the applicable legal or regulatory requirements may require.



## CO-MANAGEMENT AND POOLING

To ensure effective management of the SICAV, the Directors may decide to manage all or part of the assets of one or more Sub-Funds with those of other Sub-Funds in the SICAV (so-called "pooling") or, where applicable, to co-manage all or part of the assets, except for a cash reserve, if necessary, of one or more Sub-Funds with the assets of other Luxembourg investment funds or of one or more sub-funds of other Luxembourg investment funds (hereinafter referred to as the **"Party(ies) to the co-managed assets"**) for which the SICAV's Depositary is the appointed depositary bank. These assets will be managed in accordance with the respective investment policies of the Parties to the co-managed assets, each of which is pursuing identical or comparable objectives. Parties to the co-managed assets will only participate in co-managed assets which are in accordance with the stipulations of their respective prospectuses and investment restrictions.

Each Party to the co-managed assets will participate in the co-managed assets in proportion to the assets it has contributed to the co-management. Assets will be allocated to each Party to the co-managed assets in proportion to its contribution to the co-managed assets. Each Party's rights to the co-managed assets apply to each line of investment in the said co-managed assets. The aforementioned co-managed assets will be formed by the transfer of cash or, where applicable, other assets from each of the Parties to the co-managed assets. Thereafter, the Directors may regularly make subsequent transfers to the co-managed assets. The assets can also be transferred back to a Party to the co-managed assets for an amount not exceeding the participation of the said Party to the co-managed assets. Dividends, interest and other distributions deriving from income generated by the co-managed assets will accrue to each Party to the co-managed assets in proportion to its respective investment. Such income may be kept by the Party to the co-managed assets or reinvested in the co-managed assets. All charges and expenses incurred in respect of the co-managed assets will be applied to these assets. Such charges and expenses will be allocated to each Party to the co-managed assets in proportion to its respective entitlement to the co-managed assets.

In the case of an infringement of the investment restrictions affecting a Sub-Fund of the SICAV, when such a Sub-Fund takes part in co-management and even if the Investment Managers have complied with the investment restrictions applicable to the co-managed assets in question, the Investment Managers shall reduce the investment in question in proportion to the participation of the Sub-Fund concerned in the co-managed assets or, where applicable, reduce its participation in the co-managed assets to a level that respects the investment restrictions of the Sub-Fund.

When the SICAV is liquidated or when the Board of Directors of the SICAV decide to withdraw the participation of the SICAV or a Sub-Fund of the SICAV from co-managed assets, the co-managed assets will be allocated to the Parties to the co-managed assets in proportion to their respective participation in the co-managed assets.

Investors must be aware of the fact that such co-managed assets are employed solely to ensure effective management in as much as all Parties to the co-managed assets have the same depositary bank. Co-managed assets are not distinct legal entities and are not directly accessible to investors. However, the portion of assets and liabilities attributable to each Sub-Fund of the SICAV will be constantly identifiable.

## GENERAL INFORMATION

### 1. Shareholder meetings and reports to Shareholders

Notice of any general meeting of the Shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the SICAV or the closure of any Sub-Fund) shall be mailed to each Shareholder at least eight (8) calendar days prior to the meeting and/or shall be published to the extent and in the manner required by Luxembourg law as shall be determined by the Board of Directors.

If the Articles are amended, such amendments shall be filed with the Luxembourg Trade and Companies Register and published in the *Recueil Electronique des Sociétés et Associations* ("RESA"). Any such amendments will be subject to the approval of the home regulator of the SICAV and may be subject to the approval of other Non-EU Regulators, where Sub-Funds of the SICAV are authorized for public distribution. Shareholders will be given prior notice before any such amendments take effect (in the manner as may be required by the home regulator of the SICAV and, if relevant, those by Non-EU Regulators).

Detailed audited reports of the SICAV on its activities and on the management of its assets are published annually; such reports shall include, *inter alia*, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditor.

The semi-annual unaudited reports of the SICAV on its activities are also published including, *inter alia*, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The SICAV's financial statements will be prepared in accordance with Luxembourg GAAP.

The aforementioned documents will be at the disposal of the Shareholders within four (4) months for the annual reports and two (2) months for the semi-annual reports of the date thereof at the registered office of the SICAV. Upon request, these reports will be sent free of charge to any Shareholder and copies may be obtained free of charge by any person at the registered office of the SICAV.

The accounting year of the SICAV commences on the 1<sup>st</sup> of January of each year and terminates on the 31<sup>st</sup> of December of the same year. The first accounting year started on the date of incorporation of the SICAV and will end in 2015. The SICAV will publish an annual report for the period ending on the 31<sup>st</sup> of December and a semi-annual report drawn up for the period ending the 30<sup>th</sup> of June. The first audited report will be published for the period ending on 31<sup>st</sup> December 2015 and the first unaudited semi-annual report for the period ending on 30<sup>th</sup> June 2015.

The first annual general meeting of the Shareholders will take place on 23 February 2016 in Luxembourg City at a place specified in the notice of meeting at 3pm (Luxembourg time).

Thereafter, the annual general meeting of the Shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the 3<sup>rd</sup> Tuesday of April of each year at 3pm (Luxembourg time). If such day is a legal or a bank holiday in Luxembourg, the annual general meeting of the Shareholders shall be held on the next following Business Day.

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

The combined accounts of the SICAV are maintained in EUR being the Reference Currency of the SICAV. The financial statements relating to the separate Sub-Funds shall also be expressed in the Reference Currency of the relevant Sub-Fund.

## **2. Dissolution and Liquidation of the SICAV**

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

Whenever the share capital falls below two-thirds of the minimum capital indicated in the Articles, the question of the dissolution of the SICAV shall be referred to a general meeting of the Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by simple majority of the votes validly cast at the meeting.

The question of the dissolution of the SICAV shall also be referred to a general meeting of the Shareholders whenever the share capital falls below one quarter of the minimum capital set by the Articles; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by one quarter of the votes validly cast at the meeting.

The meeting must be convened so that it is held within a period of forty (40) calendar days from the date that the net assets have fallen below two-thirds or one quarter of the legal minimum, as the case may be.

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

The net proceeds of liquidation of each Sub-Fund shall be distributed by the liquidators to the holders of Shares of each Class of the relevant Sub-Fund in proportion to their holding of such Class.

Should the SICAV be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of Luxembourg law. Such law specifies the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provides for a deposit in escrow at the *Caisse de Consignations* 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.

### **3. Closure of Sub-Funds and Classes**

#### **3.1 Closure decided by the Board of Directors**

In the event that for any reason the value of the total net assets in any Class or Sub-Fund has not reached or has decreased to an amount determined by the Board of Directors to be the minimum level for such Class or Sub-Fund to be operated in an economically efficient manner, or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalisation, the Board of Directors may decide to redeem all the Shares of the relevant Class or Sub-Fund at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) determined as of the Valuation Day at which such decision shall take effect and therefore close the relevant Sub-Fund.

The SICAV shall serve a written notice to the Shareholders of the relevant Class or Sub-Fund prior to the effective date for the compulsory redemption. This notice will indicate the reasons and the procedure for the redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Class or the Sub-Fund concerned may continue to request redemption of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

#### **3.2 Closure decided by the Shareholders**

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of the Shareholders of any Class within any Sub-Fund may, upon a proposal from the Board of Directors, redeem all the Shares of the relevant Class within the relevant Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of the Shareholders which shall decide by resolution taken by simple majority of the votes validly cast at the meeting.

#### **3.3 Consequences of the closure**

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.

All redeemed Shares shall be cancelled.

The liquidation of the last remaining Sub-Fund of the SICAV will result in the liquidation of the SICAV as referred to in Article 145(1) of the UCI Law.

### **4. Mergers**

#### **4.1 Mergers decided by the Board of Directors**

The Board of Directors may decide to proceed with a merger (as defined by the UCI Law) as follows:

#### **(A) SICAV**

The Board of Directors may propose to proceed with a merger (within the meaning of the UCI Law) of the SICAV, either as receiving or absorbed UCITS, with (i) another Luxembourg or foreign UCITS; or (ii) a sub-fund thereof (the “**New UCITS**”), and, as appropriate, to redesignate the Shares of the SICAV concerned as shares of this New UCITS.

In case the SICAV is the receiving UCITS (within the meaning of the UCI Law), solely the Board of Directors will decide on the merger and effective date thereof.

In the case the SICAV is the absorbed UCITS (within the meaning of the UCI Law), and hence ceases to exist, the general meeting of the Shareholders, rather than the Board of Directors, has to approve, and decide on the effective date of such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

#### **(B) Sub-Funds**

The Board of Directors may decide to proceed with a merger (within the meaning of the UCI Law) of any Sub-Fund, either as receiving or absorbed Sub-Fund, with (i) another existing or new Sub-Fund within the SICAV or another sub-fund within a New UCITS (the “**New Sub-Fund**”); or (ii) a New UCITS, and, as appropriate, to redesignate the Shares of the Sub-Fund concerned as shares of the New UCITS, or of the New Sub-Fund as applicable.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

### **4.2 Mergers decided by the Shareholders**

Notwithstanding the powers conferred to the Board of Directors by the preceding section, a merger (within the meaning of the UCI Law) may also be decided by the Shareholders as follows:

#### **(A) SICAV**

The general meeting of the Shareholders may decide the merger (within the meaning of the UCI Law) of the SICAV, either as receiving or absorbed UCITS, with a New UCITS.

There shall be no quorum requirement to decide on such a merger and its effective date. However, the merger and the effective date thereof shall be accepted by resolution adopted at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

## **(B) Sub-Funds**

The general meeting of the Shareholders of a Sub-Fund may also decide a merger (within the meaning of the UCI Law) of the relevant Sub-Fund, either as receiving or absorbed Sub-Fund, with (i) any New UCITS or (ii) a New Sub-Fund by a resolution adopted with no quorum requirement at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the UCI Law, in particular concerning the merger project and the information to be provided to the Shareholders.

### **4.3 General**

Shareholders will in any case be entitled to request, without any charge other than those retained by the SICAV or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the UCI Law.

Mergers involving a Sub-Fund registered for public distribution in a Non-Member State and authorized by a Non-EU Regulator may be subject to the prior approval such Non-EU Regulator, which may require a prior notice to be given to investors, in particular, where such a merger falls under section 4.1 above.

## **5. Directors' Interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the SICAV and the Shares are set out below:

The Directors or companies of which they are officers or employees may subscribe for Shares in the SICAV. Their applications for Shares will rank *pari passu* with all other applications.

## **6. Indemnity**

The Articles provide that every Director, agent, auditor, or officer of the SICAV and his personal representatives shall be indemnified and secured harmless out of the assets of the SICAV against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the SICAV business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the SICAV in any court whether in Luxembourg or elsewhere. No such person shall be liable: (i) for the acts, receipts, neglects, defaults or omissions of any other such person; or (ii) by reason of his having joined in any receipt for money not received by him personally; or (iii) for any loss on account of defect of title to any property of the SICAV; or (iv) on account of the insufficiency of any security in or upon which any money of the SICAV shall be invested; or (v) for any loss incurred through any bank, broker or other agent; or (vi) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own gross negligence or wilful misconduct against the SICAV.

## **7. General**

Copies of the following documents may be obtained free of charge during usual business hours on any full bank business day in Luxembourg at the registered office of the SICAV:

- (A) the latest Prospectus of the SICAV;
- (B) the Articles and any amendments thereto;
- (C) the Fund Management Company Agreement between the Management Company and the SICAV;
- (D) the Depositary Agreement between the SICAV and the Depositary;
- (E) the Investment Management Agreements between the Management Company, the SICAV and the Investment Managers;
- (F) the Administration Agreement between the Management Company, the SICAV and the Administrator;
- (G) the Key Investors Information Documents; and
- (H) the latest reports referred to under the heading "Shareholder meetings and reports to Shareholders".

The agreements referred to above may be amended by mutual consent between the parties thereto.

Furthermore:

- (I) a person having a complaint to make about the operation of the SICAV may submit such complaint in writing to the registered address of the Management Company. In accordance with the applicable regulation in Luxembourg, the Management Company has implemented and maintains an effective complaints handling policy which may be obtained free of charge, upon request;
- (J) the Management Company has entrusted the Investment Managers with the implementation of a strategy for determining when and how voting rights attached to ownership of the SICAV's investments are to be exercised for the exclusive benefit of the SICAV. A summary of this strategy may be obtained free of charge, upon request;
- (K) the best execution policy sets out the basis upon which transactions and orders in relation to the SICAV will be placed in compliance with CSSF Regulation No. 10-4 and CSSF Circular 11/508 to obtain the best possible result for the SICAV and its Shareholders. Details of the best execution policy in relation to the SICAV may be obtained free of charge, upon request.

## **APPENDIX 1: INVESTMENT RESTRICTIONS AND POWERS**

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment strategy for the investments for each Sub-Fund, the Reference Currency of a Sub-Fund and the course of conduct of the management and business affairs of the SICAV.

Subject to the prior review of the home regulator of the SICAV, and when applicable, the relevant Non-EU Regulator(s), the Board of Directors may change the investment restrictions and/or strategy for each Sub-Fund. In such case, the Sub-Fund concerned will provide prior notification to the Shareholders concerned and this Prospectus will be updated accordingly (as may be required or allowed by the home regulator of the SICAV and the relevant Non-EU Regulators).

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund under the relevant Supplement, the investment strategy shall comply with the investment rules and restrictions laid down hereafter:



## **1. Permitted Investments**

The investments of a Sub-Fund must comprise only one or more of the following:

- 1.1** Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- 1.2** Transferable Securities and Money Market Instruments dealt in on another market in a Member State that is regulated, operates regularly and is recognised and open to the public (i.e. an Other Regulated Market);
- 1.3** Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a Non-Member State or dealt in on another market in a Non-Member State which is regulated, operates regularly and is recognised and open to the public (i.e. an Other Regulated Market);
- 1.4** recently issued Transferable Securities and Money Market Instruments, provided that:
  - (A) the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on Other Regulated Market as described under 1.1 to 1.3 above;
  - (B) such admission is secured within one year of issue;
- 1.5** units of UCITS and/or other UCIs within the meaning of Article 1 (2), points a) and b) of the UCITS Directive, whether or not established in a Member State, provided that:
  - (A) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - (B) 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 the UCITS Directive;
  - (C) the business of the 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;
  - (D) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their management regulations or articles of incorporation, be invested in aggregate in units of other UCITS or other UCIs;
- 1.6** deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit

institution is situated in a Non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;

**1.7** financial derivative instruments, in particular options and futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or Other Regulated Market referred to in 1.1 to 1.3 above, and/or financial derivative instruments dealt in OTC, provided that:

- (A) - the underlying consists of instruments covered by this section 1, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objectives;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF, and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the SICAV's initiative;
  - exposure to the underlying assets does not exceed the investment restrictions set out in 2.12 below.
- (B) Under no circumstances shall these operations cause the Sub-Fund to diverge from its investment objectives.

**1.8** Money Market Instruments other than those dealt in on a regulated market (as described in 1.1 to 1.3 above), and which fall within the definition given in the "Definitions" section of this Prospectus, to the extent that the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- (A) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- (B) issued by an undertaking any securities of which are dealt in on Regulated Markets or Other Regulated Markets referred to in 1.1, 1.2 or 1.3 above, or
- (C) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, or
- (D) issued by other bodies provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million EUR (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity

which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**1.9** shares issued by one or several other Sub-Funds of the SICAV (the "Target Fund"), under the following conditions:

- (A) the Target Fund does not invest in the investing Sub-Fund;
- (B) not more than 10% of the assets of the Target Fund may be invested in other Sub-Funds of the SICAV;
- (C) the voting rights linked to the Shares of the Target Fund are suspended during the period of investment; and
- (D) in any event, for as long as these Shares are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the Net Asset Value for the purposes of verifying the minimum threshold of the net assets imposed by the UCI Law.

**1.10** However, each Sub-Fund:

- (A) shall not invest more than 10% of its net assets in Transferable Securities or Money Market Instruments other than those referred to above under 1.1 to 1.4 and 1.8 above;
- (B) shall not acquire either precious metals, commodities or certificates representing them;
- (C) may hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders;
- (D) may acquire movable and immovable property which is essential for the direct pursuit of its business;
- (E) may borrow up to 10% of its net assets, provided that such borrowings (i) are made only on a temporary basis or (ii) enables the acquisitions of immovable property essential for the direct pursuit of its business. Where a Sub-Fund is authorised to borrow under points (i) and (ii), that borrowing shall not exceed 15% of its assets in total. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction; and
- (F) may acquire foreign currency by means of a back-to-back loan.

## **2. Investment Restrictions**

- 2.1** For the purpose of calculating the restrictions described in 2.3 to 2.7 and 2.10 below, companies which are included in the same Group of Companies are regarded as a single issuer.
- 2.2** To the extent an issuer is a legal entity with multiple sub-funds where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk diversification rules.

### **Transferable Securities and Money Market Instruments**

- 2.3** No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
- (A) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of such issuer; or
  - (B) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- 2.4** A Sub-Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued within the same Group of Companies.
- 2.5** The limit of 10% set forth above under 2.3(A) above is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Non-Member State or by a public international body of which one or more Member State(s) are member(s).
- 2.6** The limit of 10% set forth above under 2.3(A) above is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.

**2.7** The securities specified under 2.5 and 2.6 above are not to be included for purposes of computing the ceiling of 40% set forth under 2.3(B) above.

**2.8** Notwithstanding the ceilings set forth above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a member state of the EU, by a member country of the OECD, by its local authorities, by certain non-member states of the OECD (currently Brazil, Russia, Indonesia, China and South Africa, as well as countries member of the G-20 and the Republic of Singapore) or by a public international body of which one or more member state(s) of the EU are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any or such issue do not account for more than 30% of the net assets of such Sub-Fund.

**2.9** Without prejudice to the limits set forth hereunder under 2.22 and 2.23 below, the limits set forth in 2.3 above are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment strategy is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:

- (A) the composition of the index is sufficiently diversified,
- (B) the index represents an adequate benchmark for the market to which it refers,
- (C) it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant, provided that any investment up to this 35% limit is only permitted for a single issuer.

### **Bank Deposits**

**2.10** A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body.

### **Derivative Instruments**

**2.11** The risk exposure to a counterparty in OTC derivative transactions and efficient portfolio management techniques may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in 1.6 above or 5% of its net assets in other cases.

**2.12** 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 out in this section. When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits set out above.

**2.13** When a Transferable Security or Money Market Instrument embeds a derivative, the latter

must be taken into account when complying with the requirements of 1.7 above as well as with the risk exposure and information requirements laid down in the present Prospectus.

### **Units of open-ended Sub-Funds**

- 2.14** Unless otherwise provided in a Sub-Fund's specific part of this Prospectus, a Sub-Fund may not invest more than 20% of its net assets in the shares/units of a single other UCITS or other UCI referred to in 1.5 above. Furthermore, the investment in the shares/units of UCIs other than UCITS in aggregate may however not exceed 30% of the relevant Sub-Fund's net assets.
- 2.15** 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 other UCIs.
- 2.16** A Sub-Fund that invests a substantial proportion of its assets in other UCITS and/or other UCIs shall disclose in the relevant Sub-Fund's part of this Prospectus the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or other UCIs in which it intends to invest. In its annual report, the SICAV shall indicate the maximum proportion of management fees charged both to the Sub-Fund itself and to the UCITS and/or other UCIs in which it invests.

### **Master-Feeder structure**

- 2.17** Each Sub-Fund may act as a feeder fund (the "**Feeder**") of a master fund. In such case, the relevant Sub-Fund shall invest at least 85% of its assets in shares/units of another UCITS or of a sub-fund of such UCITS (the "**Master**"), which is not itself a Feeder nor holds units/shares of a Feeder. The Sub-Fund, as Feeder, may not invest more than 15% of its assets in one or more of the following :
- (A) ancillary liquid assets in accordance with Article 41(2), second paragraph of the UCI Law;
  - (B) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41(1)g) and Article 42(2) and (3) of the UCI Law;
  - (C) movable and immovable property which is essential for the direct pursuit of the SICAV's business.
- 2.18** When a Sub-Fund invests in the shares/units of a Master which is 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 shares/units of the Master.

**2.19** A Feeder Fund that invests into a Master shall disclose in the relevant Sub-Fund's part of this Prospectus the maximum level of the management fees that may be charged both to the Feeder Fund itself and to the Master in which it intends to invest. In its annual report, the SICAV shall indicate the maximum proportion of management fees charged both to the Sub-Fund itself and to the Master. The Master shall not charge subscription or redemption fees for the investment of the Feeder into its shares/units or the divestment thereof.

### **Combined limits**

**2.20** Notwithstanding the individual limits laid down in 2.3, 2.10 and 2.11 above, a Sub-Fund shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following:

- (i) investments in Transferable Securities or Money Market Instruments issued by that body,
- (ii) deposits made with that body, and/or
- (iii) exposures arising from OTC derivative transactions and efficient portfolio management techniques undertaken with that body.

**2.21** The limits set out in 2.3 to 2.7, 2.10 and 2.11 above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments and efficient portfolio management techniques made with this body carried out in accordance with 2.3 to 2.7, 2.10 and 2.11 above may not exceed a total of 35% of the net assets of each Sub-Fund.

**2.22** The SICAV may not acquire such amount of shares carrying voting rights which would enable the SICAV to exercise legal or management control or to exercise a significant influence over the management of an issuer.

**2.23** The SICAV may acquire no more than (i) 10% of the outstanding non-voting shares of the same issuer; (ii) 10% of the outstanding debt securities of the same issuer; (iii) 10% of the Money Market Instruments of any single issuer; or (iv) 25% of the outstanding shares or units of the same UCITS or other UCI.

The limits set forth in (ii) to (iv) 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 the instruments in issue cannot be calculated.

**2.24** The limits set forth above under 2.22 and 2.23 do not apply in respect of:

- (A) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- (B) Transferable Securities and Money Market Instruments issued or guaranteed by any Non-Member State;
- (C) Transferable Securities and Money Market Instruments issued by a public

international body of which one or more Member State(s) are member(s); or

- (D) Shares in the capital of a company which is incorporated under or organised pursuant to the laws of a state which is a Non-Member State provided that (i) such company invests its assets principally in securities issued by issuers having their registered office in that state, (ii) pursuant to the laws of that state a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that state, and (iii) such company complies with regulations governing risk diversification and restrictions with regard to control laid down herein.
- (E) Shares held by one or more Sub-Funds in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of Shares at the request of Shareholders exclusively on its or their behalf.

### **3. Additional investment restrictions:**

- 3.1 No Sub-Fund may invest in real estate or any option, right or interest therein provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- 3.2 A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned in 1.5 and 1.7 above and shall not prevent the lending of securities in accordance with applicable laws and regulations (as described further in 'Securities Lending and Borrowing' below).
- 3.3 The SICAV may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed in 1.5 and 1.7 above.
- 3.4 The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio.
- 3.5 If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders.
- 3.6 The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the SICAV are offered or sold.

### **4. Techniques and Instruments**

#### **4.1 General**

The SICAV may employ techniques and instruments relating to Transferable Securities and



Money Market Instruments provided that such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and circulars issued by the CSSF from time to time. In particular, those techniques and instruments should not result in a change of the declared investment objective of the Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of the Sub-Fund.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under Appendix 1 “Investment Restrictions and Powers”.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund. In particular, fees and costs may be paid to agents of the SICAV and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation for their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Investment Managers – will be available in the annual report of the SICAV.

#### **4.2 Securities Lending and Borrowing**

The SICAV may, for efficient portfolio management purposes, enter into securities lending, borrowing and repurchase agreement transactions in respect of securities held within the portfolio of a Sub-Fund provided that they comply with the following rules:

- (A) The SICAV may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a financial institution specialising in this type of transactions subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialized in this type of transactions.
- (B) As part of the lending transactions, the SICAV must receive collateral which shall comply with the requirements set out in 4.5.
- (C) The SICAV may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

#### **4.3 Reverse repurchase and repurchase agreement transactions**

The SICAV may enter into reverse repurchase and repurchase agreement transactions, which consist of a forward transaction at the maturity of which

- (A) the seller (counterparty) has the obligation to repurchase the asset sold and the SICAV has the obligation to return the asset received under the transaction. Securities that may be purchased in reverse repurchase agreements are limited to those referred to in the CSSF Circular 08/356 dated 4 June 2008, as clarified by the CSSF Circular 13/559 dated 18 February 2013, and they must conform to the relevant Sub-Fund’s investment strategy; or

- (B) the SICAV has the obligation to repurchase the asset sold and the buyer (the counterparty) has the obligation to return the asset received under the transaction. The SICAV must ensure that, at maturity of the agreement, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution to the SICAV.

The SICAV may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered as equivalent to those prescribed by EU law.

The SICAV must take care to ensure that the value of the reverse repurchase or repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligations towards its Shareholders.

The SICAV may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the SICAV.

As part of reverse repurchase and repurchase agreement transactions the SICAV must receive collateral which shall comply with the requirements set out in 4.5.

#### **4.4 Financial derivative instruments**

Please refer to each investment objective and strategy applicable to the various Sub-Funds as described in the Supplements of this Prospectus.

##### **Information on the counterparty(ies) of the transactions**

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

##### **Counterparty Risk**

In accordance with its investment objective and strategy, a Sub-Fund may trade OTC financial derivative instruments such as non-exchange traded futures and options, forwards, swaps or contracts for difference. OTC derivatives are instruments specifically tailored to the needs of an individual investor that enable the user to structure precisely its exposure to a given position. Such instruments are not afforded the same protections as may be available to investors trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The counterparty to a particular OTC derivative transaction will generally be the specific entity involved in the transaction rather than a recognised exchange clearing house. In these circumstances the Sub-Fund will be exposed to the risk that the counterparty will not settle the transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. This could result in substantial losses to the Sub-Fund.

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of 'exchange-based' markets are subject. Unless otherwise indicated in the Prospectus for a specific Sub-Fund, the SICAV will not be restricted from dealing with any particular counterparties. The SICAV's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and foolproof evaluation of the financial capabilities of the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses.

The SICAV may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets. Investors should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

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

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

## **4.5 Collateral and Reinvestment of Collateral**

### **General**

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, the SICAV may receive collateral with a view to reduce its counterparty risk. The relevant Supplement sets out the collateral policy applied by the SICAV in such case. All assets received by the SICAV 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 SICAV may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF 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 comply with the following conditions:

- a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- b) It 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;
- c) It 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;
- d) It should be sufficiently diversified in terms of country, markets and issuers;
- e) It should be capable of being fully enforced by the SICAV at any time without reference to or approval from the counterparty;
- f) Where there is a title transfer, collateral received will be held by the Custodian (or a sub-custodian thereof) on behalf of the SICAV. 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.

### **Types and level of collateral**

With respect to OTC financial derivatives transactions and efficient portfolio management techniques, the SICAV will generally require the counterparty to post collateral as defined by Luxembourg laws and regulations, in particular the ESMA Guidelines 2014/937 on ETFs and other UCITS issues ("ESMA 2014/937"), as may be amended and/or supplemented from time to time. Collateral (other than highly liquid cash) received will mainly consist of high-quality government bonds, corporate bonds, equities which are highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that they can be sold quickly at a price that is close to pre-sale valuation. The level of collateral required across all OTC financial derivatives transactions and efficient portfolio management techniques will be at least 100% of the exposure to the relevant counterparty. This will be achieved by applying the haircut policy detailed below.

### **Haircut policy**

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the SICAV for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency and price volatility of the assets.

The Investment Managers will implement a conservative haircut policy in respect of each class of assets received as collateral. A haircut is a discount applied to the value of a collateral asset and intends to absorb the volatility in the collateral value between two margin calls or during the required time to liquidate the collateral. It embeds a liquidity element in terms of remaining time to maturity and a credit quality element in terms of the rating of the security. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and potential currency mismatches. Haircuts applied to cash typically range from 1 – 10%, haircuts applied to high-quality government bonds from 1 – 15%, haircuts applied to corporate bonds from 1-15% and haircuts applied to

equities from 20 – 25%. In exceptional market conditions a different level of haircut may be applied. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is intended that any collateral received shall have a value, adjusted in the light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

### **Reinvestment of collateral**

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

Cash collateral can be reinvested in liquid assets permissible under Luxembourg laws and regulations, in particular the ESMA 2014/937, as may be amended and/or supplemented from time to time.

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

The above provisions apply subject to any further guidelines issued from time to time by the European Securities and Markets Authority amending and/or supplementing ESMA 2014/937 and/or any additional guidance issued from time to time by the CSSF in relation to the above.

## **SUPPLEMENT 1: ICBC (Europe) UCITS SICAV – China Opportunity RQFII Bond Fund** (the “**Sub-Fund**”)

The information contained in this part of the Prospectus in relation to ICBC (Europe) UCITS SICAV – China Opportunity RQFII Bond Fund should be read in conjunction with the full text of this Prospectus.

This Sub-Fund is managed by ICBC Asset Management (Global) Company Limited who has been appointed as its Investment Manager. All references in the Prospectus to the Investment Manager should be read, to the extent relevant to this Sub-Fund, as referring to ICBC Asset Management (Global) Company Limited.

### **1. Investment Objective and Strategies**

#### **1.1. Investment Objective**

The Sub-Fund seeks to achieve capital appreciation and income generation by investing primarily in onshore RMB fixed income securities issued by issuers based in the PRC with a tenure of 0 to 5 years as further described below.

#### **1.2. Investment Strategies**

The Sub-Fund will employ a long only fixed-income strategy.

The investment and trading in such onshore RMB fixed income securities by the Investment Manager, requires the latter to be granted a licence as a RQFII by the China Securities Regulatory Commission (hereinafter the “**CSRC**”). The Investment Manager holds a RQFII licence since 4 June 2013 and, as at the date of this Prospectus, has been allocated a quota of 2.3 billion RMB by the PRC State Administration of Foreign Exchange (hereinafter the “**SAFE**”) in relation to investments in the PRC among which 200 million RMB are allocated to the Sub-Fund. This amount may be increased from time to time by allocation of additional quota by the Investment Manager to the Sub-Fund.

To achieve its investment objective, the Sub-Fund will invest primarily in RMB fixed income securities, rated AA or above, as rated by domestic rating agencies in the PRC, issued by PRC based issuers which may include, but are not limited to, the PRC government, PRC quasi government organisations, PRC public or local authorities, PRC state owned organisations, PRC banks and financial institutions and PRC based private enterprises or corporations, which are either listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange or traded on the China Inter-bank Bond Market (the “**CIBM**”) (such securities shall be referred to hereafter as “**RMB Fixed-Income Securities**”).

For the purpose of this Sub-Fund, fixed income securities shall include, but will not be limited to, bonds and notes, fixed and floating rate securities, convertible bonds, commercial papers, short-term bills and short-term notes, middle term notes.

The Sub-Fund may also invest in RMB-denominated cash or bank deposits for liquidity management and portfolio diversification purposes.

The Sub-Fund may also invest in financial derivatives for hedging and efficient portfolio management purposes in accordance with the UCI Law. As of the date of the present Prospectus,

the Sub-Fund does not use securities lending, repurchase nor reverse repurchase transactions, and the Prospectus will be updated in the case where this would change in the future.

As of the date of the present Prospectus, the Sub-Fund does not use total return swaps and the Prospectus will be updated in the case where this would change in the future.

The Sub-Fund may invest in aggregate no more than 10% of its assets in units of UCITS and /or other UCIs which have RMB Fixed-Income Securities as underlying assets, including money market funds and fixed income funds.

**The attention of the Shareholders is drawn to the fact that the liquidity of the securities in which the Sub-Fund may invest may be temporarily limited. The Sub-Fund and the Investment Manager will however ensure that the overall liquidity of the portfolio is ensured at any time.**

### ***Profile of Typical Investor***

A typical investor will invest in this Sub-Fund when seeking capital appreciation and fixed income generation through exposure to fixed income securities and/or Money Market Instruments or deposits. Investors should be aware that such a concentrated debt securities portfolio may be more volatile than a more broadly diversified portfolio.

### ***1.3. Global Exposure***

This Sub-Fund uses the commitment approach to monitor and measure global exposure.

## **2. Share Classes / Minimum Subscription / Minimum Additional Subscription / Minimum Holding<sup>2</sup>**

The Sub-Fund may offer:

Class I that will be issued to Institutional Investors and

Class N that will be issued to non-Institutional Investors.

Class I may be issued in the following Reference Currencies: unhedged EUR, hedged EUR, unhedged USD, hedged USD, Offshore RMB.

Class N may be issued in the following Reference Currencies: unhedged EUR, hedged EUR, unhedged USD, hedged USD, Offshore RMB.

Applicants for Class I Shares by subscribing Class I Shares do represent to the SICAV that they qualify as Institutional Investor. Each applicant agrees to indemnify the SICAV from and against any liabilities that the SICAV may incur as a result of any misrepresentation of the investor in this respect.

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<sup>2</sup> The Minimum Holding requirement will be applicable as from 12 February 2018.

	<b>Minimum Subscription</b>	<b>Minimum Additional Subscription</b>	<b>Minimum Holding<sup>3</sup></b>
Class I – hedged EUR	EUR 1,000,000	EUR 100,000	EUR 1,000,000
Class I – unhedged EUR	EUR 1,000,000	EUR 100,000	EUR 1,000,000
Class I – hedged USD	USD 1,000,000	USD 100,000	USD 1,000,000
Class I – unhedged USD	USD 1,000,000	USD 100,000	USD 1,000,000
Class I - Offshore RMB	Offshore RMB 10,000,000	Offshore RMB 1,000,000	Offshore RMB 10,000,000
Class N – hedged EUR	EUR 5,000	EUR 1,000	EUR 5,000
Class N – unhedged EUR	EUR 5,000	EUR 1,000	EUR 5,000
Class N – hedged USD	USD 5,000	USD 1,000	USD 5,000
Class N – unhedged USD	USD 5,000	USD 1,000	USD 5,000
Class N - Offshore RMB	Offshore RMB 50,000	Offshore RMB 10,000	Offshore RMB 50,000

Please contact your usual representative, the Management Company or the Distributor(s) for information about Share Classes that have been launched.

### **3. Subscription Price, Preliminary Charge and Redemption Fee**

The Subscription Price per Share for all Classes will be equal to the Net Asset Value per Share of the relevant Class plus the preliminary charge as mentioned hereinafter.

The preliminary charge levied in relation to all Classes corresponds to a portion of maximum 1% of the subscription amount paid by the Shareholder and shall revert to the Distributor(s). The Distributor(s) may waive its (their) right to all or part of the applicable preliminary charge in its (their) sole discretion.

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<sup>3</sup> The Minimum Holding requirement will be applicable as from 12 February 2018.



The redemption fee is 0.5%, which shall revert to the Distributor(s), if the shareholding period is less than 1 year. No redemption fee applies if the shareholding period is longer than 1 year.

#### **4. Subscriptions**

Applications for subscriptions received by the Administrator no later than 3:00 pm, Luxembourg time (for this Sub-Fund, the “**Cut-Off time**”) on a Business Day will be executed on the basis of the above-mentioned Subscription Price on the Business Day following the receipt of the applications for subscriptions (for this Sub-Fund, a “**Dealing Day**”). Only complete applications received in this timeframe will be executed.

Cleared funds (net of any transfer costs) in the relevant currency in respect of the subscription monies (including any preliminary charge) in relation to any Classes of Shares must be received by wire transfer by the Administrator at the latest on the third Business Day after the relevant Dealing Day (the “**Settlement Day**”).

Submission of application forms and payment of subscription monies (including any preliminary charge) via local Distributors may be subject to a cut-off time which is different from the Cut-Off time as specified in this Supplement, provided that the equality of treatment between Shareholders is ensured and to the extent no market timing occurs. Subscriptions received by the Distributor(s) before the Cut-Off time of the relevant Dealing Day shall be effected on the same Dealing Day.

#### **5. Redemptions**

Applications for redemptions will be dealt with on each Dealing Day. Applications for redemptions must be received by the Administrator not later than the Cut-Off time on the Business Day preceding the relevant Dealing Day. Applications received after that time will be processed on the next Dealing Day.

The Redemption Price shall be equal to the Net Asset Value per Share of the Sub-Fund on the relevant Dealing Day, less any redemption fee payable to the Distributor(s) if applicable.

Payment of redemption proceeds will be made within maximum seven (7) Business Days from the relevant Dealing Day (the “**Settlement Day**”).

Submission of redemption requests via local Distributors may be subject to a cut-off time which is different from the Cut-Off time as specified in this Supplement, provided that the equality of treatment between Shareholders is ensured and to the extent no market timing occurs. Redemption requests received by the Distributor(s) before the Cut-Off time of the relevant Dealing Day shall be effected on the same Dealing Day.

#### **6. Conversions and Transfers**

The Shares of the Sub-Fund are not convertible into Shares of another Class or another Sub-Fund.

Transfers of Shares of the Sub-Fund between investors are not permitted. Transfers may however be authorised to the extent such transfers do not result in a change of the underlying beneficial owner. Nevertheless, the Board reserves the right to refuse any such transfer in its sole discretion.

## **7. Reference Currency of the Sub-Fund/ Reference Currency of the Available Share Classes/ Currency Hedging**

The Reference Currency of the Sub-Fund is offshore RMB. Under RQFII regime, for onshore RMB denominated assets, a 1:1 ratio will be applied when valuating such assets into offshore RMB.

The NAV per Share of Class will be calculated in their respective Reference Currency as set out above.

The investments of the Sub-Fund denominated in a currency other than RMB may be hedged into the Reference Currency of the Sub-Fund. Currency hedging will be made through the use of various techniques including the entering into forward currency contracts, currency options and futures. The relevant currency hedging is intended to reduce a Shareholder's exposure to the respective currencies in which the Sub-Fund's investments are denominated. In this regard, it is anticipated that currency risks will be hedged to a large extent although there is no guarantee that such hedging will be effective. Where the currency exposure of the Sub-Fund is not fully hedged or where the hedging transactions are not completely effective, the value of the assets of the Sub-Fund may be affected favourably or unfavourably by fluctuations in currency rates. From time to time the Investment Manager may not fully hedge the currency exposure, if it considers this to be in the interest of the Shareholders. Any costs incurred relating to the above mentioned hedging will be borne by the Sub-Fund.

In addition, the foreign exchange exposure of the assets of the Sub-Fund attributable to any Class of Shares denominated in any currency other than RMB shall be, unless otherwise indicated under point 2 "*Share Classes / Minimum Subscription / Minimum Additional Subscription*" above, so far as reasonably practicable, hedged in order to minimise the impact of fluctuations in the exchange rates between RMB (being the Reference Currency of the Sub-Fund) and such other currency. Again, there can be no guarantee that any such hedges that are put in place will be effective. The costs and any benefit of hedging the foreign currency exposure of the assets attributable to any Class of Shares with a Reference Currency other than RMB into the relevant currency will be allocated solely to the relevant Share Class.

## **8. Frequency of the Net Asset Value Calculation and Valuation Day**

The Net Asset Value per Share of the Sub-Fund is determined on each Business Day (for this Sub-Fund, a "**Valuation Day**"), based on the closing prices from the Shanghai Stock Exchange, Shenzhen Stock Exchange and CIBM for such Valuation Day. Therefore, for this Sub-Fund, the Valuation Point shall be deemed to be the last closing time of the above mentioned markets on such Valuation Day.

The Net Asset Value per Share will be published on the same Valuation Day.

## **9. Distribution Policy**

The Sub-Fund issues Accumulation Shares only. Therefore, no dividend will be declared in respect of the Accumulation Shares and any income in relation to the Shares shall be accumulated and automatically reinvested, according to the investment strategies described above.

## 10. Investment management fee

The Investment Manager will receive from the Sub-Fund, payable monthly in arrears, accrued on and calculated as at each Dealing Day equal to a percentage of the Net Asset Value of each Class:

Class I: 0.5% *per annum*

Class N: 0.5% *per annum*

Investors will be given at least one month's prior notice before an increase in the Investment Manager's fee may take effect.

## 11. Fees of the Depositary, Administrator, Registrar and Transfer Agent, Corporate Agent, Paying Agent, Listing Agent, Domiciliary Agent and Management Company

The Sub-Fund pays the fees of the Depositary, Administrator, Registrar and Transfer Agent, Corporate Agent, Paying Agent, Listing Agent and Domiciliary Agent at commercial rates agreed between these parties and the SICAV, in addition to reasonable out-of-pocket expenses properly incurred in the course of carrying out their duties. These fees are payable monthly and the maximum fee paid for these services by the Sub-Fund will be 0.67% p.a. of its Net Asset Value (excluding reasonable transaction and out-of-pocket expenses) and remain subject to a minimum of EUR 9,000.- per month. Investors will be given at least one month's prior notice before an increase in any such fees may take effect.

The Management Company is entitled to receive a management company fee of up to 0.05% *per annum*, subject to an annual minimum fee of EUR 12,000.-. This fee is payable monthly and is calculated on the basis of the Net Asset Value on the last Valuation Day of a given month.

## 12. Listing

It is the intention of the Board to have certain Share Classes listed on the *Frankfurter Wertpapierbörse*, the Frankfurt Stock Exchange (the “FWB”) and the China Europe International Exchange (the “CEINEX”).

## 13. Availability of the Net Asset Value

The Net Asset Value per Share of each Class in the Sub-Fund will be available at the registered office of the SICAV.

## 14. Swing Pricing

The swing pricing provisions set forth under Section “Valuation” are for the time being not applicable to the Sub-Fund. Investors will be given at least one month's prior notice before the swing pricing provisions are applicable.

## 15. Luxembourg Tax (“*Taxe d’abonnement*”)

Class I: 0.01%

Class N: 0.05%

## 16. Initial Offer Period / Initial Offer Price

The Initial Offer Period for the Sub-Fund was from 17 November 2014 to 16 December 2014.

During the Initial Offer Period, the following Shares were offered at the following Initial Offer Price (plus the Preliminary Charge as described above):

Class I – hedged EUR	EUR 100
Class I – unhedged EUR	EUR 100
Class I - Offshore RMB	Offshore RMB 100
Class N – hedged EUR	EUR 100
Class N – unhedged EUR	EUR 100
Class N - Offshore RMB	Offshore RMB 100

The Board of Directors may decide to launch additional Share Classes (see Section 2 of the Supplement for information on Share Classes that may be offered). Please contact your usual representative, the Management Company or the Distributors for more information on the launch dates and Initial Offer Prices.

## 17. Risk Warnings

Investors are advised to carefully consider the risks of investing in the Sub-Fund. Risks associated with investment in the Sub-Fund may include, among others, investment risk, equity securities investment risk and market risk and any combination of these and other risks.

For a complete description of all the risks for the Sub-Fund that the SICAV is aware of, please refer to the section "Risk Factors" in the Prospectus.

In addition thereto, the following additional risk factors should be taken into consideration:

### 1.1. Currency risks

#### a) Exchange Rate / Currency Risk / RMB Convertibility Risk

Changes in exchange rates between the Reference Currency of the Sub-Fund and the Reference Currency of denomination of any Share Class may cause the value of the investor's investments to decrease or increase. Exchange control regulations or any changes thereto may cause difficulties in the repatriation of funds, and the performance of the Sub-Fund's investments and holdings may be affected. RMB is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the central government of the PRC. If such policies or restrictions change in the future, the position of the Sub-Fund or its investors may be adversely affected.

Shareholders should also note that conversion between RMB and other currencies is subject to policy restrictions relating to RMB and the relevant regulatory requirements in the PRC and in the

country of issue and/or country of payment relating to the Sub-Fund or its investments. There is no guarantee that RMB will not depreciate.

Converting foreign currencies into RMB is carried out on the basis of the rate applicable to offshore RMB. The daily trading price of onshore RMB against other major currencies in the inter-bank foreign exchange market is floating in a band around the central parity published by the People's Bank of China ("PBOC"). The value of the offshore RMB (i.e. RMB traded outside China) may differ from the value of onshore RMB (i.e. RMB traded within China) due to a number of factors including foreign exchange control policies and repatriation restrictions enforced by the PRC from time to time as well as other external factors.

#### **b) Risk Specific to all Share Classes**

Subject to the other risk factors applicable, all Share Classes are subject to exchange rate risk since the investments will be denominated in, or exposed to, RMB and the currency of some of the Share Classes are denominated in a currency other than RMB. These Share Classes may also be subject to bid/offer spread when converting to and from their relevant Reference Currency and the Reference Currency of the Sub-Fund. The Investment Manager may or may not decide to hedge the risk associated with RMB exposures arising from investment in the Sub-Fund assets under these Share Classes. If the Investment Manager decides to hedge such risk, one possible outcome of such hedge is that investors will not be able to benefit from any appreciation of the RMB.

#### **c) Risk Applicable to all Share Classes**

For investors whose home currency is different from the denomination of the Share Class currency, they are exposed to fluctuations in the exchange rate between their home currency and the Share Class Reference Currency or the Reference Currency of the Sub-Fund. They are also subject to the bid/offer spread for currency conversion. If they wish or intend to convert the redemption proceeds into a different currency, they are subject to the relevant foreign exchange risk and may incur substantial capital loss from such conversion.

#### **d) RMB Currency Risk**

RMB is not a freely convertible currency and is subject to foreign exchange control policies and restrictions. There is no guarantee that RMB will not depreciate in future. If investors convert HKD or USD or any other currency into RMB so as to invest in RMB-denominated Class of Shares of the Sub-Fund and subsequently convert the RMB redemption proceeds in respect of redemption of such Shares back into HKD or USD or any other currency, they may suffer a loss if RMB depreciates against HKD or USD or such other currency. Investors investing in non-RMB denominated Classes of Shares may also suffer a loss in their investments if RMB depreciates against the Reference Currency of the relevant Class of Shares, as the majority of the Sub-Fund's investments will be denominated in RMB.

#### **e) Currency Conversion Risk**

Where an investor subscribes for Shares denominated in a non-RMB currency, the Investment Manager will convert such subscriptions into RMB prior to investment at the applicable exchange rate and subject to the applicable spread. The Sub-Fund may incur costs as a result of the conversion. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time (i.e. it is possible there is not sufficient RMB available for currency conversion

in case of sizeable subscriptions). As such, the Investment Manager has the absolute discretion to reject any application made for Shares denominated in a non-RMB currency where it determines that there is insufficient RMB for the currency conversion.

Where an investor redeems Shares denominated in a non-RMB currency, the Investment Manager will sell the Sub-Fund's investments denominated in RMB and convert such proceeds into non-RMB currency at the applicable exchange rate and subject to the applicable spread. Again the Sub-Fund may incur costs as a result of the conversion. Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds denominated in RMB into non-RMB currency which, in turn, might affect the Sub-Fund's ability to meet redemption requests from the Shareholders or delay the payment of redemption proceeds. However it is the current intention of the Investment Manager that redemption proceeds will normally be paid in the Reference Currency of the relevant Class within a period of seven Business Days from the relevant Dealing Day.

Currently, the RMB is traded in two markets: one in the PRC, and one outside the PRC (primarily in Hong Kong). The RMB traded in the PRC is not freely convertible and is subject to exchange controls and certain requirements by the government of the PRC. The offshore RMB, on the other hand, is subject to different regulatory requirements and is more freely tradable when compared to the RMB traded in the PRC.

In calculating the Net Asset Value of Classes of Shares denominated in a non-RMB currency, the Administrator will apply the offshore RMB rate for the offshore RMB market in Hong Kong. The offshore RMB rate may be at a premium or discount to the exchange rate for the onshore RMB market in China (i.e. the onshore RMB exchange rate); there may be significant bid and offer spreads due to supply and demand. Consequently, the difference in the offshore RMB rate and the onshore RMB exchange rate may give rise to additional costs for investing in Classes of Shares denominated in a non-RMB currency and investing in such Classes of Shares may suffer losses. The value of the Classes of Shares denominated in a non-RMB currency is subject to fluctuation in the offshore RMB rate. In particular, where the offshore RMB rate is at a premium to the onshore RMB exchange rate, any currency conversion at the offshore RMB rate will adversely affect the value of the relevant Class of Shares denominated in a non-RMB currency in RMB terms and increase the costs of acquiring investments in RMB terms for the Sub-Fund using subscription proceeds from such Class of Shares.

While both onshore RMB and offshore RMB are the same currency, they are traded in different and separated markets. Onshore RMB and offshore RMB are traded at different rates and their movement may not be in the same direction. Although there has been a growing amount of RMB held offshore (i.e. outside the PRC), offshore RMB cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. Investors should note that where subscriptions and redemptions will be in EUR, they will be converted to/from offshore RMB and the investors will bear the forex expenses associated with such conversion and the risk of a potential difference between the onshore RMB and offshore RMB rates. The liquidity and trading price of the Sub-Fund may also be adversely affected by the rate and liquidity of the offshore RMB.

## **1.2. PRC risks**

### **a) PRC Specific Risks**

*PRC Political, Economic and Social Risks:* Any political changes, social instability and adverse diplomatic developments which may take place in or in relation to the PRC could result in the

imposition of additional governmental restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the Sub-Fund's assets. Investors should also note that any change in the policies of the government and relevant authorities of the PRC may adversely impact the securities markets in the PRC as well as the performance of the Sub-Fund.

*PRC Economic Risks:* The economy in the PRC has experienced significant and rapid growth in the past 20 years. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the markets of the PRC and therefore on the performance of the Sub-Fund.

*Legal System of the PRC:* The legal system of the PRC is based on written laws and regulations. However, because many of these laws and regulations, especially those that affect the securities market, are relatively new and evolving, the enforceability of such laws and regulations is uncertain. Such regulations also empower the CSRC and the SAFE to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application. In addition, as the PRC legal system develops, there can be no assurance that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on the business operations of PRC companies which may issue RMB fixed income securities.

*Government control of currency conversion and future movements in exchange rates:* The conversion of onshore RMB in PRC into another currency is subject to SAFE approvals and the conversion rate is based on a managed floating exchange rate system which allows the value of onshore RMB in PRC to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that the onshore RMB in PRC exchange rate will not fluctuate widely against the USD or any other foreign currency in the future.

*Accounting and Reporting Standards:* PRC companies which may issue RMB Fixed Income Securities are required to follow PRC accounting standards and practices which follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

*Development of the PRC bond market:* Investors should note that the securities markets in the PRC generally and the PRC bond markets in particular are both at a developing stage and the

market capitalisation and trading volume may be lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volumes in the PRC's debt markets may result in prices of securities traded on such markets fluctuating significantly, and may result in substantial volatility in the Net Asset Value of the Sub-Fund. The national regulatory and legal framework for capital markets and debt instruments in the PRC are still developing when compared with those of developed countries. Currently, PRC entities are undergoing reform with the intention of increasing liquidity of debt instruments. However, the effects of any development or reform on the PRC's debt markets remain to be seen.

*Risks linked to intervention of the government in financial markets:* Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund.

Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Sub-Fund.

#### **b) PRC Tax Risks**

A 10% PRC Withholding Income Tax ("**WHT**"), which may be reduced by the relevant double taxation agreement / arrangement ("**DTA**"), is levied on dividends and interest payments received from PRC companies by foreign investors, including qualified foreign institutional investors ("**QFIIs**") and Renminbi qualified foreign institutional investors ("**RQFIIs**"). Interest derived from government bonds issued by the PRC Ministry of Finance ("**MOF**") is exempt from the PRC Corporate Income Tax ("**CIT**") under the CIT Law. According to the relevant tax regulations, enterprises and individuals are exempt from CIT, WHT and PRC Individual Income Tax with respect to coupon interest received from bonds issued by local governments since 2009. The term "local government bonds" refers to bonds which are approved by the PRC State Council to be issued by governments of provinces, autonomous regions, municipalities directly under the PRC government or municipalities separately listed on the state plan.

According to CaiShui [2014] 79 ("**Circular 79**"), QFIIs and RQFIIs are temporarily exempt from WHT with respect to gains realised from the disposal of equity investments including shares in PRC enterprises (e.g. A-Shares and B-Shares), via the QFII or RQFII investment quota, effective from 17 November 2014. However, Circular 79 does not address the WHT treatment in respect of gains realised by QFIIs and RQFIIs from the disposal of debt investments (e.g. government bonds, corporate bonds, etc.). The CIT regime does not specifically address the WHT treatment of gains realised by non- PRC resident enterprises (including RQFIIs) from the disposal of bonds issued by PRC enterprises / PRC government. In this connection, the general principles of the CIT Law and its Implementation Rules should be followed, subject to any special rules to be issued by the PRC State Administration of Taxation ("**SAT**") and / or the MOF in the future. On the basis that bonds should be categorized as "movable assets" for the purposes of determining the sourcing rule, there should be grounds to argue that realised gains from the disposal of bonds by the Sub-Fund, which is a non-PRC resident, should not be considered as PRC-sourced income, and thus should not be subject to WHT.



QFIs are exempt from PRC Business Tax (“BT”) on gains realised from the trading of securities (generally refer to shares and bonds issued by PRC enterprises / PRC government) pursuant to Caishui [2005] 155. As the RQFII regime was only introduced in 2011, no subsequent PRC tax circular has been issued to clarify whether Caishui [2005] 155 would also apply to RQFIs. Given that the RQFII regime is akin to the QFII regime as they are both arrangements introduced by the PRC government to promote the opening up and development of the PRC capital market, there should be grounds to argue that Caishui [2005] 155 should also apply to RQFIs to ensure that QFIs and RQFIs are subject to the same BT treatment in respect of gains realised from the trading of PRC securities. In practice, the PRC tax authorities have not enforced BT on gains realised by RQFIs from the trading of PRC securities (including bonds).

In light of the uncertainty on the WHT treatment on capital gains realised from the disposal of RMB Fixed Income Securities, the Investment Manager decides to make a WHT provision on the unrealised and realised capital gains derived from the disposal of the RMB Fixed Income Securities, at a rate of 10%. The Sub-Fund would also make WHT provision in respect of interest income received from RMB Fixed Income Securities to the extent that the WHT has not been properly withheld. Any WHT provision on capital gains made by the Investment Manager in respect of the Sub-Fund may be less than the Sub-Fund’s actual tax liabilities. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. As such, it should be noted that the level of WHT provision may be inadequate to meet actual PRC tax liabilities on investments made by the Sub-Fund. Consequently, Shareholders may be disadvantaged depending upon the final tax liabilities, the level of WHT provision and when they subscribed and/or redeemed their Shares. If the actual tax levied is higher than that provided for by the Investment Manager so that there is a shortfall in the tax provision amount, Shareholders should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Shares in issue at the relevant time, and the then existing Shareholders and subsequent Shareholders will be disadvantaged as such Shareholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, those persons who have already redeemed their Shares before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision and as such may be disadvantaged. Notwithstanding the above change in the tax provisioning policy, persons who have already redeemed their Shares in the Sub-Fund before the return of any overprovision to the account of the Sub-Fund will not be entitled or have any right to claim any part of such overprovision.

### **c) Risks Relating to the Markets on which the Instruments are Listed or Traded**

The existence of a liquid trading market for the bonds may depend on whether there is supply of, and demand for, such bonds. The price at which securities may be purchased or sold by the Sub-Fund and the Net Asset Value of the Sub-Fund may be adversely affected if trading markets for bonds are limited or absent. The bond markets may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the bond markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in the PRC on bonds, where trading in any fixed-income security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Investment Manager to liquidate positions and can thereby expose the Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Investment Manager to liquidate positions at a favourable price.

Bonds may only be bought from, or sold to, the Sub-Fund from time to time where the relevant bonds may be sold or purchased on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the CIBM, as appropriate. Given that the bond markets are considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the subscription and redemption of Shares may also be disrupted.

The CIBM is an OTC market outside the two main stock exchanges in the PRC, i.e. the Shanghai and Shenzhen stock exchanges and was established in 1997. On the CIBM, institutional investors (including domestic institutional investors but also QFII and RQFII, subject to authorization) trade sovereign, government and corporate bonds on a one-to-one quote-driven basis. The CIBM accounts for more than 95% of outstanding bond values of total trading volume in the PRC.

The main debt instruments traded in the CIBM include government bonds, bond repo, bond lending, PBOC bills, and other financial debt instruments.

The CIBM is regulated and supervised by the PBOC. The PBOC is responsible inter alia for establishing listing, trading, functioning rules applying to the CIBM and supervising the market operators of the CIBM.

The CIBM facilitates two trading models: (i) bilateral negotiation and (ii) click-and-deal.

Under the China Foreign Exchange Trading System (“**CFETS**”), which is the unified trading platform for the CIBM, negotiation is applied to all inter-bank products while one-click trading is only applied to cash-bonds and interest rate derivatives.

The market-maker mechanism, whereby an entity ensures bilateral quotations for bonds, was officially introduced in 2001 to improve market liquidity and enhance efficiency. Deals through market making can enjoy benefits such as lower trading and settlement costs.

Bond transactions must be conducted by way of bilateral trading through independent negotiations and be concluded on a transaction by transaction basis. Bid and ask prices for primary bond transactions and repurchase interest rates must be determined independently by the parties to the transaction.

Both parties to a transaction shall typically, in accordance with the contract, promptly send instructions for delivery of bonds and funds, and shall have sufficient bonds and funds for delivery on the agreed delivery date.

The China Securities Depository & Clearing Co., Ltd. (“**CSDCC**”) will deliver bonds on time according to the instructions matching with elements sent by both parties to a transaction. Fund clearing banks will handle the appropriation and transfer of bond transaction funds on behalf of participants in a timely manner.

Investors should be aware that trading on the CIBM exposes the Sub-Fund to increased counterparty and liquidity risks.

**d) Investment Risk**

The Sub-Fund invests in RMB Fixed Income Securities and these instruments may fall in value. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Shares is not the same as investing directly in RMB debt income instruments or placing RMB funds on deposit with a bank.

**e) Risk of Investing in PRC Funds**

Whilst the Sub-Fund may invest in funds approved by the CSRC and offered to the public in the PRC, these are not regulated by the SFC. In addition to the expenses and charges charged by the Sub-Fund, investors should note that there are additional fees involved when investing into these underlying funds, including fees and expenses charged by the investment manager of these underlying funds as well as fees payable by the Sub-Fund during its subscription to or redemption from these underlying funds. Furthermore, there can be no assurance that 1) the liquidity of the underlying funds will always be sufficient to meet redemption request as and when made; and 2) the investment objective and strategy will be successfully achieved despite the due diligence procedures undertaken by the Investment Manager in the selection and monitoring of the underlying funds. If the Sub-Fund invests in an underlying fund managed by the Investment Manager or its affiliates, potential conflicts of interest may arise.

**f) PRC Counterparty Risk**

The Investment Manager intends that the counterparties with which it deals on behalf of the Sub-Fund shall have reasonable financial soundness at the time of entering into the relevant transaction. Counterparties are assessed based on the risk management policies that the counterparties' default risk should be both diversified and minimized, and that the counterparties' performance does not adversely impact the shareholders. Only counterparties which professional reputations are of high calibre and which are members in good standing with their respective industry associations and regulatory bodies would be approved for use by the Investment Manager.

Semi-annual review for the appropriateness of the approved counterparties is also performed to ensure that they continue to meet the aforesaid selection criteria.

However, in the event of bankruptcy or insolvency of any of its counterparties, the Sub-Fund may experience delays in liquidating its positions and may, thereby, incur significant losses (including declines in the value of its investment) or the inability to redeem any gains on investment during the period in which the Sub-Fund seeks to enforce its rights, and fees and expenses incurred in enforcing its rights.

There is also the possibility that such transactions will be terminated due, for instance, to counterparty bankruptcy, supervening illegality or a retrospective change in the tax or accounting laws relative to those applicable at the time the transaction was entered into.

Investment in debt securities will expose the Sub-Fund to counterparty default risks. Exchange traded debt securities may be subject to counterparty risk, although such risk is mitigated by a centralised clearing system. On the other hand, the degree of counterparty risk may be higher in the CIBM (a quote-driven OTC market), where deals are negotiated between two counterparties through a trading system. The counterparty which has entered into a transaction with the Sub-

Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

#### **g) PRC Settlement Risks**

There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by the Sub-Fund, payment by the Sub-Fund after delivery of the relevant security by the counterparty or simultaneous delivery of security and payment by each party. Although the Investment Manager may be able to negotiate terms which are favourable to the Sub-Fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where the counterparty does not perform its obligations under a transaction, the Sub-Fund will sustain losses.

The Sub-Fund may also invest in the PRC bond market via the exchange market and all bond trades will be settled through the CSDCC. The CSDCC is the PRC's only securities depository and clearing agency, registered with the State Administration for Industry and Commerce, and operates under the supervision of the relevant PRC authorities. As at the date of this Prospectus, although CSDCC has a registered share capital of RMB 600 million, and a total capital of RMB 1.2 billion, there is a risk that CSDCC may go into liquidation. The Shanghai Stock Exchange and Shenzhen Stock Exchange currently hold 50% of the registered share capital of CSDCC, respectively.

CSDCC has established a designated escrow account to retain securities to be delivered to a receiving participant or funds payable to a delivering participant before settlement.

If a participant defaults in payment of any sum payable to the CSDCC, the CSDCC has the power to apply the funds available towards the satisfaction of any amount due to CSDCC either from (i) cash collateral provided by the defaulting participant; (ii) cash held in the joint guarantee fund contributed by the defaulting participant; or (iii) cash generated by the sale of securities. The defaulting party will be responsible for the expenses and any price differences resulting from the sale of the securities.

If a participant defaults in delivering securities, the CSDCC is entitled to delay the payment due to the delivering participant until the outstanding obligation is satisfied. In addition, the CSDCC may apply all or any securities (in lieu of the securities that are the subject of the delivery obligations) from the following sources to satisfy the obligations and liabilities of such participant to the CSDCC:

- (i) securities furnished by the defaulting party;
- (ii) securities purchased using the funds in the designated escrow account; or
- (iii) securities available to the CSDCC from other alternative sources.

Although it is the intention of CSDCC that it will deliver payment and securities to delivering participant and receiving participants, respectively, a delay may occur if either party fails to fulfil its payment or delivery obligation.

#### **h) RQFII Regime Risk**

The RQFII regime is governed by rules and regulations as promulgated by the mainland Chinese authorities, i.e., the CSRC, the SAFE and the PBOC. Such rules and regulations may be

amended from time to time and include (but are not limited to) (hereinafter the “**RQFII Regulations**”):

- (i) the “Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013 (人民币合格境外机构投资者境内证券投资试点办法);
- (ii) the “Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC and effective from 1 March 2013 (关于实施《人民币合格境外机构投资者境内证券投资试点办法》的规定); and
- (iii) the “Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by SAFE and effective from 21 March 2013 (国家外汇管理局关于人民币合格境外机构投资者境内证券投资试点有关问题的通知) (“**RQFII Measures**”);
- (iv) the “Notice of the PBOC on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors”, issued by the PBOC and effective from 2 May 2013 (中国人民银行关于实施《人民币合格境外机构投资者境内证券投资试点办法》有关事项的通知); and
- (v) any other applicable regulations promulgated by the relevant authorities.

The Sub-Fund is not a RQFII but may obtain access to China A-Shares, RMB denominated fixed income instruments or other permissible investments directly using RQFII quotas of a RQFII. The Sub-Fund may invest directly in RQFII eligible securities investment via the RQFII status of the Investment Manager. As of the date of this Prospectus, the total RQFII quotas applied for by the Investment Manager as a RQFII for the Sub-Fund amount to around RMB 2.3 billion RMB, among which 200 million RMB are expected to be allocated to the SICAV. This amount may be increased from time to time by allocation of additional quota by the Investment Manager to the Sub-Fund.

The current RQFII Regulations include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for RQFIIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Investors should note that the RQFII status could be suspended or revoked, which may have an adverse effect on the Sub-Fund’s performance as the Sub-Fund may be required to dispose of its securities holdings.

In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the Sub-Fund’s liquidity and performance. The SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to the RQFII Measures. Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the Sub-Fund) conducted in RMB are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the RQFII Local Custodian (see below). There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund’s ability to meet redemption requests from the

Shareholders. Furthermore, as the RQFII Local Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the RQFII Local Custodian in case of non-compliance with the RQFII rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Shareholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control.

Repatriations by RQFIIs in respect of funds such as the Sub-Fund conducted in onshore RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

RQFII quotas are generally granted to a RQFII. The rules and restrictions under RQFII regulations generally apply to the RQFII as a whole and not simply to the investments made by the Sub-Fund. It is provided in the RQFII Measures that the size of the quota may be reduced or cancelled by the SAFE if the RQFII is unable to use its RQFII quota effectively within one year since the quota is granted. If SAFE reduces the RQFII's quota, it may affect the Investment Manager's ability to effectively pursue the investment strategy of the Sub-Fund. On the other hand, the SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII Local Custodian violates any provision of the RQFII Measures. Such violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the Sub-Fund.

There can be no assurance that additional RQFII quota can be obtained by the Investment Manager to fully satisfy subscription requests. This may result in a need to close the Sub-Fund to further subscriptions. In extreme circumstances, the Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategies, due to RQFII investment restrictions, illiquidity of the PRC's securities markets, and delay or disruption in execution of trades or in settlement of trades.

Currently it is intended that the Sub-Fund will obtain exposure to RMB Fixed Income Securities and other permissible investments by using the RQFII quotas of the Investment Manager.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

The Depositary has been appointed to hold the assets of the Sub-Fund. The Investment Manager (in its capacity as a RQFII) and the Depositary have appointed China Construction Bank as the RQFII Local Custodian in respect of the RQFII securities, pursuant to relevant laws and regulations.

Onshore PRC securities are registered in "the full name of the RQFII Investment Manager – the name of the Sub-Fund" in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The Investment Manager may select up to three PRC brokers (each a "**PRC Broker**") to act on its behalf in each of the two onshore PRC

securities markets as well as a custodian (the "**RQFII Local Custodian**") to maintain its assets in custody in the PRC.

Onshore PRC assets will be maintained by the RQFII Local Custodian in electronic form via a securities account with the CSDCC and a cash account with the RQFII Local Custodian. The Investment Manager also selects the PRC Broker to execute transactions for the Sub-Fund in the PRC markets.

Should, for any reason, the Sub-Fund's ability to use the relevant PRC Broker be affected, this could disrupt the operations of the Sub-Fund and affect the ability of the Sub-Fund to implement its investment strategy, causing a premium or a discount to the trading price of the relevant securities on the relevant stock exchange. The Sub-Fund may also incur losses due to the acts or omissions of either the relevant PRC Broker(s) or the RQFII Local Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Depositary will make arrangements to ensure that the RQFII Local Custodian has appropriate procedures to properly safe-keep the Sub-Fund's assets.

According to the RQFII Regulations and market practice, the securities and cash accounts for the Sub-Fund in the PRC are to be maintained in "the full name of the RQFII Investment Manager – the name of the Sub-Fund".

Investors should note that cash deposited in the cash account of the Sub-Fund with the RQFII Local Custodian will not be segregated but will be a debt owing from the RQFII Local Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the RQFII Local Custodian. In the event of bankruptcy or liquidation of the RQFII Local Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the RQFII Local Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

In the event of any default of either the relevant PRC Broker or the RQFII Local Custodian (directly or through its delegate) in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value of the Sub-Fund.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

### ***RQFII Local Custodian Risk***

There is a risk that the Sub-Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the RQFII Local Custodian or disqualification of the same party from acting as a custodian. This may adversely affect the Sub-Fund in the execution or settlement of any transaction or in the transfer of any funds or securities.

### ***PRC Brokerage Risk***

The execution and settlement of transactions or the transfer of any funds or securities may be conducted by PRC Brokers appointed by a RQFII. There is a risk that the Sub-Fund may suffer

losses, whether direct or consequential, from the default or bankruptcy of the PRC Broker or disqualification of the same from acting as a broker. This may adversely affect the Sub-Fund in the execution or settlement of any transaction or in the transfer of any funds or securities. Reasonably competitive commission rates and prices of securities will generally be sought to execute the relevant transactions in PRC markets. It is possible that, in circumstances where only a single PRC Broker is appointed where it is considered appropriate to do so by the RQFII holder, the Sub-Fund may not necessarily pay the lowest commission or spread available, but the transaction execution will be consistent with best execution standards and in the best interest of the investors. Notwithstanding the foregoing, the RQFII holder will seek to obtain the best net results for the Sub-Fund, taking into account such factors as prevailing market conditions, price (including the applicable brokerage commission or dealer spread), size of order, difficulties of execution and operational facilities of the PRC Broker involved and the PRC Broker's ability to position efficiently the relevant block of securities.

### **1.3. *Credit, Liquidity and Interest rate risks***

#### **a) Credit Risk**

The Sub-Fund is subject to the risk that the issuers of the fixed income securities are unable or unwilling to make timely principal and/or interest payment, or to honour their obligations. An issuer's ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the fixed income securities in which the Sub-Fund invests defaults, the performance of the Sub-Fund will be adversely affected.

The financial market of the PRC is at an early stage of development. . In the event of a default or credit rating downgrading of the issuers of the fixed income securities, the Sub-Fund's Net Asset Value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers of fixed income securities as such issuers are incorporated outside the jurisdiction in which the Sub-Fund has been authorized or registered and subject to foreign laws. Fixed income securities are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

RMB denominated deposits that the Sub-Fund may make are unsecured contractual obligations of the credit institutions where such deposits are held. The Sub-Fund would be an unsecured creditor and is exposed to the credit/insolvency risk of such credit institutions.

#### **b) Liquidity Risk**

The price at which the RMB Fixed Income Securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spread of the price of RMB Fixed Income Securities may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments. While such RMB Fixed Income Securities are traded on markets where trading is conducted on a regular basis, certain extraordinary events or disruption events may lead to a disruption or suspension of trading on such markets. There is also no guarantee that market



making arrangements will be in place to make a market and quote a price for all RMB Fixed Income Securities. In the absence of an active secondary market, the Sub-Fund may need to hold the RMB Fixed Income Securities until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments.

### **c) Interest Rate Risk**

There is a general inverse relationship between interest rate and price of debt instruments. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt instruments.

Changes in interest rates may affect the value of a security as well as the financial markets in general. Fixed income securities (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. If the debt securities held by a Sub-Fund fall in value, the Sub-Fund's value will also be adversely affected. On the other hand, shorter term debt securities are less sensitive to interest rate changes than longer term debt securities. However, this also means that shorter term debt securities usually offer lower yields.

Changes in macro-economic policies of PRC, such as the monetary and fiscal policy, will have an influence over capital markets which may cause changes to market interest rates, affecting the pricing of the bonds and thus the return of the Sub-Fund.

### **d) Credit Rating Risk**

Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates.

As the credit ratings of the debt instruments of the Sub-Fund are largely assigned by the credit agencies in the PRC, the methodologies adopted by the local rating agencies might not be consistent with the other international rating agencies. As a result, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

To the extent that the Sub-Fund invests in higher yield debt instruments, the Sub-Fund's success in achieving its investment objective may depend more heavily on the Investment Manager's creditworthiness analysis than if the Sub-Fund invested exclusively in higher-quality and better rated securities.

### **e) Credit Rating Agencies in the PRC**

China Lianhe Credit Rating Co., Ltd., China Chengxin International Credit Rating Co, Ltd., Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., Pengyuan Credit Rating Co., Ltd. and Dagong Global Credit Rating Co., Ltd. are the five major credit rating agencies in the PRC (collectively, "Chinese Agencies"). Although the Chinese Agencies are not regulated by the relevant PRC regulatory authorities, they seek certificate or qualification from different regulators of relevant bond types to increase their own credibility. The Chinese Agencies have a combined market share of over 90% of the assignment of rating opinions on corporate bonds, convertible bonds, financial institutions, structured finance and short term financing papers in the PRC.

In relation to the exchange bond market, the CSRC and its agencies regulate securities rating business activities according to law. The PBOC has issued guidance notes in relation to the recognition of credit rating activities in the CIBM. As with other global rating agencies, they apply quantitative methods in their rating. Such credit ratings are subject to the credit rating agency's evaluation of the likelihood that the issuer will fulfil its repayment obligations. In contrast with international rating agencies, domestic credit rating agencies may take into account additional factors such as the importance of the corporate to the PRC central and local government and the potential support from the government. Although there are relatively stringent quality requirements for companies to issue bonds in the PRC, domestic debt ratings cannot sufficiently reflect the full differences in credit quality among various issuers due to limited corporate default data available in the domestic PRC market.

Rating information and reports are available on the websites of the relevant credit rating agencies and other financial data providers.

## **18. Duration**

The Sub-Fund is established for an unlimited duration, subject to the circumstances as may be occurred in respect of the SICAV and/or the Sub-Fund under the sections "Dissolution and Liquidation of the SICAV", "Closure of Sub-Funds and Classes" and "Mergers" in this Prospectus.