

M A N A G E M E N T  
R E G U L A T I O N S

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## **Epsilon Fund (RCS K349)**

***A FONDS COMMUN DE PLACEMENT***  
**(UMBRELLA FUND)**  
**GOVERNED BY THE LAWS OF LUXEMBOURG**

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<b>ARTICLE I. THE FCP</b>
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**1.01 Description of the FCP**

***(A) General***

Epsilon Fund (formerly Eurizon Stars Fund), (hereinafter referred to as the “FCP”), was created in the Grand Duchy of Luxembourg on 21 April 2008 in the form of a mutual investment fund in transferable securities governed by the Laws of Luxembourg, and is currently subject to by Part I of the Law of 17 December 2010 on collective investment undertakings (“UCI”) as amended These management regulations (“Management Regulations”), after having been approved by the Board of Directors of the management company Eurizon Capital S.A. (the “Management Company”), have been signed by State Street Bank Luxembourg S.A., the Depositary Bank, on 21 April 2008 and the notification of the filing with the *Registre du Commerce et des Sociétés* in Luxembourg has been published in the *Mémorial, Recueil Spécial des Sociétés et Associations* on 8 May 2008. The notices informing of the deposit with the *Registre du Commerce et des Sociétés* in Luxembourg of an amended version of the Management Regulations were published in the *Mémorial, Recueil Spécial des Sociétés et Associations* until 31 May 2016 and on the official electronic platform *Recueil Electronique des Sociétés et Associations* as from 1 June 2016.

The FCP is registered with the *Registre du Commerce et des Sociétés* in Luxembourg under number K349.

These Management Regulations have been filed with the Luxembourg Commercial Register, where they may be consulted, and copies can be obtained.

The Management Company has decided to modify the FCP’s name from “Eurizon Stars Fund” to “Epsilon Fund” with effective date on 29 June 2012.

The FCP has been established for an indefinite period.

The FCP has no legal personality. It is a joint ownership of securities and other assets as authorized by law, managed by the Management Company on the basis of the risk spreading principle, on behalf of and in the sole interest of the co-owners (hereinafter referred to as the “Unitholders”), who are committed only to the extent of their investment.

Its assets are owned jointly and indivisibly by the Unitholders and constitute a holding separate from the Management Company’s holdings. All of the jointly owned Units have equal rights. The

FCP's net assets shall, within a period of six months following authorization, be at least equal to 1,250,000.00 Euros. There is no limitation on the amount of holdings or on the number of jointly owned Units representing the FCP's assets.

The respective rights and obligations of the Unitholders, the Management Company and the Depositary Bank are defined in these Management Regulations.

By agreement with the Depositary Bank and pursuant to the Laws of Luxembourg, the Management Company may make any amendments in these Management Regulations it considers useful in the interest of Unitholders. Notices informing of these amendments are published on the official electronic platform *Recueil Electronique des Sociétés et Associations* and, in principle, become effective as of the time of their signature.

These Management Regulations do not provide for the Unitholders' meetings to take the form of Unitholders' general meetings, except in the event of the Management Company's proposal to merge the assets of the FCP or of one or several of the FCP's Sub-Funds with another UCI governed by non-Luxembourg laws.

#### ***(B) Sub-Funds and Classes of Units***

The FCP is structured in the form of an umbrella fund, including separate amounts of assets and liabilities (each referred to as a "Sub-Fund"), and each characterized by a particular investment objective. The assets of each Sub-Fund are separated in the FCP's accounts from the FCP's other assets.

Within each Sub-Fund, the Management Company may issue one or several Classes of Units (the "Classes of Units", or "Unit Classes"), each Class having one or several characteristics distinct from the characteristic(s) of the others, such as, for instance, a particular structure for sale and redemption expenses, a particular structure for advisory or management expenses, a policy related to the hedging or lack of hedging with respect to exchange risks, or a particular distribution policy.

The characteristics and the investment policy of the Sub-Funds that are created and/or opened to subscription are described on their respective sheets attached to the Prospectus.

The Management Company reserves the right to create new Sub-Funds or new Classes of Units, as the case may be, at any time, on the basis of a simple decision. Any creation of a new Sub-Fund will result in a Prospectus and/or these Management Regulations update.

The FCP and its Sub-Funds constitute a single legal entity. However in the relationships between the Unitholders each Sub-Fund is treated as a separate entity having its own assets, capital gains, capital losses etc. Vis-à-vis third parties, in particular creditors, the assets of a given Sub-Fund only stand surety for the debts, commitments and obligations linked to that Sub-Fund.

In the absence of indications to the contrary in these Management Regulations, the Units of the various Sub-Funds may normally be issued, redeemed and converted on each valuation day at a price calculated on the basis of the Net Asset Value per Unit of the Class in question in the Sub-Fund in question, adding all applicable expenses and charges as provided for in these Management Regulations.

## **1.02 Investment Objective**

The FCP offers the public the possibility of investing in a portfolio of financial instruments as authorized by the law, with a view to obtaining capital gain and/or income combined with substantial investment liquidity, in particular when compared to financial products having similar risk and return profiles.

To this end, portfolio diversification is ensured from different perspectives according to the indications specified in the investment policy section of each of the FCP's Sub-Funds appearing in the Sub-Fund Sheets attached to the Prospectus.

In any event, the FCP's assets are subject to market fluctuations as well as to other risks inherent in any financial investment and therefore the FCP cannot guarantee that it will meet its objectives.

The Unitholder has the option of choosing, in light of its own needs or expectations regarding the market dynamics, the investments he wishes to make in any of the FCP's Sub-Funds.

The Management Company carries out its activities with the objective of providing both investment protection and capital appreciation. However it is not guaranteed that this objective can be surely met due to the uncertainty of market evolution.

**Hence, the Unitholders should be aware that the Net Asset Value per Unit can vary upward as well as downward and that past performance is not necessarily a guide to future performance.**

## **1.03 Pooling**

In the interest of efficient management, and where the investment policy of Sub-Funds allows it, the Management Company may elect to manage the net assets of the Sub-Funds in question jointly.

In such cases, the assets of the various Sub-Funds shall be managed jointly. Reference will be made to joint management of assets as a “Pool”, despite the fact that such pools are used solely for internal management purposes. Pools do not constitute separate entities and are not directly accessible by investors. Each of the jointly managed Sub-Funds shall be allocated its own specific assets.

When assets of more than one Sub-Fund are pooled, the assets attributable to each participating Sub-Fund shall initially be determined by reference to the initial allocation of assets to such pool, and shall change when additional allocations or withdrawals of assets are made.

The rights of each Sub-Fund participating in jointly managed assets shall apply to each investment line within that pool.

Additional investment made on behalf of the jointly managed Sub-Funds shall be allocated to those Sub-Funds on the basis of their respective rights, whereas assets sold shall be withdrawn in a similar manner from the assets attributable to each participating Sub-Fund.

Dividends, interest and any other distributions received in respect of jointly managed assets are paid to the participating Sub-Funds proportionate to their participation in joint management at the time such distributions are received. If the FCP has been liquidated, jointly managed assets shall be allocated to the participating Sub-Funds proportionally to the participation of each.

## **ARTICLE II. INVESTMENTS AND INVESTMENT RESTRICTIONS**

### **2.01 Determination of and Restrictions on Investment Policy**

The FCP’s investment policy must respect the following rules.

The FCP may invest in:

- A) Transferable securities and money market instruments admitted to official listing on a securities stock exchange or dealt in on another regulated market which operates regularly and is recognized and open to the public, of a Member State of the European Union, a non-Member State of the European Union or a State in North or South America, Africa, Asia or Oceania;

- B) Recently issued transferable securities and money market instruments, as long as the issue conditions include an undertaking that the application for admittance to official listing on a securities stock exchange or to another regulated market which operates regularly and is recognized and open to the public, to a Member State of the European Union, a non-Member State of the European Union or a State in North or South America, Africa, Asia or Oceania has been made, and that admission is obtained, at the latest, before the end of a one year period following the issue;
- C) Units of UCITS authorized according to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1, paragraph (2), points a) and b) of Directive 2009/65/EC, whether or not established in a Member State of the European Union or not, up to a maximum of 10% of the net assets of each Sub-Fund, and provided that:
- such other UCIs are authorized by legislation that provides for these vehicles to be subject to supervision considered to be equivalent to that set forth in Community law, and that cooperation between authorities is sufficiently ensured; in particular, UCIs authorized under the laws of a Member State of the European Union, of United States of America, of Canada, of Japan, of Switzerland, of Hong-Kong or Norway comply with this condition;
  - the level of protection guaranteed to Unitholders in other such UCIs is equivalent to that provided to Unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business of other such UCIs is reported in semi-annual and annual reports in order to allow for an assessment of the assets and liabilities, income and transactions over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in Units of other UCITS or other UCIs;
- D) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and that mature in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is located in a non-Member State, provided that it is subject to prudential rules considered as equivalent to those set forth in Community law; prudential rules of Member States of OECD and FATF are considered as equivalent to those set forth in Community law;



E) Liquid money market instruments other than those usually dealt in on a regulated market that have a value that can be accurately determined at any time, if the issue or the issuer of such instruments be regulated themselves for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a 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
- issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraph A) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those set forth by Community law, or
- issued by other bodies belonging to approved classes, provided that investments in such instruments are subject to investor protection equivalent to that set forth in the first, the second or the third indent above, and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000.00 euro) and that presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, and is an entity that, within a group of companies that includes one or more listed companies, is dedicated to the financing of the group or is an entity dedicated to the financing of securitisation vehicles benefiting from a banking liquidity line.

F) Financial derivative instruments, including equivalent cash-settled instruments, listed on a regulated market referred to in subparagraph A) above, and/or financial derivative instruments negotiated over-the-counter ("OTC derivatives"), provided that:

- the underlying asset consists of instruments of the type referred to in paragraphs A), B), C), D), E) above, financial indices, interest rates, foreign exchange rates or currencies, in which the FCP may invest according to its investment objectives,
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and rank among first-Class financial institutions specialized in this type of transactions, 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 FCP's initiative;

- the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in paragraphs (a), (b), (c), (d), (e) and (f) below.

The FCP must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules the latter shall define, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

G) Transferable securities and money market instruments other than those referred in points A) B) C) D) E) F), up to an extent of 10% of each Sub-Fund's net assets.

The FCP may not acquire either precious metals or certificates representing them.

The FCP may hold ancillary liquid assets as demand or short-term deposits and temporarily hold a significant proportion of such liquid assets in case of particularly turbulent market conditions.

The FCP may not:

- Invest more than 10% of each Sub-Fund's net assets in transferable securities or money market instruments issued by the same body; however the total value of the transferable securities and money market instruments held by a Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets may not exceed 40% of the value of the mentioned Sub-Fund's net assets without taking the values mentioned in sections e) and f) below into account;
- Invest more than 20% of the net assets of each Sub-Fund in deposits made with the same body;
- Incur a risk exposure to a counterparty in an OTC derivative transaction exceeding 10% of the net assets of each Sub-Fund when the counterparty is a credit institution which has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered as equivalent to those set forth in Community law, or 5% of the net assets of each Sub-Fund in other cases;
- combine investments in transferable securities or money market instruments issued by a single body, deposits made with a single body, and/or exposures arising from OTC

derivative transactions undertaken with a single body, in excess of 20% of the net assets of each Sub-Fund;

- e) invest more than 35% of each Sub-Fund's net assets in transferable securities or money market instruments issued or guaranteed by a Member State of the European Union, its territorial governmental units (local authorities), a non-Member State of the European Union, or public international bodies of which one or more Member States of the European Union are members;

However, the FCP is authorized to invest up to 100% of its net assets in each Sub-Fund in different transferable securities and money market instruments issued or guaranteed by any Member State of the European Union, its local authorities, any Member State of the OECD or public international bodies of which one or more Member States of the European Union are members. In this case, each Sub-Fund must hold securities belonging to at least six different issues, without the securities belonging to one and the same issue being able to exceed 30% of the total amount;

- f) invest more than 25% of each Sub-Fund's net assets in bonds issued by a credit institution having its registered office in a Member State of the European Union and also subject to special public supervision aimed at protecting the holders of the mentioned bonds. In particular, the amounts coming from the issue of such bonds must be invested in assets which sufficiently cover, for the entire duration of the validity of the bonds, the claims attaching to the bonds and which would be used on a priority basis for the repayment of principal and payment of the accrued interest in case of bankruptcy of the issuer.

If the FCP invests more than 5% of each Sub-Fund's net assets in such bonds issued by one and the same issuer, the total value of the mentioned investments may not exceed 80% of the net assets of each of the FCP's Sub-Funds.

The limits set out in paragraphs a), b), c), d), e) and f) may not be combined. Hence the investments in transferable securities or money market instruments of the same body, in deposits or derivative instruments carried out with this body, may not, in any event, exceed a total of 35% of the net assets of each of the FCP's Sub-Funds, saving the exception provided for in paragraph e) for the issues of a Member State of the European Union, its local authorities, a Member State of the OECD, or public international bodies of which one or more Member States of the European Union are members;

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognized international

accounting rules, are regarded as a single body for the purpose of calculating the limits set forth in the preceding paragraph.

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

g) Invest more than 20% of the assets of each Sub-Fund in the Units of a single UCITS or other UCI referred to in the above subparagraph C), each Sub-Fund of a UCI with multiple Sub-Funds being considered as a separate issuer provided that the principle of segregation of the obligations of the various Sub-Funds vis-à-vis third parties is ensured. Investments made in Units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of each Sub-Fund of the FCP.

The FCP may also invest within the above-mentioned limits, in Units of other UCITS and/or other UCIs managed by the Management Company or by any other company with which the Management Company is connected within the framework of a community of management or control, or by a substantial direct or indirect holding, as long as for such transactions, no subscription or redemption fees will be charged on account of the FCP;

h) Borrow, only on a temporary basis, provided that such borrowing does not exceed 10% of the net assets of each of the FCP's Sub-Fund. However, one is not to consider as borrowings the obtaining of foreign currencies by way of a type of face to face loan ("back-to-back loan");

i) Grant loans or act as guarantor on behalf of third parties, without preventing the FCP from acquiring transferable securities, money market instruments or other financial instruments mentioned in paragraphs C), E) and F) above, which are not fully paid;

j) Carry out uncovered sales of securities.

The Management Company, acting in connection with all the mutual investment funds under its management and which fall within the scope of Part I of the Law of 17 December 2010 on collective investment undertakings, may not:

1) Acquire any share carrying voting rights enabling it to exercise significant influence over the management of a issuing body;

Moreover the FCP may not do any of the following:

- 2) Acquire more than 10% of shares without voting rights of one and the same issuer;
- 3) Acquire more than 10% of the bonds of one and the same issuer;
- 4) Acquire more than 25% of the Units of the same UCITS and/or other UCI.
- 5) Acquire more than 10% of the money market instruments of any single issuer.

The limits indicated in points 3), 4) and 5) do not have to be respected at the time of the acquisition if, at that time, the gross amount of the bonds, or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

The limits indicated in points 1), 2), 3), 4) and 5) are not applicable to transferable securities and money market instruments that are issued or guaranteed by a Member State of the European Union or its local authorities or a non-Member State of the European Union, or issued by public international bodies of which one or more Member States of the European Union are members.

In addition, the above-mentioned limits do not apply to Units held by the FCP in the capital of a company incorporated in a non-Member State of the European Union which invests its assets mainly in the securities of issuing bodies having their registered office in that State, when, by virtue of its legislation, such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State, and as long as the company of the non-Member State of the European Union, in its investment policy, complies with the limits set forth in paragraphs a) to g) and in points 1) to 5) above.

The limits set forth with respect to the composition of the FCP's net assets and the investment of the mentioned net assets in transferable securities or in money market instruments of the same issuer, or in Units of another collective investment entity, must not be respected in case of exercise of subscription rights attached to transferable securities or money market instruments that are part of the FCP's assets.

If the above mentioned limits are exceeded for reasons beyond the control of the FCP or as a result of the exercise of subscription rights, the Management Company, pursuant to the legislative provisions, in its sale transactions must have the priority objective of regularising the hereby situation taking the Unitholders' interest into account.

The limitations set forth sections a) to g) do not apply during the first period of six months following the date of approval of opening a Sub-Fund, as long as the principle of risk spreading is complied with.

The Management Company may adopt additional restrictions on the investment policy at any time, in order to comply with the laws, rules and regulations of the Countries in which the Units are sold.

A Sub-Fund of the FCP may subscribe, acquire and/or hold securities to be issued or issued by one or more other Sub-Funds of the Fund under the conditions that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund;
- no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated may, pursuant to the Management Regulations, be invested in aggregate in units of other target Sub-Funds of the FCP; and
- voting rights attached to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the FCP for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 december 2010; and
- there is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund of the FCP having invested in the target Sub-Fund, and this target Sub-Fund.

## **2.02 Techniques and Instruments**

With reference to the financial derivative instruments as described under paragraph F. of the preceding section, the FCP may use techniques and instruments as described hereafter, as long as the use of these techniques and instruments is made in an effort to hedge, including hedging against foreign exchange risks, in order to efficiently manage the portfolio or for investment purposes coherent with the Investment Policy section of the Sub-Fund Sheets attached to the Prospectus. Under no circumstances may these transactions lead to the FCP straying from the investment objectives set forth in each respective Sub-Fund Sheet attached to the Prospectus.

Transactions with financial derivative instruments as described hereafter must be the object of the relevant hedging rules under the following conditions:

- When the financial derivative instrument provides, either automatically or at the counterparty's choice, for physical delivery of the underlying financial instrument on maturity

or exercise, and provided that physical delivery is a common practice on the concerned instrument, the FCP must hold this underlying financial instrument for hedging purposes in its investment portfolio.

- In cases where the underlying financial instrument of a financial derivative instrument is highly liquid, the FCP is allowed to hold exceptionally other liquid assets as cover provided that they can be used at any time to purchase the underlying financial instrument to be delivered and that the additional market risk which is associated with that type of transaction is adequately measured.
- Where the financial derivative instrument is cash-settled either automatically or at the FCP's discretion, the FCP is allowed not to hold the specific underlying instrument as cover. In this case, the following Classes of instruments constitute an acceptable cover:
  - a) Cash;
  - b) Liquid debt instruments (e.g. transferable securities issued or guaranteed by a Member State of the European Union or by public international bodies of which one or more EU Member States are members) with appropriate safeguards (in particular, haircuts);
  - c) Other highly liquid assets, recognized in consideration of their correlation with the underlying of the financial derivative instrument, subject to appropriate safeguards (e.g. haircuts where relevant).

The use of techniques and instruments referring to securities lending transactions, sale with right of repurchase transactions and reverse repurchase and repurchase agreements must comply with the conditions stated in the CSSF circular 08/356.

Techniques and instruments as described hereafter shall be concluded on an arm length basis in the exclusive interest of investors.

The Unitholders must be aware that some of the derivative instruments used for hedging, efficient portfolio management or to meet specific investment purposes can be highly specialized and therefore there may be only a limited number of counterparties willing to provide them.

In addition, in order to mitigate the effect of adverse market movements on the likelihood of reaching the investment objectives stated in the Investment Policy Section of the Sub-Fund Sheets, the Sub-Funds may agree to take over pre-hedging arrangements for a notional amount limited to the subscriptions received within the Initial Subscription Period, if any, as indicated in this Prospectus. The Sub-Funds will bear the costs and expenses, if any, relating to such pre-hedging arrangements.

***(A) Transactions dealing with futures and option contracts on transferable securities and money market instruments***

The FCP may deal with futures and options contracts on transferable securities and money market instruments under the following conditions and within the following limits:

The FCP may conclude futures contracts, purchase and sell call options and put options on transferable securities and money market instruments that are traded on a regulated market which operates regularly and is recognized and open to the public, or traded on “over the counter” markets with broker-dealers specializing in that type of transaction which make the market in such instruments and which are leading financial institutions with a high rating. These transactions may be handled for hedging purposes, towards the goal of efficiently managing the portfolio, or to reach the investment purposes if set forth in the Sub-Fund Sheets attached to the Prospectus.

The risk exposure arising from transactions dealing with futures and options on transferable securities and money market instruments, to the exclusion of transactions handled for hedging purposes, together with the overall risk exposure in connection with other derivative instruments, may not exceed at any time the value of the net assets of each Sub-Fund of the FCP.

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

***(B) Transactions dealing with futures and option contracts relating to financial instruments***

These transactions may concern only contracts that are traded on a regulated market which operates regularly and is recognized and open to the public, or are handled on “over the counter” markets with broker-dealers specializing in that type of transaction which make the market in such instruments and which are leading financial institutions with a high rating. Subject to the conditions specified below, these transactions may be handled for hedging purposes, towards the goal of efficiently managing the portfolio, or to reach the investment purposes set forth in the Sub-Fund Sheets attached to the Prospectus.

The risk exposure arising from transactions dealing with futures and options on financial instruments other than transferable securities and money market instruments, to the exclusion of transactions handled for hedging purposes, together with the overall risk exposure in connection with other derivative financial instruments, may not exceed at any time the value of the net assets of each Sub-Fund of the FCP.



Risks are calculated by taking into account the current value of underlying assets, the counterparty risk, the foreseeable evolution of markets and the amount of time available for the liquidation of the positions.

### ***(C) Swap and Credit Default Swap (CDS) transactions***

A swap is a financial derivative instrument put in place between the Sub-Fund and a counterparty in order to exchange two streams of payments, for instance, an exchange of floating rate payments for fixed payments.

When these swap transactions are carried out with an aim different to that of covering risks the risk exposure arising from these transactions, together with the overall risk linked to other derivative instruments, can at no time exceed the value of the net assets of each Sub-Fund of the FCP. In particular, swaps on shares, baskets of shares or bonds or financial indexes will be used in strict accordance with the investment policy followed for each of the Sub-Funds.

Acquisition of a protection by means of a CDS contract means that the FCPs are hedged against risks of failure of the reference issuer in return for payment of a premium. For example, when the physical delivery of the underlying is planned, a CDS entitles FCPs with the right to sell to the counterparty a bond security that belongs to a specific issuing basket of the defaulting issuer for a predefined price (which typically corresponds to 100% of the nominal value).

Moreover, the following rules must be complied with where CDS contracts are executed with a purpose other than hedging:

- The CDS must be used in the exclusive interest of investors by allowing a satisfactory return compared to the risks incurred by the FCP;
- The risk exposure arising from these transactions, together with the overall risk exposure relating to derivative financial instruments may not exceed at any time the value of the net assets of each Sub-Fund of the FCP.
- The general investment restrictions must apply to the CDS issuer and to the CDS' final debtor risk ("underlying");
- The use of CDS must fit the investment and the risk profiles of the Sub-Funds concerned;
- The FCP must ensure that they guarantee adequate permanent hedging of commitments linked to the CDS and must always be in a position to carry out the investors' redemption requests;
- The CDS selected by the FCP must be sufficiently liquid so as to allow the FCP to sell/settle the contracts in question at the defined theoretical prices.

#### ***(D) Contracts For Difference (CFD)***

Contract for Difference (CFD) is an agreement between two parties to exchange the difference between the opening price and the closing price of the contract, at the close of the contract, multiplied by the number of units of the underlying asset specified within the contract. Differences in settlement are thus made through cash payments, rather than physical delivery of the underlying assets.

When these CFD transactions are carried out with an aim different to that of covering risks, the risk exposure arising from these transactions, together with the overall risk linked to other derivative instruments, can at no time exceed the value of the net assets of each Sub-Fund of the FCP. In particular, CFD on transferable securities, financial indexes or swap contracts will be used in strict accordance with the investment policy followed for each of the Sub-Funds.

#### ***(E) Efficient Portfolio Management Techniques***

Efficient portfolio management techniques are used for the purpose of efficient portfolio management, which supposes that they must fulfill the following criteria featured in art. 11 of the Grand-Ducal Regulation of 8 February 2008:

- a) they are economically appropriate in that they are realized in a cost-effective way;
- b) they are entered into for one or more of the following specific aims:
  - i) reduction of risk;
  - ii) reduction of cost;
  - iii) generation of additional capital or income for the FCP with a level of risk which is consistent with the risk profile of the FCP and the risk diversification rules applicable to it.
- c) their risks are adequately captured by the risk management process of the FCP.

#### ***(F) Securities Lending Transactions***

The Management Company may enter on behalf of the FCP, for the purpose of efficient portfolio management, into securities lending transactions either directly or through a standardized lending system, organized by a recognized clearing institution or by a financial institution subject to prudential supervision rules considered as equivalent to those prescribed by Community law and specialized in these types of transactions, including entities which belong to the same group of the Depositary Bank.

In such circumstances, these entities may have, directly or indirectly, an interest that is material to the investment or transaction, which may involve a potential or actual conflict of interest with

these entities' duties and/or the Depositary Bank's duty to the Sub-Funds, when they conclude transactions or exercise their powers and discretions in relation to such securities lending transactions. The Management Company shall then make sure these entities have undertaken to use their reasonable endeavors to resolve any such conflicts of interest fairly and to ensure that the interests of the Sub-Funds are not unfairly prejudiced.

The securities lending arrangements will be concluded with counterparties approved by the Management Company after completion of appropriate credit reviews in order to assess their credit quality with a conduction of a proper credit analysis.

All the revenues arising from the securities lending activity will be credited to the Sub-Funds on a monthly basis after deduction of (i) any interest or rebate fee with respect to cash collateral owed, in respect of each Sub-Fund, to the counterparties pursuant to the lending transactions and (ii) the remuneration to be paid in respect of each Sub-Fund to the securities lending agents for the services provided under the securities lending arrangements.

The annual report of the FCP will specify the Sub-Funds that are parties to securities lending transactions and contain details of the revenues arising from securities lending for the entire reporting period together with the direct and indirect operational costs and fees incurred. It will also disclose the identity of the entities to which the direct and indirect operational costs and fees are paid and indicate if these are related parties of the Management Company or the Depositary.

The FCP will ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not result in a change of the declared investment objective of the Sub-Funds or add substantial supplementary risks in comparison to the original risk policy as described in the Prospectus.

#### ***(G) Repurchase Agreements***

The FCP may also enter into sale with right of repurchase transactions (*opérations à réméré*), consisting in the purchase and sale of securities whereby the terms of the agreement entitle the seller to repurchase, from the purchaser, the securities at a price and at a time agreed amongst the two parties at the conclusion of the agreement. The FCP may act either as purchaser or seller.

The FCP 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 Community law.

During the duration of a purchase with a repurchase option agreement, the FCP may not sell the securities which are the subject of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the FCP has other means of coverage.

The FCP must ensure to maintain the value of the purchase with repurchase option transactions at a level such that it is able, at all times, to meet its redemption obligations towards Unitholders.

The FCP must ensure that, at maturity of the repurchase option, it holds sufficient assets to be able to settle, if applicable, the amount agreed for the restitution of the securities to the FCP.

The FCP may also enter into reverse repurchase and repurchase agreement transactions (*opérations de prise/mise en pension*), only if the counterparties to these transactions are subject to prudential supervision rules considered as equivalent to those prescribed by Community law, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the asset sold and the FCP the obligation to return the asset received under the transaction..

During the duration of the reverse repurchase agreement, the FCP may not sell or pledge/give as security the securities purchased through this contract, except if the FCP has other means of coverage.

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

The FCP must ensure that, at maturity of the repurchase agreement, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution to the FCP.

The FCP must take care to ensure that the volume of the repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligations towards Unitholders.

In particular, according to the requirements of Circular CSSF 08/380, the risk exposure arising from repurchase agreements, together with the overall risk exposure relating to derivative financial instruments, may not exceed at any time the value of the net assets of each Sub-Fund of the FCP.

The FCP may purchase or sell securities in the context of reverse repurchase or repurchase agreement transactions only if the counterparties are highly rated financial institutions specialized in these types of transactions.

The use of techniques and instruments referring to sale with right of repurchase transactions, reverse repurchase and repurchase agreements must comply with the conditions stated in the CSSF circular 08/356. No direct and indirect operational costs and/or fees arising from repurchase agreements are deducted from the revenue delivered to the FCP.

#### ***(H) Collateral Management***

Where the FCP enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

- a) Liquidity – any collateral received other than cash shall be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Directive 2009/65/EC.
- b) Valuation – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.
- c) Issuer credit quality – collateral received shall be of high quality.
- d) Correlation – the collateral received by the FCP shall 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.
- e) Collateral diversification (asset concentration) – collateral shall be sufficiently diversified in terms of country, markets and issuers.
- f) Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process.
- g) Where there is a title transfer, the collateral received shall be held by the depositary of the FCP. For other types of collateral arrangement, the collateral can be held by a third party Depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

h) Collateral received shall be capable of being fully enforced by the FCP at any time without reference to or approval from the counterparty.

i) Non-cash collateral received shall not be sold, re-invested or pledged.

j) Cash collateral received shall only be:

- placed on deposit with entities prescribed in Article 50(f) of the Directive 2009/65/EC;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the FCP is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

The FCP accepts as collateral cash in different currencies, negotiable debt obligations issued by governments or, if agreed with counterparties on a case by case basis, corporate issuers to cover the exposure towards various counterparties. A collateral arrangement can set (i) a minimum transfer amount, i.e. a minimum level below which the relevant collateral is not required to be posted to the FCP, this avoids the need to transfer (or return) a small amount of collateral to reduce operational procedures or (ii) a threshold, so that the collateral is only required to be posted if the FCP counterparty's exposure exceeds an agreed level.

Collateral posted to the FCP is usually subject to a haircut, i.e. the collateral is valued less than its market value, this is achieved by applying a valuation percentage to each type of collateral. In this case, the collateral provider will have to provide a greater amount of collateral than would otherwise have been the case. The purpose of this extra posting requirement is to set off the possible decline in the value of the collateral. The valuation percentage is linked to the liquidity, less liquid securities are usually assigned lower valuation percentages, it also varies with the residual maturity of the instrument, its currency and rating, or with the rating of the issuer.

The percentage values set forth below represent the range of haircuts defined in the collateral policy set forth by the Management Company on behalf of the FCP and are aligned with the ones defined in the different collateral arrangements entered into on behalf of the FCP. The Management Company reserves the right to vary the haircuts to reflect future variations of the collateral policy.

Collateral Instrument Type	Haircut
Cash*	0%-8%**
OECD Government Bonds***	3%-60%

Non-Government Bonds	25%-60%
Others****	8%-50%

\* The haircut may vary depending on the currency.

\*\* 0% only if the cash collateral received is in the same currency as the related Sub-Fund Reference Currency.

\*\*\* The haircut may vary depending on the maturity or the country of the security.

\*\*\*\* The haircut may vary depending on the instrument type.

## ARTICLE III. NET ASSET VALUE

### 3.01 General

#### *(A) Determination of the Net Asset Value*

The FCP's consolidated financial statements are expressed in euros. Each Sub-Fund's financial statements are expressed in their respective currency ("Reference Currency").

The Net Asset Value will be determined on each calendar day ("Valuation Day"). If this day is not a Luxembourg Bank Business Day, the Net Asset Value will be determined on the next Luxembourg Bank Business Day, using same market price references as if the Net Asset Value had been determined the prior calendar day. In case of consecutive non Luxembourg Bank Business Days, market price references should be used as if the Net Asset Value had been determined on the first non Luxembourg Bank Business Day.

Apart from Saturdays and Sundays, the days that are not Luxembourg Bank Business Days are: New Year's Day (1 January), Good Friday (movable), Easter Monday (movable), Labor Day (1 May), Ascension Day (movable), Whit Monday (movable), National Holiday (23 June), Assumption (15 August), All Saints Day (1 November), Christmas Eve (24 December), Christmas (25 December) and Boxing Day (26 December).

The Net Asset Value for each Sub-Fund and FCP Unit Class will be calculated as follows:

For a Sub-Fund that has issued only a single Class of Unit, the Net Asset Value per Unit is determined by dividing the Sub-Fund's net assets, which are equal to (i) the value of the assets attributable to the Sub-Fund and the revenue produced thereby, less (ii) the liabilities attributable to this Sub-Fund and any provision considered as prudent or necessary, by the total number of outstanding Units of the Sub-Fund in question on the Valuation Day in question.

If a Sub-Fund has issued two or more Classes of Units, the Net Asset Value per Unit for each Unit Class shall be computed by dividing the net assets, as defined above, included this

Class by the total number of outstanding Units of the same Unit Class in circulation in the Sub-Fund on the Valuation Day in question.

Each Sub-Fund's assets and liabilities are valued in its Reference Currency.

Insofar as it is possible income from the investments, the interest due, expenses and other fees (including administrative costs and management expenses due to the Management Company) are valued on each Valuation Day, and the FCP's commitments, if any, are taken into account on the basis of the valuation made thereof.

***(B) Valuation of the Net Assets***

**I. The net assets of each of the FCP's Sub-Funds shall consist of the following:**

- 1) Cash on hand or on deposit, including interest;
- 2) All bills and promises to pay on first demand as well as receivables (including proceeds from securities sold but not delivered);
- 3) All shares, bonds, subscription rights, guarantees, options and other securities, units or shares of other UCITS and/or UCI, financial instruments and similar assets held or contracted for and by the FCP (it being understood that the FCP may make adjustments without departing from Section 1. below with respect to fluctuation in the market value of the securities caused by transfer of ex-dividends, ex-rights or by similar practices);
- 4) All dividends and cash payouts that may be received by the FCP insofar as the information concerning them is reasonably available to the FCP;
- 5) Any accrued interest relative to fixed-income securities held on an ownership basis by the FCP, except insofar as this interest is included or reflected in the principal amount of the security in question;
- 6) The cash-in value of futures contracts and buy or sell options contracts in which the FCP has an open interest;
- 7) The FCP's expenditures, including the cost of issue and of distribution of FCP Units, insofar as they must be reversed;
- 8) All other assets of all types and all kinds, including prepaid expenses.



**If not otherwise stated in the Sub-Fund Sheets, the value of these assets shall be determined as follows:**

1. The value of cash on hand or on deposit, bills of exchange and bills payable at sight and accounts receivable, of prepaid expenditures, dividends in cash and interest accrued but not yet received shall consist of the amount thereof, unless it is unlikely that such amount can be collected. In this case, the value shall be determined by the Management Company by deducting a certain amount so as to reasonably reflect the real value of these assets.
2. The valuation of each security listed or traded on a stock exchange is based on the last known price, and if the security is traded on several markets, on the basis of the last known price of the security on its principal market. If the last known price is not representative, valuation shall be based on its likely market value, estimated prudently and in good faith by the Management Company.
3. The value of each security traded on a regulated market shall be based on the last known price on the Valuation Day.
4. The value of each participation in another UCITS and/or open-ended UCI shall be based on the last Net Asset Value known on the Valuation Day.
5. In the event that the securities held in the Sub-Fund's portfolio on the day in question are not listed or traded on a stock exchange or regulated market or if, with respect to the securities listed and traded on a stock exchange or regulated market, the price as determined pursuant to the procedures set forth in Subsections 2 or 3 is not representative of the securities, the value of these securities shall be fixed in a reasonable way on the basis of the sale prices anticipated cautiously and in good faith by the Management Company.
6. The cash-in value of futures contracts or options not traded on stock exchanges or other organized markets shall be their net cash-in value, according to a procedure that is constantly applied for each type of contract. Such procedures involve the use of internal models based on parameters such as the value of the underlying security, interest rates, dividend yields and estimated volatilities.

The cash-in value of futures contracts or options traded on stock exchanges or organised markets shall be based on the last settlement price of these contracts appearing on the stock exchanges or organised markets where the aforementioned contracts are traded in the FCP's name, provided that, if a contract on futures, forwards or options contracts cannot be settled on the day during which the Net Asset Value is determined, the basis used to

determine the cash-in value of such contract shall be a value considered fair and reasonable according to generally accepted valuation criteria.

7. Swap contracts and all other securities and assets shall be valued at their market value as determined in good faith, pursuant to standard pricing procedures. The market value of swap agreements will in particular be calculated according to the usual methods in practice, i.e. using the difference between the updated values of forecasted flows the counterparty is to pay to the Sub-Fund and those owed by the Sub-Fund to its counterparties.
8. The CDS will be valued at their market value as determined in good faith, pursuant to procedures established by the Management Company. The market value of CDS contracts will in particular be calculated according to the usual methods in practice, i.e. based on the market premium curve of reference CDS, with the aim of extracting default probabilities of underlying issuers, and the average rate of debt collection. This value is usually provided by an independent specialized vendor.
9. Liquid assets, money market instruments or any other short-term debt or debt-related instruments, that is to say with residual maturity not exceeding 90 days, may be valued at nominal value plus any accrued interest or on an amortized cost basis, provided a regular review of the portfolio holdings is performed to detect any material deviation between the net assets calculated using these methods and those calculated using market quotations. In case of deviation which may result in a material dilution or unfair result to Unitholders, appropriate corrective actions will be taken including, if necessary, the calculation of the net assets value by using available market quotations.

In any case the adopted calculation criteria, applied on a consistent and regular basis, are to be such as to allow for auditing by the auditor of the FCP.

## **II. The liabilities of each of the FCP's Sub-Funds shall consist of the following:**

- 1) all borrowings, bills and debts payable;
- 2) all capitalized interest on the FCP's borrowings (including cumulative expenses for commitments in these borrowings);
- 3) all expenditures incurred or payable (including but not limited to administrative expenditures and management costs, including, as the case may be, performance and deposit fees);

- 4) all known commitments, present and future, including liquid and certain contractual obligations to be paid in cash or in kind, including the amount of unpaid dividends declared by the FCP;
- 5) the appropriate provisions for future taxes based on income or capital on Valuation Day, as determined from time to time by the FCP, and other reserves, if any, authorized and approved by the Management Company, as well as any amount, if any, the Management Company may consider as being an appropriate allocation in light of the FCP's debts;
- 6) any other FCP commitment of any kind or nature whatsoever in accordance with generally accepted accounting principles. In determining the amount of these commitments the FCP shall take into account all expenditures due from the FCP by virtue of the section entitled "Costs and Expenses". The FCP may make an advance calculation of administrative and other expenses of a regular or recurrent nature on the basis of an amount estimated for annual periods or for other periods, and it may cover these amounts by provisions in equal amounts for the entire period.

The value of all assets and liabilities not expressed in the Sub-Fund's Reference Currency shall be converted into the Sub-Fund's Reference Currency at the exchange rate applied in Luxembourg on the Valuation Day in question, i.e. the official exchange rate available on NAV calculation day. If these rates are unavailable, the exchange rate shall be determined in good faith pursuant to procedures set forth by the Management Company's Board of Directors.

The Management Company's Board of Directors may at its discretion allow the use of other valuation methods if it considers that such a method produces a value more representative of the FCP's assets.

If valuation in accordance with the procedures set forth above becomes impossible or inadequate owing to extraordinary circumstances, the Management Company may, in appropriate cases, use other criteria cautiously and in good faith for the purpose of obtaining what it believes to be a fair valuation under such circumstances.

### **III. Allocation of the FCP's Assets**

The Management Company's Board of Directors shall create one Sub-Fund per Unit Class, and shall be entitled to create a Sub-Fund corresponding to two or several Classes of Units as follows:

- a) If two or more Classes of Units refer to one Sub-Fund, the assets attributable to these Classes shall be invested jointly in accordance with the particular investment policy of the Sub-Fund in question;
- b) The income receivable from the issue of Units of a Class shall be allocated, on the FCP's books, to the Sub-Fund corresponding to this Unit Class, as long as, if several Classes of Units are in circulation in the Sub-Fund referred to, the amount concerned will increase the proportion of the Sub-Fund's net assets attributable to the Unit Class to be issued;
- c) The assets and liabilities, income and expenditures applied to a Sub-Fund shall be attributable to the Class or the Classes of Units corresponding to this Sub-Fund;
- d) When the FCP has a debt related to an asset of a particular Sub-Fund or to all actions carried out in relation to an asset of a particular Sub-Fund, such a debt must be allocated to the Sub-Fund in question;
- e) If any asset or debt of the FCP cannot be considered as attributable to a particular Sub-Fund, such assets or debts shall be allocated to all Sub-Funds in proportion to the Net Asset Value of the Classes of Units in question, or in any other way determined by the Management Company acting in good faith;
- f) After payment of dividends to the Holders of any Unit Class, the Net Asset Value of any Unit Class shall be reduced by the amount of these distributions.

#### **IV. Swing pricing procedures**

To the extent that the Management Company considers that it is in the best interests of the Fund, given the prevailing market conditions and that the net number of Units to be issued or redeemed in any Sub-Fund on any Valuation Day exceeds 2% of Units in issue of that Sub-Fund, the Management Company reserves the right to value the underlying assets on an offer or bid price basis respectively.

#### **3.02 Suspension of the Net Asset Value Calculation and Suspension of the Issue, Conversion and Redemption of Units**

By agreement with the Depositary Bank, the Management Company is authorized to temporarily suspend, the calculation of the Net Asset Value or the issue, conversion or redemption of Units of one or of several Sub-Funds, in the following cases:

- When one or several stock markets providing the basis for valuation of a substantial part of the assets of one or several of the FCP's Sub-Funds, or one or several foreign exchange markets in the currencies in which a substantial part of the assets or one or several of the FCP's Sub-Funds is expressed are closed for periods other than regular holidays, or when transactions are suspended there, are subject to restrictions or are subject in the short term to substantial fluctuations;

- During the existence of any situation constituting a state of emergency, such as a political, economic, military, monetary or social situation or strike, or any event of *force majeure* (significant national crisis) for which the Management Company is not responsible or which is beyond its control, and that makes it impossible to use the assets of one or of several Sub-Funds of the FCP by way of reasonable and normal procedures, without causing serious prejudice to the Unitholders;
- When, for any reason whatsoever and beyond the control and responsibility of the Management Company, the value of an asset cannot be known fast enough or accurately enough;
- When exchange restrictions or capital movements prevent carrying out transactions on behalf of one or several of the FCP's Sub-Funds, or when the purchase or sale of the assets of one or several Sub-Funds of the FCP cannot be carried out on the basis of normal exchange rate;
- In all other cases of *force majeure* or beyond the control of the Management Company which the latter, by agreement with the Depositary Bank, considers necessary and in the best interest of Unitholders.

During the period of suspension or of delay, any request for redemption, subscription, or conversion not carried out may be withdrawn via a written notification. Otherwise the request will be handled on the first Valuation Day following the end of the suspension or delay of calculation of the Net Asset Value.

Such a suspension, relative to any Unit Class in any Sub-Fund, shall have no consequences with respect to the calculation of the Net Asset Value per Unit, or to the issue, redemption or conversion of Units in any other Sub-Fund of the FCP.

The Management Company must indicate without delay its decision to suspend calculation of the Net Asset Value, or the issue, conversion and redemption of the Units, to the supervisory authority in Luxembourg and to the authorities of other States in which the Units are traded or marketed.

The suspension shall be published pursuant to the provisions indicated below in the section entitled "Information for Unitholders".

<b>ARTICLE IV. FCP UNITS</b>
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#### **4.01 Description, Form and Unitholders' Rights**

The FCP's holdings are subdivided into various Sub-Funds' Units representing all the rights of Unitholders.

Within each Sub-Fund the Management Company may issue one or several Classes of Units, each Class having one or several characteristics distinct from each other, such as, for instance, a particular structure for selling fees and redemption, a structure for special expenses for advisory services or management, a policy for hedging exchange risks or not, or a particular distribution policy.

The Classes of Units within the various Sub-Funds may be of unequal value.

All of the Classes of Units in each Sub-Fund have the same rights with respect to redemption and information and in all other respects. The rights attached to fractions of Units are exercised in proportion to the fraction of Units held, with the exception of voting rights, if any, which can only be exercised by whole Units.

Forty-two Classes of Units, are available to investors: Class R, Class R2, Class R3, Class R4, Class R5, Class R6, Class R7, Class R8, Class R9, Class RA, Class RD, Class Ru, Class Ru2, Class Ru5, Class Ru6, Class Ru7, Class RH, Class RH2, Class RH6, Class RH7, Class S, Class SD, Class I, Class I2, Class I3, Class I4, Class I5, Class I6, Class I7, Class I8, Class I9, Class Iu, Class Iu2, Class Iu5, Class Iu6, Class Iu7, Class IH, Class IH2, Class IH6, Class IH7, Class ID and Class X. Units of Class R, Class RA, Class RD, Class Ru, Class RH, Class S, Class SD, Class I, Class Iu, Class IH, Class ID and Class X are expressed in Euro (EUR); Units of Class R2, Class Ru2, Class I2, Class Iu2, Class RH2 and Class IH2 are expressed in Dollar of The United States of America (USD); Units of Class R3 and Class I3 are expressed in offshore Renminbi (CNH); Units of Class R4 and Class I4 are expressed in Australian Dollar (AUD); Units of Class R5, Class Ru5, Class I5 and Iu5 are expressed in Japanese Yen (JPY); Units of Class R6, Class Ru6, Class I6, Class Iu6, Class RH6 and Class IH6 are expressed in Pounds Sterling (GBP); Units of Class R7, Class Ru7, Class I7, Class Iu7, Class RH7 and Class IH7 are expressed in Swiss Franc (CHF); Units of Class R8 and Class I8 are expressed are expressed in Swedish Krona (SEK); and Units of Class R9 and I9 are expressed in Norwegian Krone (NOK).

Class R, Class R2, Class R3, Class R4, Class R5, Class R6, Class R7, Class R8, Class R9, Class RA, Class RD, Class S and Class SD Units may be acquired by any investor.

Unit Classes RH, RH2, RH6 and RH7, can be acquired by any investor, and as part of their features include hedging of exchange rate risks. As such, transactions intended to hedge these

risks, such as forward foreign exchange contracts, currency options or futures, can be entered into for Classes RH, RH2, RH6 and RH7 in order to hedge, insofar as possible, exchange rate fluctuations between the currency or currencies of the Sub-Fund's assets and the currency they are expressed in. The attention of Unitholders in Unit Classes RH, RH2, RH6 and RH7 is drawn to the fact that costs connected with this hedging activity will be allocated to this class and reflected in the Net Asset Value.

Unit Class Ru can be acquired by any investor and, as part of its features, includes hedging of exchange rate risk of the EUR against USD and does not provide hedging for the local currencies exchange rate risk (in which the Sub-Funds invest) against USD. The attention of Unitholders in Unit Class Ru is drawn to the fact that costs connected with this hedging activity will be allocated to this class and reflected in the Net Asset Value.

Unit Classes Ru2 (USD), Ru5 (JPY), Ru6 (GBP) and Ru7 (CHF) can be acquired by any investor and their objective is to convert the currency exposure from EUR to their respective denomination currency. Transactions, such as forward foreign exchange contracts, currency options or futures can be entered for these classes in order to achieve the above reported objective. The attention of Unitholders in Unit Classes Ru2, Ru5, Ru6 and Ru7 is drawn to the fact that costs connected with this activity will be allocated to these classes and reflected in the Net Asset Value.

Units in Classes R, RA, R2, R3, R4, R5, R6, R7, R8, R9, RH, RH2, RH6, RH7, Ru, Ru2, Ru5, Ru6, Ru7, S, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7 and X allow for the accumulation of income, in other words full capitalisation of the income accrued by investments made in each of the FCP's Sub-Funds.

Units in Classes RD, SD and ID allow for distribution of the income accrued by investments made in each of the FCP's Sub-Funds, in accordance with the criteria specified in the section entitled "FCP Units – Description, form and Unitholders' Rights" of the Prospectus.

Class I, I2, I3, I4, I5, I6, I7, I8, I9, ID and X Units may only be acquired by institutional investors ("Institutional Investors"). Such Institutional Investors include: insurance companies; asset management companies; credit institutions, banking foundations or other professionals in the financial sector acting on their own behalf or within the framework of a discretionary management mission on behalf of their clients, even private clients (in this case, however, the clients on whose behalf the credit institutions or other professionals in the financial sector are acting must not have a right of property claim against the fund but only against the credit institutions or other professionals in the financial sector); undertakings for collective investment; territorial governmental units; holding companies, provided that they can justify their actual substance and have a structure and business activities of their own, separate from those of

their shareholders, and that they have significant financial interests; and finally, holding companies known as “family companies”, provided these are holding companies where a family or branch of a family has significant financial interests.

Unit Classes IH, IH2, IH6 and IH7 can only be acquired by Institutional Investors as defined above, and as part of their features they include hedging of exchange rate risk. As such, transactions intended to hedge these risks, such as forward foreign exchange contracts, currency options or futures can be entered into for Unit Classes IH, IH2, IH6 and IH7 in order to hedge, insofar as possible, exchange rate fluctuations between the currency or currencies of the Sub-Fund’s assets and the currency they are expressed in. The attention of Unitholders in Unit Classes IH, IH2, IH6 and IH7 is drawn to the fact that costs connected with this hedging activity will be allocated to this class and reflected in the Net Asset Value.

Unit Class lu may only be acquired by institutional investors and, as part of its features, includes hedging of exchange rate risk of the EUR against USD and does not provide hedging for the local currencies exchange rate risk (in which the Sub-Funds invest) against USD. The attention of Unitholders in Unit Class lu is drawn to the fact that costs connected with this hedging activity will be allocated to this class and reflected in the Net Asset Value.

Unit Classes lu2 (USD), lu5 (JPY), lu6 (GBP) and lu7 (CHF) may only be acquired by institutional investors and their objective is to convert the currency exposure from EUR to their respective denomination currency. Transactions, such as forward foreign exchange contracts, currency options or futures can be entered for these classes in order to achieve the above reported objective. The attention of Unitholders in Unit Classes lu2, lu5, lu6 and lu7 is drawn to the fact that costs connected with this activity will be allocated to these classes and reflected in the Net Asset Value.

The subscription of Units in Class R is subject to a minimum initial subscription amount equal to 500 EUR for each Sub-Fund except for the subscription of Units in Class R of Epsilon Fund – Euro Cash Sub-Fund which is subject to a minimum initial subscription amount equal to 100,000 EUR.

Minimum subscription amounts in Units Classes R2, R3, R4, R5, R6, R7, R8, R9, RH, RH2, RH6, RH7, Ru, Ru2, Ru5, Ru6, Ru7, RD, RA, S, and SD may differ in each distribution country. In Italy, the minimum subscription amount of these Unit Classes is generally equal to 500 EUR (or 700 USD, 5,000 CNH, 700 AUD, 65,000 JPY, 400 GBP, 500 CHF, 4,500 SEK and 4,500 NOK considering the currency they are expressed in).

The subscription of Units of Class I, lu, IH, ID and X is subject to a minimum subscription and holding amount equal to 3,000,000 EUR at umbrella fund level.



The subscription in Unit Classes I2, Iu2 and IH2 is subject to a minimum first subscription and holding amount equal to 3,000,000 USD at umbrella fund level. The subscription in Unit Class I3 is subject to a minimum first subscription and holding amount equal to 30,000,000 CNH at umbrella fund level. The subscription in Unit Class I4 is subject to a minimum first subscription and holding amount equal to 4,500,000 AUD at umbrella fund level. The subscription in Unit Classes I5 and Iu5 is subject to a minimum first subscription and holding amount equal to 125,000,000 JPY at umbrella fund level. The subscription in Unit Classes I6, Iu6 and IH6 is subject to a minimum first subscription and holding amount equal to 2,300,000 GBP at umbrella fund level. The subscription in Unit Classes I7, IH7 and Iu7 is subject to a minimum first subscription and holding amount equal to 3,000,000 CHF at umbrella fund level. The subscription in Unit Class I8 is subject to a minimum first subscription and holding amount equal to 28,000,000 SEK at umbrella fund level. The subscription in Unit Classes I9 is subject to a minimum first subscription and holding amount equal to 28,000,000 NOK at umbrella fund level.

However, the Management Company may decide, at its sole discretion and at any time, to waive the above mentioned subscription and holding amounts.

Not all Classes of Units will be issued in each of the existing Sub-Funds. However, investors should refer to the Management Company's website ([www.eurizoncapital.lu](http://www.eurizoncapital.lu)) for current details of which Classes of Units are in issue.

The Units are bearer Units or registered Units, at the Unitholder's discretion, in the absence of any indication to the contrary in these Management Regulations and in the Prospectus.

In the absence of any provision to the contrary the investors will not receive any certificate representing their Units. Instead of this, a simple written confirmation will be issued concerning subscription to Units or fractions of Units, down to a thousandth of a Unit. However if a Unitholder so desires, he or she may request and obtain issue of certificates representing bearer Units or registered Units. The Unitholder will pay a set price of 100 EUR for the issuance of any such certificate.

The Management Company may divide or regroup the Units in the interest of Unitholders in accordance with Articles 5.7 and 5.8.

No Unitholders' meetings are held, except in case the Management Company proposes to merge the FCP's assets or the assets of one or several of the FCP's Sub-Funds with another foreign UCI. In this case, the Unitholders' unanimous approval must be obtained in order to enable the merging of all assets. In the absence of unanimity, only the proportion of the assets held by the Unitholders who have voted in favour of the proposal may be merged with the foreign UCI.

#### **4.02 Issue of Units, Subscription and Payment Procedures**

The Management Company is authorized to issue Units at any time and without any limitation.

The Units of each Sub-Fund or, respectively, of each Unit Class of the FCP may be subscribed to via the Registrar and Transfer Agent in Luxembourg as well as other establishments authorized by the Management Company for that purpose.

The Management Company reserves the right to reject any application for purchase or to accept only a part thereof. In particular, the Management Company does not allow practices associated with Market Timing, and the Management Company reserves the right to reject subscription and conversion requests from an investor whom the Management Company suspects of using such practices, and to take, if appropriate, the necessary measures to protect the other investors in the FCP.

At the end of an initial and subsequent subscription period, if any, the subscription price, expressed in the Sub-Fund or Unit Class's currency, as the case may be, shall correspond to the Net Asset Value per Unit determined pursuant to Article 3 "Net Asset Value", plus, as the case may be, and as specified in the Prospectus, a subscription commission paid to the Management Company, which includes all commissions due to the distributors involved in the distribution of the FCP. It does not necessary include additional costs applied by the local paying agent if any.

Subscriptions are completed at an unknown Net Asset Value. Subscription requests reaching the Registrar and Transfer Agent's registered office are closed out as set out below:

The subscription price corresponds to the Net Asset Value calculated on the first calculation date following acceptance by the Registrar and Transfer Agent in Luxembourg of the subscription request, if the latter is received before 4 p.m. (Luxemburg time). If the subscription request is received after 4 p.m., it is considered as having been received on the following Luxembourg bank business day.

Some Unit Classes may be subscribed through systematic investment plans when these services are proposed by the distribution agents or intermediaries used by the investor.

Units of any Class may also be subscribed through a favored transfer operation, as part of a single transaction or as part of a systematic conversion plan, when these services are proposed by the distribution agents or intermediaries used by the investor. A favored transfer transaction consists in a redemption carried out in another FCP managed by the Management Company

followed by a subscription of Units corresponding to the countervalue of the executed redemption, less any applicable tax deductions. Therefore for favored transfer transactions, the Valuation Day of the subscription does not match with the Valuation Day of the redemption.

The general conditions regarding systematic investment plans and favored transfer operations are transmitted to the investors by the distribution agents or intermediaries authorized by the Management Company to provide such services.

The subscription price of Units in Class R, R2, R3, R4, R5, R6, R7, R8, R9, RD, RA, Ru, Ru2, Ru5, Ru6, Ru7, RH, RH2, RH6, RH7, S and SD could be increased by an issue commission, as indicated in the Prospectus.

Additional transaction costs could be charged by other intermediaries if used by the client when investing in the FCP.

The subscription price may be increased by the amount of levies, taxes and stamp fees that may be due in the various countries in which the Units are offered.

The subscription price, payable in the Sub-Fund's currency, must be paid into the Sub-Fund's assets within three Luxembourg Bank Business Days following the acceptance of the subscription request.

In the absence of any indication to the contrary in these Management Regulations and in the Prospectus, the Units are issued after payment of the subscription price, and the registration confirmations or, as the case may be, the certificates representing Units, are sent by mail or are made available by the Depositary Bank or by its representative within two weeks following the date of payment of the equivalent value of the subscription price into the FCP's assets.

At any time and at its sole discretion, the Management Company may temporarily suspend, definitively halt or limit the issue of Units to natural or legal person resident or domiciled in certain countries and territories, or may exclude them from acquiring Units, if such a measure is necessary in order to protect the Unitholders as a whole or the FCP.

The Units may also be issued in exchange for contributions in kind, but respecting the obligation for a valuation report to be submitted by the approved Auditor, who is appointed by the Management Company pursuant to Article 5.3, and on condition that these contributions correspond to the investments and investment restrictions of the Sub-Fund of the FCP in question, as described in Article 2 of these Management Regulations and in the Prospectus. The securities accepted as payment of a subscription are estimated, for the needs of the transaction, at the latest purchase price on the market at the time of valuation. The

Management Company is entitled to reject any contribution in kind without having to justify its decision.

Expenses linked to the issue of Units in exchange for contributions in kind will be charged to the Unitholder from whom these contributions originate.

The Management Company shall be entitled to limit or prevent ownership of Units by any natural or legal person if it considers that such ownership could be harmful to the FCP.

The Unitholders' attention is drawn to the fact that certain Classes of Units, as defined in more details in the previous section, are accessible only to certain types of investors. In this context the Management Company will not issue Units in Class X, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7 and ID to persons or companies that will not correspond to the definition of Institutional Investors as set out in the precedent section.

Moreover, the Units of Class X, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7 and ID, are not freely transferable and every transfer of the Units in Class I, Class ID and Class X requires the previous written consent of the Management Company. The Management Company will not accept a Units transfer, if as a consequence of this transfer, a non-institutional investor will own Units in Class X, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7 or ID.

No Unit in a given Sub-Fund will be issued by the FCP during any period in which calculation of the Net Asset Value of the Sub-Fund concerned is suspended by the Management Company by virtue of the powers reserved to it under these Management Regulations and described in the section entitled "Suspension of the Net Asset Value calculation and Suspension of the issue, redemption and conversion of Units".

Failing this, the requests are taken into account on the first Valuation Day following the end of the suspension.

In the event of exceptional circumstances that could negatively affect the Unitholders' interest the Management Company reserves the right to carry out, during the day, other valuations that shall apply to all subscription or redemption requests received during the day in question, and it shall ensure that the Unitholders who have subscribed or redeemed during this same day are treated equally.

#### **4.03 Redemption of Units**

The Units of each Sub-Fund or, respectively, of each Unit Class of the FCPs may be redeemed at any time by sending an irrevocable redemption request to the Registrar and

Transfer Agent in Luxembourg or to the other authorized banks and establishments, accompanied by confirmations of subscription or by the certificates representing Units, as the case may be.

The FCP shall be forced to redeem the Units at any time in accordance with the limitations set forth in the Law of 17 December 2010 on undertakings for collective investments.

For each Unit presented for redemption, the amount paid to the Unitholder is equal to the Net Asset Value per Unit for the Sub-Fund and/or the class in question, determined in accordance with Article 3 “Net Asset Value”, after deduction of expenses, levies, taxes and stamp fees that may be payable on that occasion, and, possibly, of a redemption commission paid to the Management Company, the amount of which is indicated in the Prospectus.

Redemptions are made at an unknown Net Asset Value. The redemption requests reaching the Registrar and Transfer Agent’s registered office are closed out as set out below:

The redemption price of the Units in Classes R, RA, Ru, RH, RD, S, SD, I, lu, IH, ID and X, expressed in EUR, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request by the Registrar and Transfer Agent in Luxembourg, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg bank business day.

The redemption price of Unit Classes R2, RH2, Ru2, I2, IH2 and lu2, expressed in USD, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R3 and I3, expressed in CNH, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R4 and I4 expressed in AUD, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R5, Ru5, I5 and Iu5 expressed in JPY, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R6, Ru6, RH6, I6, IH6 and Iu6 expressed in GBP, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R7, Ru7, RH7, I7, IH7 and Iu7 expressed in CHF, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R8 and I8 expressed in SEK, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

The redemption price of Unit Classes R9 and I9 expressed in NOK, corresponds to the Net Asset Value calculated on the first calculation date following the acceptance of the redemption request, if the latter is received before 4 p.m. (Luxemburg time). If the redemption request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank Business Day.

No redemption commission will be applied by the Management Company to the Units in Classes R, R2, R3, R4, R5, R6, R7, R8, R9, RA, RD, Ru, Ru2, Ru5, Ru6, Ru7, RH, RH2, RH6, RH7, S, SD, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7 and ID.

The equivalent value of the Units presented for redemption is paid in that Sub-Fund's currency, by transfer, in principle within 3 Luxembourg Bank Business Days after the acceptance of the redemption request, except insofar as indicated below with respect to substantial redemption requests.

The redemption price may be higher or lower than the price paid at the time of issue, depending on changes in the Net Asset Value.

At the request of a Unitholder wishing to redeem his or her Units, the Management Company may grant a distribution in kind, in total or in part, of securities of any Unit Class to this Unitholder, instead of repurchasing them from him or her for cash. The Management Company shall proceed in this way if it considers that such a transaction will not be to the detriment of the interests of remaining Unitholders of the Sub-Fund in question. The assets to be transferred to these Unitholders shall be determined by the Management Company and the Investment Manager, taking into account the practical aspect regarding the transfer of the assets, the interests of the Unit Class and the other Unitholders, and the Unitholder him/herself.

This Unitholder may have to pay fees, including but not limited to brokerage fees and/or fees for local taxes on any transfer or sale of securities received in this way in exchange for the redemption. The choice of valuation and the disposal of the assets shall be the subject of a valuation report by the FCP's auditor. Expenses linked to the redemption of Units in exchange for a distribution in kind will be charged to the Unitholder from whom this request originated.

Redemption of Units may be suspended by a decision made by the Management Company in agreement with the Depositary Bank in the cases provided for in Section 3.2 or by order of the supervisory authority, when the public interest or the interest of the Unitholders requires this, which applies in particular when legislative, regulatory or contractual provisions concerning the FCP's activity are not observed.

If, on a given date, and in case of a redemption request amounting to more than 10% of the Net Asset Value of the Sub - Fund, payment cannot be made by means of the Sub-Fund's assets or by authorized borrowing, the FCP may, after approval by the Depositary Bank, delay these redemptions on a pro rata basis with respect to the part representing more than 10% of the Net Asset Value of the Units in the Sub-Fund, until a date that must occur no later than the third Valuation Day following acceptance of the redemption request, in order to enable it to sell a part of the Sub-Fund's assets so as to meet such substantial redemption requests. In such a case, a single price shall be calculated for all of the redemption and subscription requests presented at the same time.

Furthermore the Management Company may at any time repurchase Units held by investors excluded from the right to buy or hold Units. That applies, inter alia, to US citizens and to non-institutional investors investing in Units reserved for institutional investors, as defined in the section entitled "FCP Units - Description, form and Unitholders' Rights".

#### **4.04 Conversion of Units**

In the absence of any indication to the contrary in these Management Regulations and in the Prospectus, the Unitholders may transfer all or part of their Units from one Sub-Fund to Units from another Sub-Fund, or from one Unit Class to another Unit Class, on the basis of the Net Asset Value per Unit on that same day, in principle free of commission, except in cases in which (i) the transfer is made toward a Sub-Fund or alternatively a Unit Class which has a higher issue commission, or (ii) where a specific conversion commission is specified in the Prospectus. In the former case, in order to have its Units converted, the subscriber must pay the Management Company an issue commission equal to the difference between the issue commissions of the two Sub-Funds or, as the case may be, of the two Classes of Units. The Unitholders must fill out and sign an irrevocable request for conversion addressed to the Registrar and Transfer Agent in Luxembourg or to the other authorized banks and establishments, containing all instructions regarding conversion and accompanied by the Unit certificates, if issued, specifying, as the case may be, the Unit Class they wish to convert.

The attention of Unitholders is drawn to the fact that certain Classes of Units, as defined in the section entitled “FCP Units – Description, form and Unitholders’ Rights”, are accessible only to certain types of investors. The attention of Unitholders in Class R, R2, R3, R4, R5, R6, R7, R8, R9, RD, Ru, Ru2, Ru5, Ru6, Ru7, RH, RH2, RH6, RH7, S, SD and RA Units is also drawn to the fact that they may not request conversion of their Units into Class I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7, ID or X unless such Unitholders conform to the definition of Institutional Investors.

If, on a given date, there is a substantial request for conversion, i.e. higher than 10% of the Net Asset Value of the Sub-Fund, the Management Company, after approval by the Depositary Bank, may delay the conversion on a pro rata basis with respect to the amount higher than 10% to a date no later than the third Valuation Day following the date of acceptance of the conversion request, in order to enable it to convert the amount of assets required.

Requests delayed in this way shall be treated on a priority basis with respect to any other requests for conversion received later.

Conversion is carried out on the basis of the Net Asset Value per Unit determined in accordance with Article 3 “Net Asset Value”, less a conversion commission if applicable. Conversions are made at an unknown Net Asset Value. Conversion requests reaching the Management Company’s registered office are closed out as set out below:

Requests for conversion from one Sub-Fund to another or from one Unit Class to another will be handled on the basis of the Net Asset Value calculated on the first calculation date following acceptance of the conversion request, if the latter is received by the Registrar and Transfer Agent in Luxembourg before 4 p.m. (Luxembourg time).



If the conversion request is received after 4 p.m., it is considered as having been received on the following Luxembourg Bank business day.

No conversion commission will be due in principle, except in case the transition is made to a Sub-Fund with a subscription commission higher than that of the Sub-Fund to be converted, in which case the subscriber must pay a commission equal to the difference between the two subscription commissions.

Conversion cannot be carried out if calculation of the Net Asset Value of one of the Sub-Funds or, as the case may be, Classes of Units concerned is suspended.

Conversion of Units from one Sub-Fund or alternatively from one Unit Class into Units of another Sub-Fund or, respectively, Unit Class can be carried out only insofar as the Net Asset Value of the two Sub-Funds or Classes of Units is calculated on the same day.

The number of Units allocated in the new Sub-Fund or in the new Unit Class is determined in accordance with the following formula:

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

in which:

A is the number of Units allocated in the new Sub-Fund or new Unit Class;

B is the number of Units presented for conversion;

C is the Net Asset Value of one Unit of the Sub-Fund or of a Unit Class, the Units of which are presented for conversion, on the day of the transaction;

D is the Net Asset Value of one Unit of the new Sub-Fund or new Unit Class, on the same day as the transaction;

E is the exchange rate between the two Sub-Funds or the two Classes of Units on the day of the transaction.

#### **4.05 Preventing Money Laundering and the Financing of Terrorism**

Pursuant to legislation in force in the Grand Duchy of Luxembourg relating to prevention of money laundering and the financing of terrorism, all open account's requests must include the customer's identity on the basis of documents, data or information obtained from a reliable and independent source. Subscription requests must include a certified copy (from one of the following authorities: embassy, consulate, notary, police etc.) of (i) the subscriber's identity

card, in the case of natural persons or (ii) the Articles of Association (or Company bylaws) as well as an extract from the Trade Register for companies, in the following cases:

1. Direct subscription;
2. Subscription via a professional in the financial sector that is not domiciled in a country that has the same legal obligation to identify funds as the obligation imposed in Luxembourg in connection with the struggle against money laundering by financial entities;
3. Subscription through a branch or a subsidiary, the parent company of which would be subject to an identification procedure equivalent to the one required in Luxembourg, but where the law applicable to the parent company does not force branches or subsidiaries to apply these measures.

The same identification procedure will apply in case of redemption of bearer Units.

Furthermore the Management Company is legally responsible for identifying the origin of the funds transferred from banks that are not subject to an obligation identical with the one required under the Laws of Luxembourg.

Subscriptions may be temporarily suspended until the funds in question have been properly identified.

The Management Company adopt an approach focused on the real risk, both during the customer identification process and the monitoring of transactions, while taking into account the particularities of their respective activities and their differences in scale and size ( the risk-based approach ).

It is generally accepted that professionals in the financial sector who are resident in countries that abide by the FATF conventions (Financial Action Task Force on Money Laundering) are considered as subject to an identification procedure equivalent to the one required under Luxembourg law.

The Registrar and Transfer Agent, acting on behalf of the FCP, may require additional documentation at any time relative to a subscription request.

If a subscriber has a query concerning the current money laundering legislation, the Registrar and Transfer Agent will provide him with a list of key points concerning money laundering. Any failure to comply with this request for additional documentation shall result in suspension of the subscription procedure.

The same shall apply if such documentation has been requested but not been provided as part of redemption transactions.

The Registrar and Transfer Agent may at any time require placement agents to make a written declaration stating that they will comply with the laws and requirements applicable in connection with money laundering.

## **ARTICLE V. OPERATION OF THE FCP**

### **5.01 Legal Framework**

These Management Regulations are subject to and are construed in accordance with Luxembourg law.

The English version of these Management Regulations prevails, however subject to the condition that the Management Company and the Depositary Bank be entitled, on their behalf and on behalf of the FCP, to consider as compulsory any translations into the languages of countries in which the Units are offered or sold, with respect to the Units sold to investors in those countries.

Disputes between the Unitholders, the Management Company and the Depositary Bank are to be settled in accordance with the Laws of Luxembourg.

Claims made by Unitholders against the Management Company or the Depositary Bank lapse five years after the date of the event that gave rise to the invoking of rights through the claims.

By agreement with the Depositary Bank and in compliance with authorizations that may be required under Luxembourg law, the Management Company shall be entitled to make any modification in these Management Regulations that it considers useful in the Unitholders' interest.

Notices informing of modifications to the Management Regulations are published on the official electronic platform *Recueil Electronique des Sociétés et Associations* and, in principle, become effective as of the time of their signature.

### **5.02 Income Distribution Policy**

Units in Classes R, R2, R3, R4, R5, R6, R7, R8, R9, Ru, Ru2, Ru5, Ru6, Ru7, RH, RH2, RH6, RH7, RA, S, X, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu5, Iu6, Iu7, IH, IH2,

IH6 and IH7 do not allow distribution of income to the Unitholders, and instead provide for full capitalization of income resulting from investments made in each of the FCP's Sub-Funds.

Unit Classes RD, SD and ID allow for distribution of the income achieved through investments made in each of the FCP's Sub-Funds in accordance with criteria specified in the section entitled "FCP Units – Description, form and Unitholders' Rights" of the Prospectus.

The income of each Sub-Fund remains the property of the Sub-Fund. The profitability of the various Sub-Funds is expressed solely by changes in the Net Asset Values of the Units.

However, the Management Company retains the possibility of distributing annually the net assets of the FCP's Sub-Fund or Sub-Funds, without any limitation on the amount, to the Unitholders of one or several Sub-Funds, if this is considered advantageous to the Unitholders. In any case the FCP's net assets, following such distribution, may be no less than 1,250,000.00 euros.

### **5.03 Financial Year and Management Report**

The financial year of the FCP ends on March 31 of each year.

When establishing the consolidated balance sheet expressed in euros, the assets of the various Sub-Funds will be converted from their Reference Currency into euros.

The Management Company shall entrust verification of the FCP's accounting data to an Auditor.

### **5.04 Costs and Expenses**

The following expenses are borne by the FCP:

- a management commission calculated and paid monthly, on the monthly average of the Sub-Fund's Net Asset Value, and a performance commission paid to the Management Company as compensation for its management activity. The performance commission is calculated and paid as defined in the Sub-Fund Sheets attached to the Prospectus;
- a distribution commission paid to the Management Company; such commission includes in particular the remuneration paid by the Management Company to certain distribution agents for the services provided by them in relation to the distribution of the Unit Classes S and SD;

- an administrative commission of maximum 0.25% p.a. calculated and paid monthly on the monthly average of the Sub-Fund's Net Asset Value to the Management Company; such commission includes in particular the remuneration of the Depositary Bank and Paying Agent and the remuneration of the Administrative Agent and the Registrar and Transfer Agent for their services rendered to the Fund. Any modification of this commission shall be indicated in the FCP's periodic financial reports;
- all taxes and levies that may be due on the FCP's assets and income, and particularly the subscription tax payable on the FCP's net assets;
- banking or brokerage fees on portfolio securities transactions;
- banking fees in connection with duties and services of local paying agents, correspondent banks or similar entities, when applicable;
- fees of legal advisors and auditors;
- extraordinary expenditures, such as, for instance, expert opinions or proceedings engaged in for protection of the interests of Unitholders;
- expenses involved in preparation, printing and filing of administrative documents and explanatory memoranda with any authorities and bodies;
- expenses related to preparation, translation, printing, filing and distribution of the Prospectuses, the periodic reports and other documents that are necessary pursuant to the law and to these Management Regulations;
- fees relative to the FCP's listing on a stock exchange, but also those relative to registration with any other institution or authority;
- expenses related to preparation, distribution and publication of notices to Unitholders, including publication of Net Asset Value per Unit on newspaper distributed in countries in which the Units are offered or sold or on any other recognised and legally binding media;
- any other similar operational expenses charged to the FCP, in accordance with the these Management Regulations.

The current management commission and distribution commission annual rates applied are set out in Appendix A attached to the Prospectus.

Investment by each Sub-Fund in units of UCITS and/or other UCI may, for the investor, involve increase of certain expenses such as Depositary bank, administrative and management fees. The maximum rate of management commission applied by the underlying UCITS and/or other UCI will be equal to 2.5%.

Expenses linked to advertising and charges, other than the ones designated above, connected directly with the offer or distribution of Units, are not paid by the FCP.

The Management Company pays, out of its assets, expenses related to its own operation.

Value added tax (if any) on fees payable by each Sub-Fund will be borne by the Sub-Fund in addition to the fees.

The fixed costs are divided up in each Sub-Fund in proportion to the Sub-Fund's assets in the FCP, and the specific expenses of each Sub-Fund are deducted in the Sub-Fund that has incurred them.

The costs relative to creation of a new Sub-Fund will be covered through the Sub-Fund's assets for a period not exceeding five (5) years, and for an annual amount that is determined in a fair way by the Management Company.

A newly created Sub-Fund shall not bear the costs and expenditure incurred for creation of the FCP and for initial issue of the Units not covered on the date of creation of the new Sub-Fund.

## **5.05 Information for Unitholders**

The Net Asset Value of the Units, the issue price, the conversion price and the redemption price of each Sub-Fund or, as the case may be, each Unit Class, are available in Luxembourg at the registered offices of the Management Company and the Depositary Bank.

An annual report audited by the Auditor and a semi-annual report that does not necessarily have to be audited, are published, respectively, within four months and two months following the end of the period to which they refer. The reports are distributed and are made available to Unitholders and to the public at the registered offices of the Management Company, the Depositary Bank and the designated banks and institutions.

The annual report shall contain the consolidated tables relative to the Net Asset Value and to results of transactions in the consolidation currency, which is the Euro.

The annual and semi-annual reports are delivered free of charge to Unitholders and to the public requesting them from the Management Company.

Notices to the Unitholders are published in a daily newspaper appearing in Luxembourg, and in addition are available at the registered offices of the Management Company and the Depositary Bank. They may also be published in one or several recognized and legally binding media in countries in which the Units are offered or sold.

#### **5.06 Liquidation of the FCP, its Sub-Funds, and the Classes of Units**

The FCP and each Sub-Fund or Unit Class have been created for an indefinite period. However, the FCP or any Sub-Fund or, as the case may be, Unit Class, may be liquidated in the cases provided for by law, or at any time after the Management Company has informed the Depositary Bank.

Liquidation and split of the FCP may not be requested by a Unitholder or his/her designated heirs or assignees.

In particular, the Management Company is authorized to decide on liquidation of the FCP in the cases provided for by law and if:

- The Management Company is dissolved or ceases its activities without, in the latter case, being replaced.
- The FCP's net assets have for a period of six months fallen below the legal minimum set forth in Article 23 of the Law of on Collective Investment Undertakings.

It may also decide to liquidate the FCP, any Sub-Fund or any Unit Class when the value of the net assets of the FCP, any Sub-Fund or a Unit Class of a Sub-Fund has fallen below, respectively, the levels of 50,000,000.00, 5,000,000.00 or 1,000,000.00 euros, determined by the Management Company as being the minimum level for the FCP, the Sub-Fund or the Unit Class to operate in an economically effective way – or in case of a significant change in the political and economic situation.

In the event of liquidation of the FCP, the decision or the event leading to liquidation must be published, under the conditions set forth in the Law of 17 December 2010 on Collective Investment Undertakings, on the official electronic platform *Recueil Electronique des Sociétés et Associations* and in two newspapers with sufficient circulation, including one Luxembourg newspaper. Issues, redemptions and conversions of Units shall cease at the time of the decision or the event leading to liquidation.

In the event of liquidation the Management Company shall realize the assets of the FCP or of the Sub-Fund in question in the best interests of its Unitholders, and, on the basis of instructions issued by the Management Company, the Depositary Bank shall distribute the net proceeds from the liquidation, after deduction of the expenses related thereto, among the Unitholders of the liquidated Sub-Fund in proportion to the number of Units they hold in the Sub-Fund in question.

In case of liquidation of a Unit Class the net proceeds from the liquidation shall be distributed among the Unitholders of the Class concerned in proportion to the Units held by them in this Unit Class.

If the Unitholders agree, and if the principle of equal treatment of the Unitholders is respected, the Management Company may distribute the assets of the FCP or the Sub-Fund or, as the case may be, of the Unit Class, in total or in part, in kind, pursuant to conditions set forth by the Management Company (including but not limited to presentation of an independent valuation report).

Pursuant to Luxembourg law, at the close of the liquidation of the FCP, the receipts corresponding to the Units not presented for redemption shall be kept on deposit at the Caisse de Consignation in Luxembourg until the end of the term of limitation related thereto.

In the event of a liquidation of a Sub-Fund or of a Unit Class, the Management Company may authorize the redemption or conversion of all or part of the Units of the Unitholders, at their request, at the Net Asset Value per Unit (taking into account the market prices of the investments as well as expenditure incurred in connection with the liquidation), from the date on which the decision to liquidate was made and until its effective date.

These redemptions and conversions are exempt from the applicable commissions.

At the end of the liquidation of any Sub-Fund or Unit Class the proceeds from the liquidation corresponding to Units not presented for redemption may be kept on deposit at the Depositary Bank for a period not exceeding six months, starting with the end date of the liquidation. After that term these receipts shall be kept on deposit at the Caisse de Consignation.

#### **5.07 Closing of Sub-Funds or Units Classes via Merger with another Sub-Fund or Units Classes of the FCP or via Merger with another Luxembourg or Foreign UCI**

The Management Company may cancel Units issued in a Sub-Fund and, after deduction of all relevant expenditures, may allocate Units to be issued in another Sub-Fund of the FCP, or in



another collective investment undertaking (“UCI”) organized pursuant to Part I of the Law of 17 December 2010 on Collective Investment Undertakings, as long as the investment policies and objectives of the other Sub-Fund or UCI are compatible with the investment policies and objectives of the FCP or the Sub-Fund in question.

The decision may be made when the value of assets of a Sub-Fund or of a Unit Class of a Sub-Fund affected by the proposed cancellation of its Units has fallen below, respectively, an amount of 5,000,000.00 or of 1,000,000.00 euros, determined by the Management Company as being the minimum level enabling the Sub-Fund or the Unit Class to act in an economically effective way – or in case of a change in the economic or political situation or in any other case, for protection of the general interest of the FCP and the Unitholders.

In such a case a notification shall be published in a Luxembourg daily newspaper and in any other recognized and legally binding media decided by the Management Company. This notification must be published at least one month before the date on which the Management Company’s decision is effective. In all cases it must mention the reasons and procedures of the transaction and, in case of differences between the operating structures and investment policies of the merging Sub-Fund or unit Class and the Sub-Fund, the unit Class or the UCI benefiting therefrom, must mention the grounds for these differences.

The Unitholders shall then be entitled to request, during a period of one month starting from the date of the abovementioned publication, the redemption or conversion of all or part of their Units, at the Net Asset Value per Unit, as determined in these Management Regulations, without paying any expenses, taxes or fees whatsoever.

In case the Management Company decides to merge one or several Sub-Funds or Unit Classes of the FCP, in the interest of the Unitholders, with another foreign UCI as provided for in these Management Regulations, this merger is possible only with the unanimous approval of all of the Unitholders of the Sub-Fund in question, or on condition of transferring only those Unitholders who agreed on the transaction.

## **5.08 Sub-Funds or Unit Classes Splits**

In case of a change in the economic or political situation having an influence on a Sub-Fund or a Unit Class or if the interest of the Unitholders of a Sub-Fund or a Unit Class so requires, the Management Company shall be entitled to reorganise the Sub-Fund or Unit Class concerned by dividing this Sub-Fund or Class into two or several new Sub-Funds or Classes of Units. The decision shall be published in the manner described in the previous Article. Its publication shall contain information on the new Sub-Funds or Classes of Units created in this way. Publication shall occur at least one month before the decision becomes effective, in order

to enable the Unitholders to sell their Units at no expense before the split into two or several Sub-Funds or Classes of Units becomes effective.

## **5.09 Taxation**

The FCP is subject to the Laws of Luxembourg. It is up to prospective purchasers of Units of the FCP to inquire about the laws and rules applicable to the acquisition, holding and possibly sale of Units, taking into account their residence or nationality.

According to laws in force this fund is not subject to Luxembourg income tax. In compliance with the Law of 21 June 2005, which transposes into Luxembourg law the 2003/48/CE Directive of 3 June 2003 of the European Union Council (UE) on the taxation of income from savings in the form of payment of interest, a tax withholding may, under certain conditions as defined by this law, be imposed upon income paid by the FCP in Luxembourg.

As legislation now stands, the FCP is subject to a Luxembourg tax at an annual rate of 0.05% payable at the end of each quarter and calculated on the amount of the net assets of each of the FCP's Sub-Funds at the end of each quarter-year ; the annual rate of 0.05% shall be applicable to all Classes R, R2, R3, R4, R5, R6, R7, R8, R9, Ru, Ru2, Ru5, Ru6, Ru7, RH, RH2, RH6, RH7, RA, RD, S and SD of the Sub-Fund Units, apart from Classes R and RA of the Sub-Fund "Epsilon Fund – Euro Cash".

The rate of the annual subscription tax is set at 0.01% for the Sub-Funds or Classes of Units, if the Units in these Sub-Funds or Classes are reserved for one or more Institutional Investors, as well as for those Sub-Funds whose sole purpose is collective investment in money market instruments and/or deposits with credit institutions, having a remaining maturity of less than 12 months or so that the issue conditions provide for at least an annual adaptation of interest rates in the light of market conditions; the annual rate of 0.01% shall be applicable to all Classes X, I, I2, I3, I4, I5, I6, I7, I8, I9, Iu, Iu2, Iu3, Iu4, Iu5, Iu6, Iu7, IH, IH2, IH6, IH7 and ID of the Sub-Fund Units and to Classes R and RA of the Sub-Fund Epsilon Fund – Euro Cash".

The value of the assets represented by Units held in other Luxembourg UCIs shall be exempt from the subscription tax, provided such Units have already been subject to the subscription tax in Luxembourg.

### **Foreign Account Tax Compliance Act – "FATCA"**

The Foreign Account Tax Compliance Act provisions contained in the Hiring Incentives to Restore Employment Act ("FATCA") were enacted in the US in March 2010. FATCA requires foreign financial institutions ("FFIs") to report information to the US Internal Revenue Service ("IRS")

regarding their US account holders in order to reduce tax evasion by US taxpayers. Alternatively, FFIs located in certain partner countries that have concluded with the US an intergovernmental agreement ("IGA") to facilitate the implementation of FATCA can provide the requested account information to their home government for onward transmission to the IRS. FATCA imposes a 30% withholding tax on different payments, including payments of gross proceeds (as interests and dividends), to non-participating FFIs.

The FCP falls under the definition of FFI and will implement the FATCA provisions through compliance with the IGA that was concluded between Luxembourg and the US. The FCP investors may therefore be required to provide information as necessary for identifying and reporting on US reportable accounts and on payments to certain non-participating FFIs.

#### Common Reporting Standard – “CRS”

The Council Directive 2014/107/EU of 9 December 2014 (the “CRS Directive”) amending the Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, provides for the extension of automatic information exchange already envisaged in Article 8(5) of Directive 2011/16/EU with respect to residents in other Member States. The CRS Directive imposes obligations on financial institutions (“FIs”) to review and collect information on their clients/investors in an effort to identify their tax residence and to provide certain information to the relevant foreign tax authority through the Luxembourg tax authorities regarding taxable periods as from 1 January 2016.

The FCP falls under the definition of FI and will implement the CRS provisions as implemented in the Luxembourg national law. The Unitholders may therefore be required to provide information as necessary for identifying their tax residence.

The Management Company or its agents are responsible for the Unitholders’ personal data processing. All the above mentioned information will be collected and transferred in accordance with the CRS Directive. That collected information may be reported to the Luxembourg tax authorities and the tax authorities of the jurisdiction of residence of the Unitholders. Unitholders’ attention is called to the fact that they are required to reply to each information request sent to them in relation with CRS and that they would expose themselves to a potential reporting to the wrong foreign tax authority if they fail to answer. Unitholders’ attention is also called to the fact that they have the right to access their data/information reported to the Luxembourg tax authorities and have the right to rectify that reported data/information.

#### **5.10 Conflicts of Interest**

As a part of its business to provide asset management services, investment services or operational and ancillary services, the Management Company, as a company of the Intesa Sanpaolo Group (hereinafter referred to as the “Group”), may find itself in conflict of interest

situations (hereinafter referred to as the “Conflict of Interest Situation”) with respect to the managed assets and funds (hereinafter referred to as the “Asset”) and/or the investors (hereinafter referred to as the “Investors”). Those conflicts could be generated also by the business carried out by the other Group companies as well as arising between other clients (hereinafter referred to as the “Clients”) and the Asset.

The Management Company has identified a number of Conflict of Interest Situations that could arise at the time asset management services, investment services or operations are carried out and ancillary services are provided, and it has established procedures to be followed and measures to be taken to manage such conflicts.

Specifically, Conflict of Interest Situations may in particular arise:

a) When investing in:

- financial instruments issued or placed by companies belonging to the Group or linked to other financial instruments issued by Group companies;
- units or shares of UCITS, managed or promoted by the Management Company or by other Group companies;
- financial instruments issued by companies which carried out business relations (as having positions in the primary market operations, financing or relevant holdings, shareholders agreement holding, Group companies employees or directors having positions in the issuing companies board or account committees) with Group companies, which the Management Company knows or should know.

b) When using intermediaries belonging to the Group to make investments operations and/or to carry out other services on behalf of the Asset.

Conflict of Interest Situations may also arise as regards the services other than that of depositary provided to the Management Company acting on behalf of the FCP by the Depositary Bank or by entities linked to the Depositary Bank by a common management or control. Currently, the above mentioned services carried out for the Management Company acting on behalf of the FCP by the Depositary Bank or by entities linked to the Depositary Bank are the following:

- a. administrative and registrar agent;
- b. collateral manager;
- c. EMIR administrative support services agent;
- d. FATCA support services agent;
- e. local paying agent for Italy;
- f. KIID administrative support service agent;
- g. current accounts keeping;

h. lending agent.

With regard to points a) to d) above, the Depositary Bank is required (i) to establish, implement and maintain operational an effective conflicts of interest policy and (ii) to establish a functional, hierarchical and contractual separation between the performance of its FCP's depositary functions and the performance of other tasks and (iii) to proceed with the identification as well as the management and adequate disclosure of potential conflicts of interest.

The Management Company has adopted an autonomy protocol and it has established a set of procedures to be followed and measures to be taken in order to avoid detrimental situations to investors' interests.

As far as derivatives structuring and trading is concerned, considering that some Sub-Funds may typically enter into tailor-made or potentially illiquid derivative transactions, necessary in order to achieve their investment objectives, it has been decided to establish a consistent trading relationship with the Counterparty. The Counterparty is part of the Intesa Sanpaolo Group of companies and, in particular, a shareholder of the appointed Investment Manager Epsilon SGR S.p.A..

Unitholders should then be aware that their investments in the Sub-Funds may in principle be subject to conflicts of interest.

The choice of an execution model involving a preferred counterparty as opposed to the application of a standard selection procedure of market counterparties, which is part of the aforementioned set of procedures to be followed in order to avoid detrimental situations to investors' interests, is mainly attributable to the following reasons:

1. The structuring process and the resulting derivatives prices benefit from the long term nature of the relationship;
2. All the parties involved in the portfolio management process can exchange otherwise confidential ex ante/ex post pricing information and fully agree on the terms of the proprietary valuation models;
3. The Counterparty has agreed that it will be able to analytically break down how the price of any OTC derivative instruments entered into with FCP has been set upon request of the FCP.
4. Significant operational and legal risks related to derivatives can be minimized within affiliated entities.

In fact, in the particular case of derivatives, it is in the best interests of the Unitholders to consider not only the economic conditions of the transactions at inception, but the potential effects on the Sub-Funds' portfolios during the whole life of the contracts, including the potential impacts in case of unwinding or partial unwinding of the derivative instruments.

The Unitholders should also note that the Counterparty, the Management Company and the Investment Managers, while members of the same Group of companies, are legally separate entities. In addition to that, other arrangements are made in order to ensure that the Unitholders' best interests are protected. For structured Sub-Funds, if any, a Pricing Committee, the members of whom shall be appointed by the Investment Manager Epsilon SGR S.p.A. will be responsible for overseeing the OTC derivative transactions price verification process, which in turn comprises verification that the models and parameters used for fair valuation are reasonable and in line with what other dealers may be using for similar financial products, and that those models have been verified and approved by a unit independent of the Capital Markets units of the Counterparty.

In any case all OTC transactions will be concluded on an arm's length basis.

## **ARTICLE VI. THE MANAGEMENT COMPANY**

The Management Company of the FCP is Eurizon Capital S.A. which was constituted in the Grand Duchy of Luxembourg in the form of a corporation under Luxembourg law on 27 July 1988.

The Management Company, registered in the Luxembourg Commercial Register under Number B 28536, has its registered office and administrative office in Luxembourg at 8, avenue de la Liberté. The current coordinated articles of the Management Company were filed with the Luxembourg Commercial Register on 17 December 2009.

The Management Company was constituted for an indefinite duration.

The registered capital is 7,557,200.00 euros paid up in full and represented by 75,572.00 Shares of 100 euros each, held by Eurizon Capital SGR S.p.A., Milan.

The purpose of the Management Company is also the creation, administration, directing, promotion, marketing, management and advising of undertakings for collective investment operating under Luxembourg or foreign laws, which can be organized into multiple Sub-Funds, and the issue of certificates or confirmations representing or documenting equity securities in these undertakings for collective investment. The Management Company may undertake all transactions

directly or indirectly related to this purpose, while remaining within the limits outlined in Chapter 15 of the Law of 17 December 2010 on undertakings for collective investment.

As compensation for its management and administrative activities the Management Company shall be entitled to a management commission, a performance commission and an administrative commission, as described in Section 5.4 “Costs and Expenses”.

The Management Company may, at its own expense and its own responsibility, in order to benefit from their professional experience in certain sectors or markets, use the services of Advisors.

## **ARTICLE VII. DEPOSITARY BANK AND PAYING AGENT**

State Street Bank Luxembourg S.C.A. has been appointed by the Management Company as the FCP’s depositary (the “Depositary bank”) and the FCP’s paying agent (the “Paying Agent”) under agreements signed on 20 December 2013.

State Street Bank Luxembourg S.A., the FCP’s Depositary Bank and Paying Agent, is a société en commandite par actions with registered office at 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés of Luxembourg under number B 32 771.

The corporate object of State Street Bank Luxembourg S.C.A. is primarily to perform banking, financial, securities and fiduciary activities, as well as incidental activities thereto.

The above mentioned agreement may be modified by mutual agreement between the companies that are parties thereto.

### ***Depositary Bank’s functions***

The Depositary Bank has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with applicable law and the Management Regulations;
- ensuring that the value of the Units is calculated in accordance with applicable law and the Management Regulations;
- carrying out the instructions of the Management Company unless they conflict with applicable law and the Management Regulations;
- ensuring that in transactions involving the assets of the FCP any consideration is remitted within the usual time limits;

- ensuring that the income of the FCP is applied in accordance with applicable law and the Management Regulations;
- monitoring of the FCP's cash and cash flows;
- safe-keeping of the FCP's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### ***Depository Bank's liability***

In the event of a loss of a financial instrument held in custody, determined in accordance with the Directive 2009/65/EC (as amended by the Directive 2014/91/EU) ("UCITS Directive"), and in particular Article 18 of the UCITS Regulation, the Depository Bank shall return financial instruments of identical type or the corresponding amount to the Management Company acting on behalf of the FCP without undue delay.

The Depository Bank shall not be liable if it can prove that the loss of a financial instrument held in custody 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 pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Unitholders may invoke the liability of the Depository Bank directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the Unitholders.

The Depository Bank will be liable to the Fund for all other losses suffered by the FCP as a result of the Depository Bank's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depository Bank shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depository Bank of its duties and obligations.

### ***Delegation***

The Depository Bank has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depository Bank's liability shall not be affected by any delegation of its safe-keeping functions under the Depository Agreement.

The Depository Bank has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley



Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Management Company or at the following internet site: <http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

### ***Depository Bank's Conflicts of Interest***

The Depository Bank is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depository Bank or its affiliates engage in activities under the depository agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Management Company acting on behalf of the FCP;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the FCP either as principal and in the interests of itself, or for other clients;

In connection with the above activities the Depository Bank or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Management Company acting on behalf of the FCP, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Management Company acting on behalf of the FCP;

(iv) may provide the same or similar services to other clients including competitors of the FCP;

(v) may be granted creditors' rights by the FCP which it may exercise.

The Management Company acting on behalf of the FCP may use an affiliate of the Depositary Bank to execute foreign exchange, spot or swap transactions for the account of the FCP. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Management Company acting on behalf of the FCP. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Management Company acting on behalf of the FCP. The affiliate shall enter into such transactions on the terms and conditions agreed with the Management Company acting on behalf of the FCP.

Where cash belonging to the FCP is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Management Company may also be a client or counterparty of the Depositary Bank or its affiliates.

Potential conflicts that may arise in the Depositary Bank's use of sub-custodians include four broad categories:

(1) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary Bank may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;

(2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

(3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary Bank as its counterparty, which might create incentive for the Depositary Bank to act in its self-interest, or other clients' interests to the detriment of clients; and

(4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the FCP and its Unitholders.

The Depositary Bank has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary Bank's use of sub-custodians, the Depositary Bank imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary Bank further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary Bank internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary Bank, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary Bank, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Unitholders on request.

The Depositary Bank or the Management Company may, at any time and by means of written notice of at least three months sent from one to the other, terminate the Depositary Bank's duties, it being understood that the Management Company is required to appoint a new Depositary Bank, which shall take over functions and responsibilities as defined by law and in these Management Regulations.

While awaiting its replacement, which must take place within two months starting from the date of expiration of the notice period, the Depositary Bank shall take all steps necessary to ensure the proper protection of the Unitholders' interests.

In its capacity as Paying Agent, State Street Bank Luxembourg S.C.A. is in charge of payment of the FCP's dividends and of proceeds from the redemption of Units.

## **ARTICLE VIII. ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT**

State Street Bank Luxembourg S.C.A. has been appointed by the Management Company as the FCP's administration agent, registrar and transfer agent (the "Administrative Agent, Registrar and Transfer Agent") in Luxembourg under an agreement signed on 20 December 2013.

The above mentioned agreement may be modified by mutual agreement between the companies that are parties thereto.

In such capacity, State Street Bank Luxembourg S.C.A. shall be responsible for all administrative and accounting obligations required under Luxembourg law, and particularly for accounting maintenance and the calculation of the Net Asset Value, as well as for execution of requests for the issue, redemption and conversion of Units, and for the maintenance of the Unitholders' register.

In no case shall the Management Company and the Depositary Bank's liability be affected by the fact that the Management Company delegated the Administrative Agent, Registrar and Transfer Agent functions to State Street Bank Luxembourg S.C.A.

## **ARTICLE IX. INVESTMENT MANAGER**

The Investment Manager will manage the Sub-Funds on a daily basis by purchasing and selling the eligible assets according to the Investment Policy of each Sub-Fund.

In the execution of its mandate the Investment Manager is permitted to enter into "soft commission" agreements with brokers. In accordance with these agreements and in accordance with the interests of Unitholders, such brokers will make direct payment for goods and services provided by third-parties and used to support the Investment Manager's business directly. These arrangements cannot be executed with physical persons. Indications of "soft commission" will appear in the FCP's annual report.

The Investment Manager may, subject to previous agreement of the Management Company, at its own expense and its own responsibility, in order to benefit from their professional experience in certain sectors or markets, use the services of Advisors and/or of Sub-Investment Managers. In such cases the Sub-Investment Manager will be mentioned in the Prospectus.

The Sub-Funds of the FCP are managed by the following Investment Managers:

- Eurizon Capital S.A.
- Eurizon Capital SGR S.p.A.
- Epsilon SGR S.p.A.

Eurizon Capital S.A. structure is more fully described in section "The Management Company".

Eurizon Capital SGR S.p.A., fully owned by Intesa Sanpaolo Group, is an asset management company specialized in the management of mutual funds and managed accounts to Italian retail and institutional investors.

Epsilon Associati – Società di Gestione del Risparmio S.p.A. (short name : Epsilon SGR S.p.A.), jointly owned by Banca IMI S.p.A. and Eurizon Capital SGR S.p.A., both part of Intesa Sanpaolo Group, is an asset management company specialized in the management of mutual funds to Italian retail and institutional investors. Such company benefits from the best expertise and experience of its two shareholders in the field of Investment Banking/Capital Markets and Asset Management.

## **ARTICLE X. DISTRIBUTORS AND NOMINEES**

The Management Company may designate banks and/or financial institutions to act as distribution agents or intermediaries who may be involved in investment and redemption transactions. In certain countries this is even a legal requirement. Pursuant to the legal conditions of the place where the Units are distributed, the distribution agents may, with the Management Company approval, act as nominees for the investors (the nominees being intermediaries acting between the investors and the UCIs of their choice). As such, the distribution agent or intermediary shall subscribe to or repurchase Units of the FCPs in its name, however as a nominee acting on behalf of the investor. In appropriate cases, it shall demand registration of these transactions in the FCP's register of Unitholders. This being the case, the investors, unless otherwise provided for in local law, shall retain the right to invest directly in the FCP without using a nominee's services. In addition, investors who have subscribed via a nominee shall retain a direct right to the Units subscribed in this way.

Insofar as need be it is specified that the foregoing section is not applicable in cases in which recourse to the services of a nominee is indispensable, or even mandatory, for legal or regulatory reasons or due to binding practices.

The nominee list is available at the head office of the Management Company.

## **ARTICLE XI. AVAILABLE INFORMATION AND DOCUMENTS**

In compliance with the provisions of the Law of 17 December 2010 on undertakings for collective investment, CSSF Regulation 10-4 and CSSF Circular 12/546, the Management Company has implemented and maintains effective certain procedures and strategies including:

- a procedure for the reasonable and prompt handling of complaints received from Unitholders which is available on the Management Company's website ([www.eurizoncapital.lu](http://www.eurizoncapital.lu));
- a summary of the strategies for the exercise of the voting rights attached to instruments held in the portfolios of the Fund which is available on the Management Company's website

([www.eurizoncapital.lu](http://www.eurizoncapital.lu)) and the details of the actions taken on the basis of those strategies can be supplied free of charge to Unitholders upon request made to the Management Company;

- a policy for the transmission and execution of orders on financial instruments which is available on the Management Company's website ([www.eurizoncapital.lu](http://www.eurizoncapital.lu));
- inducements: the essential terms of the arrangements relating to the fees, commissions or non-monetary benefits, the Management Company may receive in relation to the activities of investment management and administration of the Fund are disclosed in this Prospectus and/or in periodic reports, as the case may be. Further details can be supplied free of charge to investors upon request made to the Management Company;
- procedures relating to the management of conflicts of interest as disclosed in this Prospectus and also on the Management Company's website ([www.eurizoncapital.lu](http://www.eurizoncapital.lu)).
- a remuneration policy appropriate to its size, internal organization and the nature, scope and complexity of its activities. The details of the up-to-date remuneration policy are available on the Management Company's website (<http://www.eurizoncapital.lu/lu/aboutus/RegulatoryInformation>) and a paper copy may be obtained free of charge at the Management Company's registered office.

The following documents are deposited at the registered office of the Management Company where they may be consulted:

- 1 - The Management Company's coordinated Articles of Incorporation;
- 2 - The coordinated Management Regulations;
- 3 - The latest annual and semi-annual reports established for the FCP;
- 4 - "Depositary Agreement" executed between State Street Bank Luxembourg S.C.A. and the Management Company;
5. The "Administration Agency, Paying Agency, Registrar and Transfer Agency Agreement" executed between State Street Bank Luxembourg S.C.A. and the Management Company;
- 6 - The agreements executed with any Investment Manager.

The Prospectus, the Key Investor Information Documents ("KIID") and the financial reports may be obtained by the public free of charge at the Management Company's registered office and website ([www.eurizoncapital.lu](http://www.eurizoncapital.lu)), from the Depositary Bank, and also from all authorized representatives. In addition, the KIID may also be made available on any other durable medium as agreed with Unitholders/applicants.

English is the official language of these Management Regulations.

Executed in 2 original copies.

Luxembourg, 17 October 2016

The Management Company:  
SIGNED

The Depositary Bank:  
SIGNED