

## **Prospectus**

# **Nordea Fund of Funds, SICAV**

Undertaking for Collective Investments in  
Transferable Securities under Luxembourg law

June 2018

# Prospectus

## Nordea Fund of Funds, SICAV

(Société d'Investissement à Capital Variable à compartiments multiples)  
R.C.S. Luxembourg B. 66248

Nordea Fund of Funds, SICAV (the “**Company**”) contains the following Sub-funds of investment (the “**Sub-fund/s**”):

Nordea Fund of Funds – Multi Manager Fund Balanced  
Nordea Fund of Funds – Multi Manager Fund Equity  
Nordea Fund of Funds – Multi Manager Fund Growth  
Nordea Fund of Funds – Multi Manager Fund Moderate  
Nordea Fund of Funds – Multi Manager Fund Total Return  
Nordea Fund of Funds – Tactical Allocation Balanced  
Nordea Fund of Funds – Tactical Allocation Moderate

Subscriptions can only be accepted on the basis of this Prospectus, the relevant Key Investor Information Document (“**KIID**”) as accompanied by the latest Annual Report or the latest Semi-Annual Report if published after the latest Annual Report: These reports form part of the present Prospectus. No information other than that contained in this Prospectus, in KIIDs, in the periodic financial reports as well as in any other document mentioned in the Prospectus and which may be consulted by the public may be given in connection with the offer.

The above-mentioned documents may be obtained free of any charge at the Registered Office of the Company, the Management Company or the Representatives, Paying and Information Agents outside Luxembourg.

The distribution of this Prospectus, KIIDs, any supplementary documentation and the offering of shares may be restricted in certain countries. Potential purchasers of shares should inform themselves as to the requirements within their own country for transactions in shares, any applicable exchange control regulations and the tax consequences of any transaction in shares.

As shares of the Company are not registered in the USA under the United States Securities Act of 1933, they may be neither offered nor sold in the USA including the dependent territories, unless such offer or such sales is permitted by way of an exemption from registration in accordance with the United States Securities Act of 1933.

This Prospectus and the KIIDs constitute neither an offer nor a sales promotion through any person in any country in which such is not permitted or in which the respective person is not empowered to do so.

This Prospectus supersedes the Prospectus issued in May 2017 and incorporates all amendments to that Prospectus.

***The Company is established as an Undertaking for Collective Investments in Transferable Securities (UCITS) in accordance with the laws of the Grand Duchy of Luxembourg.***

Luxembourg, June 2018

# Table of contents

1. Terms and definitions used in this Prospectus	4
2. The Company	8
3. The Sub-funds of the Company	9
Nordea Fund of Funds – Multi Manager Fund Balanced	10
Nordea Fund of Funds – Multi Manager Fund Equity	11
Nordea Fund of Funds – Multi Manager Fund Growth	12
Nordea Fund of Funds – Multi Manager Fund Moderate	13
Nordea Fund of Funds – Multi Manager Fund Total Return	14
Nordea Fund of Funds – Tactical Allocation Balanced	15
Nordea Fund of Funds – Tactical Allocation Moderate	16
4. Share Capital	17
5. Share Dealing	18
6. Net Asset Value	20
7. Investment Restrictions	22
8. Special Risk Considerations	30
9. Risk Factors	31
10. Management Company	33
11. Depositary	34
12. Investment Manager	35
13. Fees and Expenses	35
14. Taxation of the Company and its Shareholders	37
15. Dissolution and Merger	38
16. Notices to Shareholders and Publications	39
17. Documents available for Inspection	39
18. Management and Administration	39
19. Representatives & Paying & Information Agents outside Luxembourg	40
20. Public Marketing Authorisations	41
21. Counterparties	41
22. Additional information for investors in the United Kingdom	42

# 1. Terms and definitions used in this Prospectus

<b>Accumulating Shares</b>	Shares in the Company which are not entitled to any distribution payments. Holders of such Shares benefit from the capital appreciation resulting from the reinvestment of any income earned by the Shares.
<b>Administration Fee</b>	An annual fee levied on the assets of the Company payable to Nordea Investment Funds S.A. as remuneration for its functions as the Administrative Agent of the Company.
<b>Administrative Agent</b>	Nordea Investment Funds S.A. 562 rue de Neudorf L-2220 Luxembourg Grand Duchy of Luxembourg
<b>Annual General Meeting</b>	The annual general meeting of Shareholders of the Company held on the date indicated in the Statutes.
<b>Articles of Incorporation</b>	The Articles of Incorporation and by-laws of the Company.
<b>Base Currency</b>	The currency in which the Net Asset Value of a given Sub-fund is expressed.
<b>Board of Directors</b>	The decision making body of the Company elected by the Shareholders.
<b>Business Day</b>	Each day Nordea Investment Funds S.A. is open for business. For the purpose of this definition, Nordea Investment Funds S.A. shall be considered as closed for business on all legal and banking holidays in Luxembourg, on the 24 <sup>th</sup> December and Good Friday. Nordea Investment Funds S.A. may, in addition, also be closed on other days as Nordea Investment Funds S.A. may direct. Closures for the latter reason will be notified to the Shareholders in accordance with the law.
<b>Caisse de Consignation</b>	A Luxembourg Government agency responsible for safekeeping unclaimed assets entrusted to it by financial institutions in accordance with applicable Luxembourg law(s). The Management Company will pay unclaimed Shareholder assets to the Caisse de Consignation in certain circumstances as described in the Prospectus.
<b>Calculation Day</b>	Each day when the Net Asset Value per share of a specific Sub-fund of the Company is calculated. The Net Asset Value of each Sub-fund is calculated on the first Business Day following the relevant Valuation Day, on the basis of the latest market prices received by the Administrative Agent on the said Valuation Day.
<b>CHF</b>	Swiss Francs.
<b>Company</b>	Nordea Fund of Funds, SICAV
<b>Conversion</b>	Exchange of Shares of one Sub-fund and/or Share Class against Shares of another Sub-fund and/or Share Class.
<b>Conversion Fee</b>	A fee payable by the Shareholder upon Conversion of its Shares.
<b>CRS</b>	The Common Reporting and Due Diligence Standard developed by the OECD in order to introduce a global standard for the automatic exchange of financial account information.
<b>Cut-off Time</b>	15:30 CET on any Business Day.
<b>DAC</b>	The Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU relating to the mandatory automatic exchange of information in the field of taxation.
<b>Debt Securities</b>	Bonds, warrants on Bonds, notes, asset-backed securities, inter alia mortgage-backed securities & pass-through securities, certificates of deposit, debentures. Such Debt Securities can appear in the form of fixed rate, floating rate, interest-bearing securities, zero coupon, inflation-linked, perpetual and/or dual currency bonds. Debt Securities can be issued by public authorities, supranational institutions, companies and/or credit institutions. Investments in Debt Securities shall comply in particular with section I E. (7) in chapter "Investment Restrictions" of this Prospectus.
<b>Depository</b>	J.P. Morgan Bank Luxembourg S.A. 6, Route de Trèves L-2633 Senningerberg Grand Duchy of Luxembourg
<b>Depository Fee</b>	A fee levied on the assets of the Company, payable to J.P. Morgan Bank Luxembourg S.A. as remuneration for depository services rendered to the Company.
<b>Derivatives / Financial Derivative Instruments</b>	Financial instruments that derive their value in response to the change in value of an underlying instrument; this value change itself caused by changes in prices for financial instruments, including but not limited to transferable securities (as define below), commodity prices, interest rates, foreign exchange rates or currencies, credit risk, market risk, or financial indices. Such Derivatives can be divided into exchange-traded Derivatives and over-the-counter (OTC) Derivatives.
<b>Director</b>	A member of the Board of Directors of the Company.
<b>Distributing Shares</b>	Shares in the Company which are entitled to payment of a distribution in case payment of a distribution is decided upon by the Annual General Meeting.
<b>DKK</b>	Danish Kroner.

<b>Emerging Market(s)</b>	For investment purpose defined as countries with – compared e.g. to Europe – less developed economies (as measured by per capita Gross National Product) that have the potential for significant future growth. Markets in emerging countries are typically part of emerging markets indices, such as, but not limited to, MSCI Emerging Markets Index, or JP Morgan GBI Emerging Market Global Diversified Index.
<b>Equity Fund</b>	For investment purpose defined as a fund, whose investment policy seeks to invest primarily in equities and Equity Related Securities, which may show substantial price fluctuations. Such Equity Fund may show substantial price fluctuations.
<b>Equity Related Securities</b>	Securities that encompass, inter alia, co-operative shares, participation certificates, equities, equity rights, dividend-right certificates, warrants on equities or on equity rights, and Participatory Notes.
<b>EU</b>	The European Union.
<b>EUR</b>	Euro, the single European currency adopted by a number of member states of the European Union.
<b>Europe / European</b>	For investment purpose defined as all Member States of the European Union together with Norway, Iceland, Liechtenstein and the Swiss Federation.
<b>Exchange Traded Fund (“ETF”)</b>	An exchange traded fund is a form of investment fund (a UCI), which is traded on a stock exchange.
<b>FATCA</b>	The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act enacted in March 2010.
<b>FATF</b>	Financial Action Task Force on money laundering and terrorist financing (also referred to as Groupe d’Action Financière Internationale “GAFI”).
<b>GBP</b>	Pound Sterling.
<b>Gross Conversion Amount</b>	The Net Asset Value per Share multiplied by the number of Shares being converted.
<b>Gross Investment Amount</b>	The Net Asset Value per Share multiplied by the number of Shares subscribed and increased by the Subscription Fee.
<b>Gross Redemption Amount</b>	The Net Asset Value per Share multiplied by the number of Shares being redeemed.
<b>Institutional Investor</b>	Institutional investors within the meaning of article 174 of the Law of 17 December 2010, as may be defined from time to time by the guidelines or recommendations issued by the CSSF. In particular Institutional Investors include credit institutions, professionals of the financial sector – including investment in their own name but on behalf of third parties pursuant to a discretionary management agreement - insurance and reinsurance companies, pension funds, holding companies, regional and local authorities.
<b>Institutional Share</b>	A Share of the Company reserved for Institutional Investors.
<b>Investment Management Fee</b>	An annual fee levied on the assets of the Company, payable to Nordea Investment Funds S.A. as a remuneration for its investment management rendered to the Company.
<b>Investment Manager</b>	Nordea Bank S.A. 562, rue de Neudorf L-2220 Luxembourg Grand Duchy of Luxembourg
<b>Investor</b>	A potential or existing Shareholder of the Company.
<b>Key Investor Information Document (“KIID”)</b>	In addition to this prospectus, one or all of the Key Investor Information Documents are prepared and made available by the Company. The Key Investor Information document should be made available to investors prior to any investment in the Shares.
<b>Law of 10 August 1915</b>	The Luxembourg law of 10 August 1915 relating to commercial companies, as amended from time to time.
<b>Law of 13 February 2007</b>	The Luxembourg law of 13 February 2007 relating to specialized investment funds, as may be amended from time to time.
<b>Law of 17 December 2010</b>	The Luxembourg law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time.
<b>Law of 12 July 2013</b>	The Luxembourg law of 12 July 2013 relating to alternative investment fund managers, as may be amended from time to time.
<b>Management Company</b>	Nordea Investment Funds S.A. 562 rue de Neudorf, L-2220 Luxembourg Grand Duchy of Luxembourg
<b>Management Fee</b>	An annual fee levied on the assets of the Company, payable to Nordea Investment Funds S.A. as remuneration for its investment management services rendered to the Company.
<b>Member State</b>	A member state of the European Union.
<b>Money Market Instruments</b>	Instruments normally traded on the money market as well as interest-bearing securities with a term or residual term of no more than 397 days at the time of their acquisition for the Investment Fund. If their term is more than 397 days, their interest rate must be regularly adjusted to reflect current market conditions, at least once in each 397-day period. Money market instruments include instruments whose risk profile corresponds to the risk profile of this type of securities.

<b>Net Asset Value</b>	In relation to any Share Class of any Sub-fund, the value per Share determined in accordance with the relevant provisions described under the heading “Net Asset Value” of this Prospectus.
<b>Net Investment Amount</b>	The amount of money effectively being invested in the Company; equals Gross Investment Amount less Subscription Fee.
<b>Net Redemption Amount</b>	The Net Asset Value per Share multiplied by the number of Shares being redeemed less Redemption Fee.
<b>NOK</b>	Norwegian Kroner.
<b>North America</b>	For investment purpose defined as the United States of America and Canada.
<b>OECD</b>	The Organisation for Economic Co-operation and Development.
<b>Other Regulated Market</b>	A market which is regulated, operates regularly and is recognised and open to the public, namely a market <ul style="list-style-type: none"> <li>• that meets the following cumulative criteria: high liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions);</li> <li>• on which the securities are dealt in at a certain fixed frequency;</li> <li>• which is recognised by a state or by a public authority which has been delegated by that state or by another entity which is recognised by that state or by that public authority such as a professional association and</li> <li>• on which the securities dealt are accessible to the public.</li> </ul>
<b>Other State</b>	Any state of Europe which is not a Member State, and any state of America, Africa, Asia, and Oceania.
<b>Principal Distributor</b>	Nordea Investment Funds S.A.
<b>Private Share</b>	A share of the Company also non-Institutional Investors may acquire.
<b>Prospectus</b>	The prospectus of Nordea Fund of Funds, SICAV; this document.
<b>Rating Agency</b>	A Rating Agency is to provide credit ratings, used by the Investment Manager of any particular Sub-fund, if/when approved by either the Securities and Exchange Commission (“Nationally Recognized Statistical Rating Organization”) or by the European Securities and Markets Authority (“Credit Rating Agency”).
<b>Redemption</b>	The sale of Shares owned by a Shareholder.
<b>Redemption Fee</b>	A fee payable by the Shareholder upon sale of his Shares.
<b>Registered Office</b>	The Company address, as notified to the Registre de Commerce et des Sociétés, Luxembourg (the Trade and Companies Register of Luxembourg), where the Company’s records shall be kept and where official correspondence to the Company shall be sent.
<b>Regulated Market</b>	A regulated market as defined in Article 4, (1), 14 of the directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as may be amended from time to time.
<b>Regulatory Authority</b>	The Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.  Commission de Surveillance du Secteur Financier 283 route d’Arlon L-1150 Luxembourg Grand Duchy of Luxembourg (www.cssf.lu)
<b>SEK</b>	Swedish Kronor.
<b>Share class</b>	One or more classes of Shares within a Sub-fund whose assets shall be commonly invested according to the investment policy of that Sub-fund, but where a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of Investors, marketing country or other specificity shall apply.
<b>Shareholder</b>	A person or company having invested in Shares.
<b>Shares</b>	Shares of the Company and any rights arising therefrom.
<b>SICAV</b>	Société d’Investissement à Capital variable.
<b>Sub-fund</b>	An individual portfolio of assets and liabilities within the Company; the assets are invested pursuant to the Sub-fund’s own specific investment objective and policy.
<b>Subscription</b>	The purchase of Shares.
<b>Subscription Fee</b>	A fee payable upon purchase of Share(s).
<b>Total Assets</b>	The total assets (after deduction of cash) of a Sub-fund.
<b>Total Net Asset Value</b>	The total value of all Shares issued in a Sub-fund or the total value of the assets of such Sub-fund minus the value of such Sub-fund’s liabilities.
<b>Transferable Securities</b>	Transferable Securities include: <ul style="list-style-type: none"> <li>• shares and other securities equivalent to shares,</li> <li>• bonds and other debt instruments,</li> <li>• any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, with the exclusion of techniques and instruments.</li> </ul>

<b>UCI</b>	An Undertaking for Collective Investment.
<b>UCITS</b>	An Undertaking for Collective Investment in Transferable Securities governed by the UCITS Directive.
<b>UCITS Directive</b>	The Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as may be amended from time to time.
<b>US Person</b>	As defined in chapter "The Company" of this Prospectus.
<b>USD</b>	United States Dollar.
<b>Valuation Day</b>	<p>Each day on which the Net Asset Value per Share is calculated for a specific Sub-fund of the Company.</p> <p>Unless otherwise defined in relation to a particular Sub-fund, a Valuation Day is a Business Day other than a Business Day on which any stock exchange or market, on which a substantial portion of the relevant Sub-fund's investments is traded, is closed, restricted, suspended, cancelled or otherwise altered.</p> <p>The substantial portion can be defined from time to time by the Board of Directors who may, as such, determine whether a Business Day shall be a Valuation Day or a non-Valuation Day. Requests for issue, redemption, transfer and switching of Shares of any Share Class are not processed on a non-Valuation day and will be processed on the next Valuation Day.</p>
<b>Variable Coupon</b>	The interest payment for a debt instrument which is not calculated with the same percentage rate for the entire lifetime of the debt instrument, but instead, with a percentage rate which is adjusted periodically, i.e. each 1, 3, 6 or 12 month.

## 2. The Company

The main objectives of the Company are to provide a range of Sub-funds with active and professional management and to obtain a satisfactory long-term yield, with due consideration to the risk profile of the Sub-funds.

The investment policy of the Company is to mainly invest in other undertakings for collective investment of the open-ended type. The Company may however as well invest in transferable securities, money market instruments, financial derivative instruments and other financial instruments eligible to the Company in accordance with Art. 41 of the Law of 17 December 2010 and as further described in chapter "Investment Restrictions" as well as in chapter 3 "The Sub-funds of the Company" of this Prospectus.

The Company is structured to eliminate the considerable administrative burden, which would be imposed on investors trading independently in equities, bonds, money market instruments, foreign exchange or any other investment instruments. Investors will participate in these markets under the guidance of full-time professionals without concern over the day-to-day management of their funds.

The Company is managed by the Management Company.

The Company was incorporated in the Grand Duchy of Luxembourg on 16 September 1998, originally under the name of Fronrunner II, SICAV at the initiative of Unibank S.A. whose legal successor is Nordea Bank S.A. The Company changed its name on 19 March 2001 to Nordea Fund of Funds, SICAV. The Company is organised as a variable capital company, "Société d'Investissement à Capital Variable" (SICAV), with multiple compartments, under the Law of 10 August 1915 and authorised as an undertaking for collective investments in Transferable Securities (UCITS) under part I of the Law of 17 December 2010. The Company is established for an indefinite period from the date of incorporation.

The Company is registered with the Trade and Companies Register of Luxembourg under reference B-66248.

The Company is supervised by CSSF.

The Registered Office of the Company is at 562, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg. The Articles of Incorporation of the Company were initially published in the Mémorial, Recueil des Sociétés et Associations (now replaced with the Recueil Electronique des Sociétés et Associations ("RESA")), dated 21 October 1998 and have been amended from time to time. The last amendments thereto have been adopted on 5 December 2011.

The last version of the Articles of Incorporation has been deposited with the Trade and Companies Register of Luxembourg where they are available for inspection and where copies thereof can be obtained.

The financial year of the Company commences on 1 January and ends on 31 December of each year.

The annual general meeting of the shareholders shall be held within six months from the end of the financial year. The date and place of such meeting will be announced in the convening notice.

Other meetings of Shareholders may be held at such place and time as may be specified in the respective notices of meetings. Registered Shareholders will receive notices of meetings by mail. Notices will further be published as described in Chapter 16 "Notices to Shareholders and Publication" of this Prospectus. Resolutions concerning the interests of the Shareholders of the Company shall be passed at a general meeting and resolutions concerning the particular rights of Shareholders of one specific Sub-fund shall in addition be passed by that Sub-fund's general meeting.

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

The Company is empowered to restrict or prohibit the acquisition and holding of Shares in the Company in accordance with its Articles of Association.

### Investment restrictions applying to US Persons

The Shares/Units in the Company/Fund may not be directly or indirectly offered or sold in the United States of America. US Persons may not subscribe for Shares/Units in the Company/Fund.

The term US Person, for the purpose of this Prospectus, means "U.S. Person" as defined by Rule 902 of Regulation S, and does not include any "Non-United States person" as used in Rule 4.7 under the U.S. Commodity Exchange Act, as amended.

"U.S. Person" as defined by Rule 902 of Regulation S includes, but is not limited to:

- i) any natural person resident in the United States of America;
- ii) any partnership or corporation organized or incorporated under the laws of the United States of America;
- iii) any estate of which any executor or administrator is a US Person;
- iv) any trust of which any trustee is a US Person;
- v) any agency or branch of a non-US entity located in the United States of America;
- vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States of America; and
- viii) any partnership or corporation if:
  - (1) organized or incorporated under the laws of any foreign jurisdiction; and
  - (2) formed by a US person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined under Rule 501a under the Securities Act) who are not natural persons, estates or trusts.

**For the avoidance of doubt, US Taxpayers may subscribe for Shares/Units in the Company/Fund, as long as they do not qualify as US Persons. As used herein, the term US Taxpayer refers to a "United States person", as defined for US federal income tax purposes. For example, an individual who is a US citizen residing outside of the United States of America is not a US Person but is a US Taxpayer for US federal income tax purposes.** For further information on restricted or prohibited Share ownership please consult the Company or the Management Company.

### FATCA

FATCA extends the Internal Revenue Code of the U.S. with a new chapter on "Taxes to enforce reporting on certain foreign accounts" and requires foreign financial institutions (the "FFI") such as the Company to provide the Internal Revenue Service in the U.S. (the "IRS") with information on certain U.S. Persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information could lead a 30% withholding tax applying to certain U.S. source income (including distributions and interests) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or distributions.



Luxembourg signed on 28 March 2014 the Model I Intergovernmental Agreement with the United States improving international tax compliance and implementing FATCA (the "**Model I IGA**") resulting in the Reporting Foreign Financial Institution (the "**Reporting FFI**") FATCA status, registration at the IRS FATCA platform and receiving the Global Intermediary Identification Number ("**GIIN**").

The Company will comply with the FATCA provisions under the terms of the Model I IGA and the terms of the Luxembourg legislation transposing such Model I IGA.

The Company will report tax information to the Luxembourg tax authorities, which will then transmit the information to the IRS. The Company will also perform necessary due diligence and monitoring of investors and report on an annual basis, among other things, information relating to financial accounts held by U.S. Persons or by non-U.S. entities owned by U.S. Persons. The Board of Directors of the Company may decide, at any time, to establish new Sub-funds. On the establishment of such additional Sub-funds, the present Prospectus and relevant KIIDs shall be amended and produced accordingly.

Furthermore in the case of Sub-funds created, which are not yet opened for subscription, the Board of Directors of the Company is empowered to determine at any time the initial period of subscription and the initial subscription price; at the opening of a Sub-fund, the Prospectus and relevant KIIDs shall be updated and produced to provide the Investors with the necessary information.

The Shares of the Company may be listed on the Luxembourg Stock Exchange.

#### **CRS**

The CRS is a component of a global standard for automatic exchange of financial account information developed by the OECD. The CRS provides for the reporting and due diligence rules to be observed when the automatic exchange of financial account information applies. The financial institutions are required to provide the jurisdictions in which individuals and entities are resident with information on their financial accounts. Such information includes interest, dividends and similar types

of income as well as capital gains and account balances. Failure to provide the requested information could lead to penalties as determined in the domestic law of the reporting financial institutions.

The automatic exchange of financial account information applies under the CRS to the countries which have signed the Multilateral Competent Authority Agreement on automatic exchange of financial account information ("**MCAA**"). On 29 October 2014, Luxembourg, together with 50 other jurisdictions, signed the MCAA.

The Company will perform necessary due diligence and monitoring of investors and report, on an annual basis, the financial account information to the Luxembourg tax authorities, which will then transmit the information to the jurisdictions in which the individuals and entities concerned are residents. The first reporting should occur in 2017 in relation to the financial year 2016.

#### **DAC**

The DAC introduces at the scale of the European Union an automatic exchange of financial account information, alike the CRS, and requires financial institutions to provide other EU Member States with information on the financial accounts held by individuals and entities resident in these other Member States. Such information includes interest, dividends and similar types of income as well as capital gains and account balances. Failure to provide the requested information could lead to penalties as determined by the Member State in which the reporting financial institutions are located.

Luxembourg implemented the DAC into national law with the law of 18 December 2015.

The Company will perform necessary due diligence and monitoring of investors and report, on an annual basis, the financial account information to the Luxembourg tax authorities, which will then transmit the information to the jurisdictions in which the individuals and entities concerned are residents. The first reporting should occur in 2017 in relation to the financial year 2016.

### **3. The Sub-funds of the Company**

Unless otherwise indicated in the following paragraphs, each Sub-fund is subject to the general regulations as set out in the chapters 3 and following of this Prospectus.

The liabilities of each Sub-fund shall be segregated on a Sub-fund by Sub-fund basis with third party creditors having recourse only to the assets of the Sub-fund concerned.

# Nordea Fund of Funds – Multi Manager Fund Balanced

## Investment objective

The aim of the Sub-fund is wealth accumulation i.e. to increase the spending power of the Sub-fund at a moderate rate while accepting the risks of potential loss necessary to achieve this.

## Investment policy

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open - ended type. The Sub-fund will invest between 30% and 70% of its Net Asset Value in Equity Funds. The remaining part of the portfolio will be invested in Target Funds primarily investing in Debt Securities, cash and other Transferable Securities.

In addition, the Sub-fund may also seek to capture market opportunities, notably by investing in country- or industry-specific funds, including open-ended Exchange Traded Funds.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Investment Manager and will reflect the recommended asset composition at any time for Investors with a certain risk profile.

Risks are reduced by investing mainly in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Profile of the typical Investor

This Sub-fund is suitable for the Investor who considers investment funds as a convenient way of participating in capital market developments. This Investor is comfortable with moderate risk and return potential. He/she prefers some stability and more average returns. The Investor should be able to accept moderate temporary losses.

As the main objective of the Sub-fund is wealth accumulation with a moderate rate, the risk profile can be considered as balanced.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-funds or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's Base Currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.

# Nordea Fund of Funds – Multi Manager Fund Equity

## Investment objective

The aim of the Sub-fund is wealth accumulation i.e. to increase the spending power of the Sub-fund at the highest possible rate while accepting the risks of potential loss necessary to achieve this.

## Investment policy

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open-ended type. The Sub-fund will invest at least 90% of its Net Asset Value in Equity Funds. The remaining part of the portfolio will be invested in Target Funds primarily investing in bonds, cash and other Transferable Securities.

In addition, the Sub-fund may also seek to capture market opportunities, notably by investing in country-specific or industry-specific funds, including open-ended Exchange Traded Funds.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Investment Manager and will reflect the recommended asset composition at any time for Investors with a certain risk profile.

Risks are reduced by investing mainly in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques" in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Profile of the typical Investor

This Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with higher growth investments in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

As the main objective of the Sub-fund is wealth accumulation at a high rate, the risk profile can be considered as aggressive.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-funds or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's Base Currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.

# Nordea Fund of Funds – Multi Manager Fund Growth

## Investment objective

The aim of the Sub-fund is wealth accumulation i.e. to increase the spending power of the Sub-fund at the highest possible rate while accepting the risks of potential loss necessary to achieve this.

## Investment policy

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open-ended type. The Sub-fund will invest between 55% and 95% of its Net Asset Value in Equity Funds. The remaining part of the portfolio will be invested in Target Funds primarily investing in Debt Securities, cash and other Transferable Securities.

In addition, the Sub-fund may also seek to capture market opportunities, notably by investing in country- or industry-specific funds, including open-ended Exchange Traded Funds.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Investment Manager and will reflect the recommended asset composition at any time for Investors with a certain risk profile.

Risks are reduced by investing mainly in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Profile of the typical Investor

This Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with higher growth investments in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

As the main objective of the Sub-fund is wealth accumulation with a high rate, the risk profile can be considered as aggressive.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-funds or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's Base Currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.

# Nordea Fund of Funds – Multi Manager Fund Moderate

## Investment objective

The aim of the Sub-fund is wealth preservation i.e. to protect the spending power of the Sub-fund even though this might reduce the return potential.

## Investment policy

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open-ended type. The Sub-fund will invest between 5% and 45% of its Net Asset Value in Equity Funds. The remaining part of the portfolio will be invested in Target Funds primarily investing in Debt Securities, cash and other Transferable Securities.

In addition, the Sub-fund may also seek to capture market opportunities, notably by investing in country- or industry-specific funds, including open-ended Exchange Traded Funds.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Investment Manager and will reflect the recommended asset composition at any time for Investors with a certain risk profile.

Risks are reduced by investing mainly in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques" in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Profile of the typical Investor

This Sub-fund is suitable for the Investor who is uninterested in or uninformed about the capital markets, but who sees investment funds as a convenient savings product. The Investor should be comfortable with a low to moderate risk and return potential. The Investor should be able to accept low to moderate temporary losses.

As the main objective of the Sub-fund is wealth preservation, the risk profile can be considered as moderate.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-funds or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's Base Currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.

# Nordea Fund of Funds – Multi Manager Fund Total Return

## Investment objective

The aim of the Sub-fund is wealth accumulation i.e. to increase the spending power of the Sub-fund at the highest possible rate while accepting the risks of potential loss necessary to achieve this.

## Investment policy

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open-ended type which primarily invest in equities, bonds, cash or other Transferable Securities. In addition, the Sub-fund may also seek to capture market opportunities, notably by investing in country-specific or industry-specific funds, including open-ended Exchange Traded Funds.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Investment Manager and will reflect the recommended asset composition at any time for Investors with a certain risk profile.

Risks are reduced by investing mainly in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques" in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Profile of the typical Investor

This Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with higher growth investments in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

As the main objective of the Sub-fund is wealth accumulation at a moderate rate, the risk profile can be considered as balanced.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-fund or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's base currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.

# Nordea Fund of Funds – Tactical Allocation Balanced

## Investment objective and policy of the Sub-fund

The investment policy of the Sub-fund aims to preserve the investor's capital and to provide an adequate rate of return on the investment.

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open-ended type. The Sub-fund will regularly invest between 25% and 75% of its Net Asset Value in Equity Funds. The remaining part of the portfolio will be invested in Target Funds primarily investing in bonds, cash and other Transferable Securities.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Management Company and will reflect the recommended asset composition at any time for investors with a certain risk profile.

Risks are reduced by investing in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques Instruments" in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund is established for an indefinite period.

## Profile of the typical Investor

This Sub-fund is suitable for the investor who considers investment funds as a convenient way of participating in capital market developments. This investor is comfortable with moderate risk and return potential. He/she prefers some stability and more average returns. The investor should be able to accept moderate temporary losses.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-funds or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's Base Currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.

# Nordea Fund of Funds – Tactical Allocation Moderate

## Investment objective and policy of the Sub-fund

The investment policy of the Sub-fund aims to preserve the investor's capital and to provide an adequate rate of return on the investment.

The Sub-fund's investment objective is to invest its net assets in other target funds (the "**Target Funds**") of the open-ended type. The Sub-fund will regularly invest less than 50% of its Net Asset Value in Equity Funds. The other part of the portfolio will be invested in Target Funds primarily investing in bonds, cash and other Transferable Securities.

The Sub-fund can choose between a very wide range of investment funds in order to compose a portfolio which offers the ideal mix of risk and return. The composition of the portfolio depends on the market expectations of the Management Company and will reflect the recommended asset composition at any time for Investors with a certain risk profile.

Risks are reduced by investing in a range of Target Funds, which themselves also have to comply with risk diversification requirements. The Sub-fund will thus represent a uniquely well-diversified investment.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

This Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in chapter "Investment Restrictions" further describes and specifies the Company's use of Derivatives.

The Sub-fund will not make use of the instruments and techniques as described in the Section III "Other Efficient Portfolio Management Techniques in chapter "Investment Restrictions" of this Prospectus.

The Sub-fund is established for an indefinite period.

## Profile of the typical Investor

This Sub-fund is suitable for the investor who is uninterested in or uninformed about the capital markets, but who sees investment funds as a convenient savings product. The investor should be comfortable with a low to moderate risk and return potential.

The investments of the Company are subject to normal market fluctuations and, accordingly, it should be emphasised that the price of assets in any of the Sub-funds can fluctuate. No guarantee can be given with respect to the performance of the Sub-funds or the return of capital. The past performance of a Sub-fund is no indication for the future performance of the respective Sub-fund. Furthermore, changes in exchange rates may also cause the value of Shares in the Shareholder's Base Currency to go up or down.

Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

As a result, Shareholders should note that any repurchase of Shares by the Company will take place at a price that may be higher or lower than the original acquisition cost, depending upon the value of the assets of the Sub-fund at the time of Redemption.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund will not compare its performance against a reference index.



## 4. Share Capital

### Share Capital

The capital of the Company shall at all times be equal to the value of the net assets of the Company. The minimum capital of the Company shall be EUR 1,250,000 (one million two hundred fifty thousand Euro).

All Shares of the Company are issued and fully paid-up and have no par value.

The Board of Directors of the Company shall be authorised, without limitation and at any time, to issue additional Shares for all Sub-funds at the Net Asset Value per Share without granting existing Shareholders a preferential right to subscribe for the Shares.

Each Share carries one vote, irrespective of its Net Asset Value and of the Sub-fund and/or Share Class to which it relates.

Shares are only available as Registered Book Shares in non-certificated form. Shares issued will be evidenced by a transaction confirmation. Shares may also be held and transferred through accounts maintained with clearing systems.

Registered Shares may be issued as fractions of Shares with four (4) decimal places (rounding up or down of the last decimal). Fractions of Shares will have no voting rights but will participate in the distribution of distributions, if any, and in the liquidation distribution.

If the capital of the Company falls below two-thirds of the legal minimum, the Board of Directors must submit the question of the dissolution of the Company to a general meeting of Shareholders. The meeting does not require a quorum, and decisions are taken by simple majority. If the capital falls below one quarter of the legal minimum, a decision regarding the dissolution of the Company may be passed by Shareholders present or represented holding one quarter of the Shares at the meeting. The meeting must be convened not later than 40 days from the day on which it appears that the capital has fallen below two-thirds or one-quarter of the minimum capital, as the case may be.

### Share Classes

The Board of Directors may decide to issue within each Sub-fund different Share Classes whose assets shall be commonly invested according to the investment policy of that Sub-fund but which may be differentiated by a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of Investors, marketing country or other specificity as further described below. A separate Net Asset Value per Share Class, which may differ as a consequence of one or several of those variable factors, will be calculated for each Share Class.

The characteristic of a Share Class is expressed through a combination of letters in the Share Class name. The meaning of these letters is described below. For example, an HBI-Share Class is hedged against foreign exchange risk (H), is an Accumulating Share (B) and is only available to Institutional Investors.

An updated list of available Share Classes can be found on [www.nordea.lu](http://www.nordea.lu).

#### 4.1. Private and Institutional Shares

Shares are issued as Private Shares or Institutional Shares (as defined in chapter "Terms and definitions used in this Prospectus"). Unless otherwise decided by the Management Company, Private and Institutional Shares of any Sub-Fund may be issued in one or more of the following types:

Private Shares may be issued as C, F, P or V-Shares.

### C-Shares

C-Shares are available to both Private and Institutional Investors but only offered through certain financial intermediaries, distribution partners or alike, who are investing on behalf of their customers and are charging the latter advisory, or alike, fees.

Furthermore, the Management Company does not remit any commission-based payments for these Shares even in case the financial intermediaries or distribution partners are not legally prohibited from receiving such payments.

### F-Shares

F-Shares are available to both Private and Institutional Investors.

### P-Shares

P-Shares are available to both Private and Institutional Investors.

### V-Shares

V-Shares are available to both Private and Institutional Investors and are subject to the UK tax reporting fund regime. Further details are available at [nordea.co.uk](http://nordea.co.uk) for the period starting from 1 January 2015.

### Minimum Investment Amounts

Core types	Minimum Investment Amount
C-Shares	Not applicable
F-Shares	EUR 10,000,000 or the equivalent amount in the currency in which the subscription is processed.
P-Shares	Not applicable
V-Shares	Not applicable

For each Investor, the Minimum Investment Amount disclosed in the above table applies to the initial subscription or the initial conversion of Shares or any holding amount in each Share Class of a Sub-fund. Unless indicated otherwise, no Minimum Investment Amount applies to any subsequent subscription of Shares after the initial subscription in the same Share Class.

The Management Company may decide at any time to further reduce the Minimum Investment Amount for any of the Share Classes of a Sub-fund or to, upon request, waive this amount for financial intermediaries or distribution partners, or alike, that, by law or regulation, are ineligible to, or do not wish to receive commission-based payments or alike.

#### 4.1.2. Institutional Shares

Institutional Shares may be issued as X-Shares.

### X-Shares

X-Shares are available to Institutional Investors:

- who meet the minimum account maintenance or qualification requirements established from time to time;
- whose X-Shares will be held on a safe custody account in the name of the Administrative Agent;
- this account being subject to a separate charging structure whereby all or part of the fees, normally charged to the Share Class and expressed in the Net Asset Value per Share, are administratively levied and collected by the Management Company directly from the Shareholder; and
- who, as a result of point (iii) above, conclude a written agreement with the Management Company, prior to the Shareholder's initial subscription into such Share Class, in which the relevant fees and charging procedure are agreed between the Shareholder and the Management Company. The Company and/or the Administrative Agent reserve the right to refuse a subscription if a relevant written agreement is not validly concluded between the Shareholder and the Management Company at the time the subscription is received.

### Minimum Investment Amounts

Core types	Minimum Investment Amount
X-Shares	EUR 25,000,000 or the equivalent amount in the currency in which the subscription is processed, unless otherwise specified in the relevant Sub-fund's specifications.

For each Investor, the Minimum Investment Amount disclosed in the above table applies to the initial subscription or the initial conversion of Shares or any holding amount in each Share Class of a Sub-fund. Unless indicated otherwise, no Minimum Investment Amount applies to any subsequent subscription of Shares after the initial subscription in the same Share Class.

The Management Company may decide at any time to further reduce the Minimum Investment Amount for any of the Share Classes of a Sub-fund or to, upon request, waive this amount for financial intermediaries or distribution partners, or alike, that, by law or regulation, are ineligible to, or do not wish to receive commission-based payments or alike.

## 4.2. Accumulating and Distributing Shares

Private and Institutional Shares are issued as either Accumulating Shares or Distributing Shares as described below.

### 4.2.1. Accumulating Shares

Accumulating Shares are not entitled to any distribution payments. Holders of such Shares benefit from the capital appreciation resulting from the reinvestment of any income earned by the Shares.

- **Share Classes with prefix “B”**

These Shares are Accumulating Shares and are as such not entitled to any distribution payments.

- **Share Classes with prefix “X”**

These Shares are Accumulating Shares unless the Share Class name is prefixed by the letter “A”.

### 4.2.2. Distributing Shares

Distributing Shares are entitled to payment of a distribution in case payment of a distribution is decided upon by the Annual General Meeting or by the Board of Directors, as relevant. There may be different categories of Distributing Shares. Distributions may be paid out of capital and further reduce the Net Asset Value of the relevant Share Class. Dividends paid out of capital could be taxed as income in certain jurisdictions.

- **Share Classes with prefix “A”**

These Shares will be eligible for annual distributions, as decided by the Annual General Meeting of the Shareholders.

## 5. Share Dealing

The Board of Directors of the Company emphasises that:

- all Investors/Shareholders are bound to place their Subscription/Redemption or Conversion order(s) before the Cut-off time for transactions in the Shares,
- when doing so, orders are being placed for execution on the basis of still unknown prices,
- the repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Sub-funds – also known as “market timing” – may disrupt portfolio investment strategies and increase the Sub-funds’ expenses and adversely affect the interests of the Sub-funds long term Shareholders. Market timing practices and excessive trading practices are not allowed. In addition, the Sub-funds are not intended for short term investments,
- to prevent such practice, the Company and its duly appointed agents reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to market timing, to suspend, revoke or cancel any Subscription or Conversion order placed by Shareholders who have been identified as frequently trading in and out of a particular Sub-fund.

Instructions for Subscription, Redemption and Conversion which the Company considers unclear or incomplete may result in Subscription, Redemption and Conversion being processed with delay.

## 4.3. Hedging

Private and Institutional Shares may be issued in combination with hedging features.

- **Share Classes with prefix “H” – Currency Hedging**

Each Currency Hedged Share Class is associated with a specific denominative currency. For Each Currency Hedged Share Class the Company seeks to hedge the Net Asset Value (NAV), expressed in the Sub-Funds Base Currency, to the denominative currency of the Currency Hedged Share Class.

Ex: In a Sub-fund, with a HBV-EUR Share Class (Currency Hedged Share Class), the Company seeks to hedge the NAV of the HBV-EUR Share Class, expressed in the Sub-Funds Base Currency, to EUR. The underlying investments are the same in all share classes. When Currency Hedging applies to P-Shares, the letter “P” is omitted.

Ex:

- Currency hedged BP-Shares are denominated “HB-Shares”.
- Currency hedged AP-Shares are denominated “HA-Shares”.

## 4.4. Currencies available for subscription

Private and Institutional Share Classes shall be denominated and may be issued and may be available for subscription in any of the following currencies:

Abbreviations	Currencies
CHF	Swiss Franc
DKK	Danish Kroner
EUR	Euro
GBP	British Pound
HKD	Hong Kong Dollar
JPY	Japanese Yen
NOK	Norwegian Kronor
SEK	Swedish Kronor
SGD	Singapore Dollar
USD	United States Dollar

The Board of Directors has the discretion to decide on additional currencies.

## 5.1. Subscription for Shares

The Board of Directors of the Company shall be authorised, without limitation and at any time, to issue additional Shares for all Sub-funds at the Net Asset Value per Share without granting existing Shareholders a preferential right to subscribe for the Shares.

All orders shall be made in the reference currency of the Share Class the investor wishes to invest in.

The Company reserves the right to accept or refuse any Subscription in whole or in part and for any reason.

### 5.1.1. Subscription Request

- **Form of Subscription Request**

Initial Subscription for Shares must be made by forwarding a duly completed Application form to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or the Administrative Agent (by Institutional Investors only). The relevant Application form can be obtained from the Investor’s local distributor, sales agent or paying agent. The Application form for Institutional Investors can also be found on [www.nordea.lu](http://www.nordea.lu) or obtained from the Management Company.

Subsequent Subscriptions for Shares may be made either:

- (i) on the Application form or
- (ii) in electronic order format like Swift or other predefined proprietary format, or
- (iii) by letter or facsimile addressed to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or to the Administrative Agent (by Institutional Investors only).

Such Subscription requests are deemed to be final and conclusive for the Company and are executed at the entire risk of the applicant.

- **Timing for Subscription Request**

Subscription requests can be received on any day that is a Business Day. If a Subscription is received by the Registered Office or the Administrative Agent before 15:30 p.m. Luxembourg time on a Business Day, the Subscription will be processed using the Net Asset Value per Share. If the Subscription is received by the Administrative Agent on or later than 15:30 p.m. Luxembourg time on a Business Day, or on a day which is not a Business Day, the Subscription will be processed the following Business Day thereafter.

The Board of Directors may also decide that some Sub-funds shall only be open for Subscription during the initial Subscription period. After the expiration of such initial Subscription period, there shall be no further issue of Shares.

### **5.1.2. Subscription Payment**

The Company does not accept third party payments.

Payments shall be made by bank transfer and in the reference currency of the relevant Shares Class.

Payment by cheque will not be accepted.

The Board of Directors may from time to time accept Subscriptions for Shares against contribution in kind of securities of securities or other assets which could be acquired by the relevant Sub-fund pursuant to its investment policy and restrictions. Any such contribution in kind will be made at the net asset value of the assets contributed calculated in accordance with the rules set out in chapter "Net Asset Value" of this Prospectus and will be the subject of an auditor's report drawn up in accordance with the requirements of Luxembourg law. Should the Company not receive good title on the assets contributed this may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Manager against any existing holding of the applicant in the Company.

### **5.1.3. Settlement of Subscription**

Upon acceptance of Subscription request, all Shares shall be allotted immediately after Subscription payment has been made readily available on the relevant Valuation Day at the latest.

For Subscriptions made by Institutional Investors, the allotment of Shares is conditional upon Subscription payment within a previously agreed period in principle not exceeding 3 (three) Business Days from the relevant Valuation Day on which the Subscription has been accepted. The agreed period for Subscription payments may, in case of currency holidays, exceptionally exceed 3 (three) Business Days from the above mentioned date.

If timely payment has not been received within the settlement period, the Subscription may lapse and be cancelled at the cost of the Investor or the Investor's financial intermediary. Failure to make payment on the agreed payment date may result in the Company bringing an action against the defaulting Investor or the Investor's financial intermediary or deducting any costs or losses incurred by the Company or the Administrative Agent against any existing holding of the Investor in the Company. In all cases, any confirmation of transaction and any money returnable to the Investor will be held on behalf of the Administrative Agent without payment of interest pending receipt of the remittance.

## **5.2. Redemption of Shares**

Any Shareholder has the right to request, at any time, that the Company repurchases any or all of its Shares without capital guarantee at their Net Asset Value.

**A Redemption request will only be executed after the identity of the Shareholder and/or the beneficial owner has been established to the complete satisfaction of the Company. Payment will only be made to the respective Shareholder.**

### **5.2.1. Redemption Request**

- **Form of Redemption Request**

Shareholders wishing to have any or all of their Shares redeemed shall deliver by letter or by facsimile or in electronic order format like Swift or other predefined proprietary format addressed to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or to the Administrative Agent (by Institutional Investors only), an irrevocable, written and duly signed Redemption request specifying the name, address and account identification of the Shareholder(s), the name of the Sub-fund and the number of Shares to be redeemed as well as payment details for the Redemption proceeds (name of bank, bank identification number, account number and name of the account holder(s)).

- **Timing for Redemption Request**

Redemption requests can be received on any day that is a Business Day. If the Redemption request is received by the Administrative Agent before 15:30 CET on a Business Day, the Redemption request will be processed using that day's Net Asset Value per Share. If the request is received at or later than 15:30 CET on a Luxembourg Business Day, the request will be processed on the first following Business Day thereafter.

The Redemption of Shares from any Sub-fund shall be suspended when the calculation of the Net Asset Value thereof is suspended.

### **5.2.2. Settlement of Redemption**

All Redemption requests will be processed strictly in the order in which they are received, and each Redemption shall be processed at the Net Asset Value of the said Shares.

The settlement date for Redemption is in principle the third Business Day from the relevant Valuation Day on which the order has been accepted. The Board of Directors or its delegate may decide to defer the settlement date due to currency holidays or on any Business Days when the Net Asset Value of the relevant Sub-Fund is not calculated in accordance with the definition of a Valuation Day.

Neither the Company nor the Management Company are responsible for any delays or charges incurred at any receiving bank or settlement system.

Redemption proceeds will normally be dispatched to the Shareholder within 8 (eight) Business Days after the relevant Valuation Day and after receipt/presentation of proper documentation. If in exceptional circumstances the liquidity of a Sub-fund is not sufficient to enable the payment to be made within 8 (eight) Business Days after the relevant Valuation Day, such payment will be made as soon as reasonably practicable thereafter.

Redemption proceeds will only be paid in the reference currency of the relevant Share Class, except where the reference currency is a non-deliverable currency. In such cases, redemption proceeds will be paid in the Base Currency of the Sub-fund. Shareholders should note that any Redemption of Shares by the Company will take place at a price that may be higher or lower than the original acquisition amount.

## **5.3. Conversion of Shares**

Any Shareholder has the right to request, at any time, that the Company converts any or all of its Shares at their respective Net Asset Value per Share, unless decided otherwise by the Board of Directors.

### 5.3.1. Conversion Request

- **Form of Conversion Request**

Shareholders wishing to have any or all of their Shares converted to another Share Class shall deliver, by letter or by facsimile or in electronic format like Swift or other predefined proprietary format addressed to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or to the Administrative Agent (by Institutional Investors only), an irrevocable, written and duly signed Conversion request specifying the name, address and account identification of the Shareholder(s), the name of the Share Class and number of Shares to be converted as well as the name of the Share Class into which the Shares shall be converted. Conversions are only allowed between Share Classes with the same reference currency.

- **Timing for Conversion Request**

Conversion requests can be received on any day that is a Business Day. If the Conversion request is received by the Administrative Agent before 15:30 CET on a Business Day, the Conversion will be processed using the Net Asset Value per Share for the relevant Sub-funds calculated on that Valuation Day after 15:30 CET. If the Conversion request is received by the Administrative Agent at or later than 15:30 CET on a Valuation Day or on a day which is not a Valuation Day, the Conversion Business Day, the request will be processed the first following Valuation Day thereafter.

### 5.3.2. Settlement of Conversion

Conversion will only take place on the first possible, common Valuation Day for the Shares redeemed and the Shares subscribed.

The settlement date for Conversion is in principle the third Business Day from the relevant Valuation Day on which the order has been accepted. The Board of Directors or its delegate may decide to defer the settlement date due to currency holidays or on any Business Days when the Net Asset Value of the relevant Sub-Fund is not calculated in accordance with the definition of a Valuation Day.

All Conversion requests will be processed strictly in the order in which they are received, and each Conversion shall be processed at the Net Asset Value of the respective Shares.

### 5.4. Further Details on Share Dealing

#### Postponement of Share Dealing

The Company reserves the right to limit the number of shares which may be subscribed on any one Valuation Day to a number representing no more than 10% of the Sub-fund's Total Net Asset Value. In these circumstances, and provided that the Net Asset Value is calculated on each Business Day, the Board of Directors may declare that part or all of the Subscription request will be processed during a period not exceeding **8 (eight)** Valuation Days and will be priced at the Net Asset Value determined on the Valuation Day the Shares are subscribed. On any Valuation Day such Shares will be dealt with before any subsequent requests for Subscription.

The Company reserves the right to limit the number of shares which may be converted and/or redeemed on any one Valuation Day to a number representing no more than 10% of the Sub-fund's Total Net Asset Value. In these circumstances and provided that the Net Asset Value is calculated on each Business Day, the Board of Directors may declare that part or all of such Shares for Conversion and/or Redemption will be converted and/or redeemed during a period not exceeding **8 (eight)** Valuation

Days and will be priced at the Net Asset Value determined on the Valuation Day the Shares are converted and/or redeemed. On any Valuation Day such Shares will be dealt with before any subsequent requests for Conversion and/or Redemption.

#### Restrictions on Subscriptions and Conversions

In order to *inter alia* protect existing Shareholders, the Board of Directors (or any delegate duly appointed by the Board of Directors) may, at any time, decide to close a Sub-fund or a Share Class and not to accept any further Subscriptions and Conversions into the relevant Sub-fund or Share Class i) from new Investors who have not yet already invested into the said Sub-fund or into the said Share Class ("**Soft Closure**") or (ii) from all any Investors ("**Hard Closure**").

Decisions taken by the Board of Directors or its delegate on a closure may have immediate or non-immediate effect and be effective for non-determined period of time. Any Sub-fund or Share Class may be closed to Subscriptions and Conversions in without notice to Shareholders.

In relation thereto, a notification will be displayed on the website [www.nordea.lu](http://www.nordea.lu) and if applicable on other Nordea websites, and will be updated according to the status of the said Shares or Sub-funds. Indeed, the closed Sub-fund or Share Class may be re-opened when the Board of Directors or its delegate deems the reasons to have the latter closed no longer applying.

Background for a closure may be, without being restricted thereof, that the size of a given Sub-fund has reached such a level that the market it is invested into has also reached its capacity level and thus the Sub-fund cannot be managed according to the defined objectives and investment policy.

#### Mandatory repurchase of Shares

Where the Board of Directors becomes aware that a Shareholder in the Company:

- (a) is a U.S. Person or is holding Shares for the account of a U.S. Person; or
- (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax or fiscal consequences for the Company or its Shareholders;

the Board of Directors may:

- (i) direct such Shareholder to dispose of the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or
- (ii) redeem the relevant Shares at the Net Asset Value of the Shares as at the Valuation Day immediately following the date of notification of such mandatory Redemption to the relevant Shareholder.

#### Anti-money laundering

In the context of money laundering prevention and in compliance with Luxembourg and international regulations applicable thereto, any Investor will have to establish its identity to the Company or to the intermediary which collects the Subscription, provided that the intermediary is located in a country that applies the recommendations of the Financial Action Task Force (FATF) – also called Groupe d'Action Financière Internationale (GAFI). Such identification shall be evidenced when subscribing for Shares. Redemption or transfer of Shares will only be executed after the identity of the Investor and/or the beneficial owner has been established to the complete satisfaction of the Company.

## 6. Net Asset Value

The Net Asset Value of Shares of each Sub-fund shall be expressed in the currency of the relevant Sub-fund. The Net Asset Value shall be determined by the Administrative Agent by dividing the net assets of the Company attributable to each Sub-fund by the number of outstanding Shares of that Sub-fund. The first Net Asset Valuation took place on 3 November 1998. Generally, the Administrative Agent calculates the Net Asset Value per share in each Sub-fund on the days as defined in the chapter "Terms and definitions used in this Prospectus".

The calculation of the Net Asset Value of the Shares of any Sub-fund and the issue, Redemption, and Conversion of the Shares of any Sub-fund may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- on any Business Day(s), when a lower portion of the Sub-fund's assets, than the portion defined as substantial by the Board of Directors, cannot be traded due to a full or partial closure or other restrictions or suspensions on a relevant market,

- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of the Sub-fund, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Sub-fund,
- during any breakdown in the means of communication normally employed in determining the price of any of the Sub-fund's investments or the current prices on any stock exchange,
- when for any reason beyond the control of the Board of Directors, the prices of any investment held by the Sub-fund cannot be reasonably, promptly or accurately ascertained,
- during any period when remittance of money which will or may be involved in the purchase or sale of any of the Sub-fund's investments cannot, in the opinion of the Board of Directors of the Company, be effected at normal rates of exchange, or
- when any of the target funds in which the Company invests substantially its assets suspends the calculation of its Net Asset Value.

The suspension of the calculation of the Net Asset Value and of the issue, Redemption, and Conversion of Shares will be published on Nordea website, as appropriate.

The value of the assets of each Class of Shares of each Sub-fund is determined as follows:

**A) The assets of the Company contain the following:**

- 1) All fixed-term deposits, money market instruments, cash in hand or cash expected to be received or cash contributions including interest accrued.
- 2) All Transferable Securities.
- 3) All debts which are payable upon presentation as well as all other money claims including claims for purchase price payment not yet fulfilled that arise from the sale of investment fund shares or other assets.
- 4) All units of UCITS authorised according to the UCITS Directive and/or other UCIs within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in a Member State or in a non-Member State.
- 5) All other investment fund shares.
- 6) All Financial Derivative Instruments, i.e. in particular options, futures, including equivalent cash-settled instruments, dealt in on a regulated market or on Other Regulated Market and/or Financial Derivative Instruments dealt in over-the-counter.
- 7) All distributions and distributions due in favour of the Company, as far as they are known to the Company.
- 8) All interest accrued on interest-bearing securities that the Company holds, as far as such interest is not contained in the principal claim.
- 9) All financial rights which arise from the use of Derivatives.
- 10) The provisional expenses of the Company, as far as these are not deducted, under the condition that such provisional expenses may be amortised directly from the capital of the Company.
- 11) All other assets of what type or composition, including pre-paid expenses.

**B) The value of such assets is fixed as follows:**

- 12) Investment funds are valued at their Net Asset Value or bid price, if bid and offer prices are quoted.
- 13) Liquid assets are valued at their nominal value plus accrued interest.
- 14) Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value.
- 15) Securities or financial instruments admitted for official listing on a stock exchange or traded in another regulated market within Europe, North or South America, Asia, Australia, New Zealand, Africa or Oceania, which operates regularly and is recognised and open to the public, are valued on

the basis of the last available price at the time when the valuation is carried out. If the same security is quoted on different markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors of the Company or their delegate with a view to establishing the probable bid price for such securities.

- 16) Unlisted securities or financial instruments are valued on the basis of their probable bid price as determined by the Board of Directors of the Company or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Sub-fund.
- 17) Any other assets are valued on the basis of their probable bid price as determined by the Board of Directors of the Company or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Sub-fund.

In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors of the Company or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a pro-per valuation of the total assets of each Sub-fund.

**C) The liabilities of the Company contain the following:**

- a) all loans, bills of exchange and other sums due, including deposits of security such as margin accounts, etc. in connection with the use of Derivatives; and
- b) all administrative expenses that are due or have been incurred, including the costs of formation and registration at the registration offices as well as legal fees, auditing fees, all fees of the Management Company, the Administrative Agent and all other representatives and agents of the Company, the costs of mandatory publications, the Prospectus and the KIIDs, conclusions of transactions and other documents which are made available to the shareholders. If the fee rates agreed between the Company and the employed service providers (such as the Administrative Agent or the Management Company) for such services deviate with regard to individual Share Classes, the corresponding varying fees shall be charged exclusively to the respective Share Class; and
- c) all known liabilities, whether due or not, including distributions that have been declared but not yet been paid; and
- d) a reasonable sum provided for taxes, calculated as of the day of the valuation as well as other provisions and reserves approved by the Board of Directors of the Company; and
- e) all other liabilities of the Company, of whatever nature, vis-à-vis third parties; however, each Sub-fund shall be exclusively responsible for all debts, liabilities and obligations attributable to it.

For the purpose of valuing its liabilities, the Company may include all administrative and other expenses of a regular or periodic nature by valuing these for the entire year or any other period and apportioning the resulting amount proportionally to the respective expired period of time. The method of valuation may only apply to administrative or other expenses which concern all of Shares equally.

**D) The Board of Directors of the Company shall establish a portfolio of assets for each Share Class in the following manner:**

- a) The proceeds from the allocation and issue of Shares of each Share Class shall be attributed in the books of the Company to the portfolio of assets for which this Share Class has been opened and the corresponding assets and liabilities as well as income and expenses shall be attributed to the portfolio of assets in accordance with the guidelines of this article.
- b) If any asset has been derived from another asset, such derived assets shall be attributed in the books of the Company to the same portfolio to which the asset generating it belongs and at each revaluation of an asset, the increase or decrease in value shall be attributed to the portfolio to which such asset belongs.

- c) If the Company has incurred a liability, which is linked to any asset of a given portfolio or to any activity connected with an asset of a given portfolio, this liability shall be attributed to the portfolio concerned.
- d) If an asset or liability of the Company is considered as being of a size which cannot be attributed to a given portfolio and such asset or liability does not equally concern all Share Classes, the Board of Directors of the Company can, in good faith, attribute such assets or liabilities in accordance with generally recognised methods verifiable by the auditor of the Company.
- e) From the day on which a distribution is effected in respect of Share Class A shares, the Net Asset Value of these Shares shall be reduced by the amount of the distribution (causing a reduction in the percentage of Net Asset Value allocable to the Share Class A shares), whereas the Net Asset Value of Share Class B shares shall remain unchanged (causing an increase in the percentage of the Net Asset Value allocable to Share Class B Shares).

**E) For the purpose of valuation within the scope of this chapter, the following applies:**

- a) shares that are repurchased in accordance with the regulations in Chapter "Share Dealing" above shall be treated as existing Shares and shall be posted until immediately after the point in time set by the Board of Directors of the Company for carry out the valuation; from this point in time until the price is paid, they shall be treated as a liability of the Company; and
- b) all investments, cash in hand and other assets of any fixed assets that are not in the denomination of the Share Class concerned shall be converted at the exchange rate applicable on the day of the calculation of Net Asset Value, taking into consideration their market value; and
- c) on every Valuation Day, all purchases and sales of securities which were contracted by the Company on this very Valuation Day must be included in the valuation to the extent possible.

## 7. Investment Restrictions

The objective of the investment policy of the Company shall be the active and passive management of different portfolios in order to realise acceptable profits in Euro according to the market conditions and the respective investment strategy of each Sub-fund.

### I. Investment Restrictions

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

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-fund in this Prospectus, the investment policy shall comply with the rules and restrictions laid down hereafter.

#### A. Investments in the Sub-funds may consist solely of:

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market.
- (2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State.
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a Regulated Market in an Other State or dealt in on an Other Regulated Market which operates regularly and is recognised and open to the public in an Other State.
- (4) Recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market or on an Other Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of issue.
- (5) Units of UCITS authorised according to the UCITS Directive and/or other UCIs within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in a Member State or in an Other State, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in Community law (as defined in the UCITS Directive), and that cooperation between authorities is sufficiently ensured;
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;

- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs.
- (6) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in Community law.
- (7) Derivatives, i.e. in particular options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on Other Regulated Market referred to in (1), (2) and (3) above, and/or Derivatives dealt in over-the-counter ("OTC Derivatives"), provided that:
  - (i) the underlying consists of instruments covered by this Section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;
  - (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority, and
  - (iii) 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 Company's initiative.
 Under no circumstances shall these operations cause the Company to diverge from its investment objectives.
- (8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
  - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other 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 or on Other Regulated Markets referred to in (1), (2) or (3) 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 Regulatory Authority to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the

second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro and which presents and publishes its annual accounts in accordance with directive 78/660/EEC as may be amended from time to time, is an entity which, within a Group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (9) Debt Securities, which are rated by a Rating Agency, can be invested into in accordance with directive 2013/14/EU (reduced reliance on external ratings). Investments made in Debt Securities must be subject to an independent credit risk assessment, as Sub-funds may not rely solely and mechanistically on external credit ratings. In case of an impairment of credit quality, identified through an internal credit risk assessment process or indicated by a change of a rating issued by a Rating Agency, corrective action must be taken when required by the relevant Sub-fund's investment policy.

#### **B. Each Sub-fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under I.A (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.
- (4) Acquire foreign currency by means of a back-to-back loan.

#### **C. In addition, the Company shall comply with the following investment restrictions:**

##### **(a) Risk Diversification rules**

For the purpose of calculating the restrictions described in (2) to (5) and (8) hereunder, companies which are included in the same Group of companies are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple sub-funds where the assets of a Sub-fund are exclusively reserved to the investors in such Sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each Sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules described under items I.C(a), items (1) to (5) and (7) to (9) II.B, item (1) and II.C, items (1) and (2).

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

- (1) No Sub-fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - i. upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of one single issuer; or
  - ii. the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) A Sub-fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of companies.
- (3) The limit of 10% set forth above under (1)(i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).
- (4) The limit of 10% set forth above under (1)(i) is increased up to 25% in respect of qualifying Debt Securities issued by a credit institution which has its registered office in a

Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying Debt Securities. For the purposes hereof, "qualifying Debt Securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-fund invests more than 5% of its net assets in Debt Securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-fund.

- (5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).
- (6) Notwithstanding the ceilings set forth above, each Sub-fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any other member state of the Organisation for Economic Co-operation and Development ("OECD") such as the U.S. or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-fund.
- (7) Without prejudice to the limits set forth under (b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory Authority, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

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

##### **Bank Deposits**

- (8) A Sub-fund may not invest more than 20% of its assets in deposits made with the same body.

##### **Units of Open-Ended Companies**

- (9) A Sub-fund may invest up to 100% in the units of UCITS provided that no more than 20% of its assets are invested in the units of a single UCITS or other UCI. Investments in UCIs other than UCITS will not in aggregate exceed 30% of a Sub-fund's assets.

When a Sub-fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control or by a substantial direct or indirect holding (regarded as more than 10% of the voting rights or share capital), no subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or UCIs.

##### **(b) Limitations on Control**

- (10) No Sub-fund may acquire such amount of shares carrying voting rights which would enable the Company to exercise a significant influence over the management of the issuer.
- (11) The Company may not acquire
  - (i) more than 10% of the outstanding non-voting shares of any one issuer;
  - (ii) more than 10% of the outstanding Debt Securities of any one issuer;
  - (iii) more than 10% of the Money Market Instruments of any one issuer; or
  - (iv) more than 25% of the outstanding shares or units of the same UCITS and/or other UCI, or

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of Debt Securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above under (10) and (11) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and
- shares in the capital of a company which is incorporated under or organised pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that Other State, (ii) pursuant to the laws of that Other State a participation by the relevant Sub-fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under I.C(a), items (1) to (5), (8) to (11) and under II. B item (1) and II.C, items (1) and (2). Where these limits are exceeded Article 49 of the Law of 17 December 2010 shall apply mutatis mutandis;
- shares held by one or more investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of shares at Shareholder's request exclusively on its or their behalf.

**D. In addition, the Company shall comply in respect of its net assets with the following investment restriction:**

Each Sub-fund shall ensure that its global exposure relating to Derivatives does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, i.e. the market risk components, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

**E. Finally, the Company shall comply in respect of the assets of each Sub-fund with the following investment restrictions:**

- (1) No Sub-fund may acquire commodities or precious metals or certificates representative thereof, provided that transactions in foreign currencies, financial instruments, indices or Transferable Securities as well as futures and forward contracts, options and swaps thereon are not considered to be transactions in commodities for the purposes of this restriction.
- (2) No Sub-fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Sub-fund may use its assets to underwrite any securities.
- (4) No Sub-fund may issue warrants or other rights to subscribe for shares in such Sub-fund.
- (5) A Sub-fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).
- (6) The Company may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A, items (5), (7) and (8).
- (7) No Sub-fund may invest – as part of its general investment into Debt Securities – into asset-backed securities, inter alia mortgage-backed securities and pass-through securities, as long as not stated explicitly in the Sub-fund specific part of this Prospectus.

**F. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Sub-fund when exercising subscription rights attaching to securities in such Sub-fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-fund or as a result of the exercise of subscription rights, such Sub-fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders. The Board of Directors have the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Company are offered or sold.

**II. Use of Financial Derivative Instruments**

**A. The Company shall comply in respect of its net assets with the following restrictions:**

Each Sub-fund shall ensure that its global exposure relating to Derivatives does not exceed the total net value of its portfolio. The Board of Directors may choose one of the following methodologies to measure the market risk components of such global exposure relating to Derivatives:

- The Commitment approach: the positions on Derivatives are converted into equivalent positions in underlying assets, after consideration of all netting and coverage effects, as further described in section III.4.2. of CSSF Circular 11/512, as may be amended from time to time. The total exposure to markets deriving from Derivatives may not exceed 100% of the Net Asset Value of the Sub-fund so that the global exposure of the Sub-fund to the equity, bond and money markets may not exceed 200% of the Net Asset Value of the Sub-fund.
- The Value-at-Risk (VaR) approach: the VaR is measured at the whole Sub-fund level, on a holding period not exceeding one month (20 business days) and a confidence level not below 95%, and is coupled with back tests as well as stress tests, as further described in section III.4.4. of CSSF Circular 11/512, as may be amended from time to time.

The Board of Directors has decided to implement the following methodologies to calculate the global exposure relating to Derivatives for each of the below mentioned Sub-funds. This methodology varies from one Sub-fund to another as expressed in the table below:

Sub-funds	Methodology applied for measuring the Global Exposure
Nordea Fund of Funds – Multi Manager Fund Balanced	Absolute Value-at-Risk
Nordea Fund of Funds – Multi Manager Fund Equity	Absolute Value-at-Risk
Nordea Fund of Funds – Multi Manager Fund Growth	Absolute Value-at-Risk
Nordea Fund of Funds – Multi Manager Fund Moderate	Absolute Value-at-Risk
Nordea Fund of Funds – Multi Manager Fund Total Return	Absolute Value-at-Risk
Nordea Fund of Funds – Tactical Allocation Balanced	Commitment Approach
Nordea Fund of Funds – Tactical Allocation Moderate	Commitment Approach

Sub-funds applying the methodology called “**Absolute Value-at-Risk**” measure their global exposure to Derivatives with a Value-at-Risk, calculated on a time interval of maximum 1 month (20 business days) and a confidence level not below 95%. The monthly Value-at-Risk with a confidence level of 99% shall not exceed 20% of the Net Asset Value of the relevant Sub-fund. The maximum limit of 20% must be adjusted accordingly, when different time intervals or confidence levels are applied.



Sub-fund	Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Nordea Fund of Funds – Multi Manager Fund Balanced	Absolute Value-at-Risk	130	130
Nordea Fund of Funds – Multi Manager Fund Equity	Absolute Value-at-Risk	150	150
Nordea Fund of Funds – Multi Manager Fund Growth	Absolute Value-at-Risk	140	140
Nordea Fund of Funds – Multi Manager Fund Moderate	Absolute Value-at-Risk	115	115
Nordea Fund of Funds – Multi Manager Fund Total Return	Absolute Value-at-Risk	115	115

For the Sub-funds using the Absolute Value-at-Risk methodology to calculate their global exposure, the table above discloses the "expected level of leverage (in % of NAV)", in accordance with the CESR's Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS of 28 July 2010 (CESR/10-788).

The expected level of leverage shall be an indication of the actual level of leverage even though the actual level of leverage may deviate significantly from time to time (e.g. in particular due to market fluctuations, lack of investment opportunities).

The method selected for leverage computation is based on the sum of notional, and is additionally computed using the commitment methodology.

#### B. Additionally:

- (1) The risk exposure to counterparty in an OTC Derivative transaction may not exceed 10% of the Sub-fund's net assets when the counterparty is a credit institution referred to in section I. A (6) above or 5% of its net assets in other cases.
- (2) Investment in Derivatives shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in (1) to (8) of section I.C(a). above and (1) and (2) of section II. C. below. When a Sub-fund invests in index-based Derivatives, these investments do not have to be combined to the limits set forth in (1) to (8) of section I.C. (a) above and (1) and (2) of section II. C. below.
- (3) When a Transferable Security or Money Market Instrument embeds a Derivative, the latter must be taken into account when complying with the requirements of sections I. A item (7) (ii) and II. A. above as well as with the risk exposure and information requirements laid down in the present Prospectus.

#### C. Combined limits

- (1) Notwithstanding the individual limits laid down in (1) and (8) of section I. C(a). and (1) of section II. B. above, a Sub-fund may not combine:
  - investments in Transferable Securities or Money Market Instruments issued by,
  - deposits made with,
  - and/or exposures arising from OTC Derivative transactions undertaken with
a single body in excess of 20% of its net assets.
- (2) The limits set out in (1), (3), (4) and (8) of section I. C(a)., in (1) of section II. B. and in (1) of section II.C. above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or Derivatives made with this body carried out in accordance with (1), (3), (4) and (8) of section I. C., in (1) of section II. B. and in (1) of section II.C above may not exceed a total of 35% of the net assets of the Company.

#### D. Eligible Financial Derivatives Instruments

Each Sub-fund may use Derivatives

- (1) as part of its investment strategy:
  - by replacing direct investments,
  - by generating additional exposure to a reference index,
  - by reducing the portfolio's duration,
  - by modifying the portfolio's duration in relation to a reference index,
- (2) for hedging purposes:
  - to hedge its net assets, either against the portfolio's downside risk, or in relation to the composition of the reference index,
  - to hedge a currency exposure into the Sub-fund's Base Currency,
- (3) to apply efficient portfolio management techniques provided those transactions do not cause a Sub-fund to diverge from its investment objectives as laid down in this Prospectus and such transactions comply with the conditions and restrictions set out above.

The types of Derivatives used can differ for each Sub-fund.

Derivative types can include but are not limited to the following:

- (1) Future and forward contracts (including non-deliverable forwards) on financial instrument (including but not limited to Transferable Securities), interest rates, foreign exchange rates and currencies, credit risk, market risk, or financial indices.
- (2) Swap contracts related to interest rates, foreign exchange rates and currencies, credit and/or market risk of Transferable Securities both on an individual and portfolio level, or financial indices.
- (3) Option contracts on financial instruments (including but not limited to Transferable Securities), interest rates, foreign exchange rates and currencies, or financial indices.
- (4) Contracts for differences (CFD) on financial instrument (including but not limited to Transferable Securities), interest rates, foreign exchange rates and currencies, credit risk, market risk, or financial indices.

Financial indices as referred to in this document are understood to be in accordance with Article 44 of the Law of 17 December 2010.

More exotic Derivatives might be used in accordance with the investment restrictions outlined for each Sub-fund. A Derivative is considered of exotic nature when its features, usually related to the structure of payoff and/or the type of underlying investment, make it more complex than commonly traded Derivatives.

Derivatives which would require the physical delivery of commodities in either way between Sub-fund and counterparty may not be used.

The Company limits exposure to losses in the event of default of its Derivative counterparty by entering into master netting agreements.

Under no circumstances shall these operations cause the Company to diverge from its investment objectives and the Company's use of Derivatives shall not result in additional risks higher than its risk profile described in the relevant Sub-fund specifications in this Prospectus.

#### Options on securities:

- (1) the Company may not invest in put or call options on securities unless:
  - such options are quoted on a stock exchange or traded on a Regulated Market; and
  - the acquisition price of such options does not exceed, in terms of premium, 15% of the total net assets of the relevant Sub-fund;
- (2) the Company may not write call options on securities that it does not own unless the aggregate of the exercise prices of such call options does not exceed 25% of the net asset value of the relevant Sub-fund;
- (3) the Company may not write put options on securities unless the relevant Sub-fund holds sufficient liquid assets to cover the aggregate of the exercise prices of such options written.

**Currency derivatives:**

Sub-funds may be authorised, as part of their investment strategies or investment policy as described in their relevant specifications, to use currency derivatives for:

- (1) either hedging purposes

In such case, the Company may enter into forward currency contracts or write call options or purchase put options on currencies provided however that the transactions made in one currency in respect of one Sub-fund may in principle not exceed the valuation of the aggregate assets of such Sub-fund denominated in that currency (or currencies which are likely to fluctuate in the same manner) nor exceed the period during which such assets are held.

By derogation to the above, Sub-funds may be managed by referring to the reference index as mentioned under each Sub-fund for the purpose of hedging currency risk. These reference indexes are appropriate, recognised indices or combinations thereof and disclosed in this Prospectus.

The neutral risk position of any Sub-fund will be the composition of the reference index in both its investment and currency component weightings.

The Company may increase or decrease the currency positions in a Sub-fund in comparison to its respective reference index by purchasing (or selling) currencies for forward settlement by the sale (or purchase) of other currencies held in the Sub-fund's portfolio.

The Company may give a Sub-fund a currency exposure that differs from its respective reference index provided that, when using forward currency contracts, purchases of currencies that are not the Base Currency of the relevant Sub-fund will be permitted to increase the exposure up to a maximum of 15% above the reference index's weight of a given currency.

The total of such purchase transactions providing a currency exposure which is greater than the reference index weightings (except purchases in the Base Currency of the Sub-fund) shall not exceed 20% of the assets of the relevant Sub-fund.

In addition, the Company may engage in the following currency hedging techniques:

- (1) hedging by proxy - a technique whereby a Sub-fund effects a hedge of the Base Currency of the Sub-fund (or benchmark or currency exposure of the assets of the Sub-fund) against exposure in one currency by instead selling (or purchasing) another currency closely related to it, provided however that these currencies are indeed likely to fluctuate in the same manner;
- (2) cross-hedging - a technique whereby a Sub-fund sells a currency to which it is exposed and purchases more of another currency to which the Sub-fund may also be exposed, the level of the Base Currency being left unchanged, provided however that all such currencies are currencies of the countries which are at that time within the Sub-fund's benchmark or investment policy and the technique is used as an efficient method to gain the desired currency and asset exposures;
- (3) anticipatory hedging, - a technique whereby the decision to take a position on a given currency and the decision to have some securities held in a Sub-fund's portfolio denominated in that currency are separate, provided however that the currency which is bought in anticipation of a later purchase of underlying portfolio securities is a currency associated with those countries which are within the Sub-fund's benchmark or investment policy.

A Sub-fund may not sell forward more currency exposure than there is in underlying assets exposure on either an individual currency (unless hedging by proxy) or a total currency basis.

In case the publication of the benchmark index has been stopped or where major changes in that benchmark have occurred or if for some reason the Board of Directors feels that another benchmark is appropriate, another benchmark may be chosen. Any such change of benchmark will be reflected in an updated Prospectus.

- (2) or investment purposes (as a separate asset class for speculative purposes):

In such case, currency derivatives may conduct a Sub-fund to be long or short in one or more currencies.

Whatever the purpose, hedging or investment, the Company may only enter into forward currency contracts if they constitute private agreements with highly rated financial institutions specialised in this type of transaction and may only write call options and purchase put options on currencies if they are traded on a Regulated Market operating regularly, being recognised and open to the public.

**Financial futures and index options:**

- (1) for the purpose of hedging the risk of the fluctuation of the value of the portfolio securities of its Sub-funds, the Company may sell stock index futures, sell call options on indices or purchase put options on indices provided that there exists sufficient correlation between the composition of the index used and the corresponding portfolio of the relevant Sub-fund; or
- (2) for investment purposes, as a separate asset class and provided such purpose is authorised as part of the investment strategies and investment policy as described in the specifications of the relevant Sub-fund, or for the purpose of efficient portfolio management, the Company may, in respect of each Sub-fund, purchase and sell futures contracts and/or purchase and sell options on any kind of financial instruments.

Shall options be purchased, the aggregate acquisition cost (in terms of premiums paid) of options on securities, index options, interest rate options and options on any kind of financial instruments purchased by the Company in respect of a particular Sub-fund shall not exceed 15% of the total net assets of the relevant Sub-fund.

Furthermore, the Company may only enter into transactions on financial futures and index options referred to above, if these transactions concern contracts which are traded on a Regulated Market operating regularly, being recognised and open to the public.

**Interest rate derivatives**

- (1) The Company may sell interest rate futures contracts for the purpose of managing interest rate risk. It may also for the same purpose write call options or purchase put options on interest rates or enter into interest rate swaps by private agreement with highly rated financial institutions specialised in this type of operation.
- (2) The Company may use bond and interest rate options, bond and interest rate futures and index futures contracts for the purposes of efficient portfolio management.

**Swaps**

- (1) The Company may enter into swap contracts in which the Company and the counterparty agree to exchange payments where one or both parties pay the returns generated by a security, instrument, basket or index thereof. The payments made by the Company to the counterparty and vice versa are calculated by reference to a specific index, security or instruments and an agreed upon notional amount. Any such underlying security or instrument must be a transferable security and any such index must be an index of a Regulated Market. The relevant indices include, but are not limited to, currencies, interest rates, prices and total return on interest rates indices, fixed income indices and stock indices.
- (2) The Company may enter into swap contracts relating to any financial instruments or index, including total return swaps.
- (3) The Company may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The International Swap and Derivatives Association ("ISDA") have produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Company may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, the Company may, provided it is in its exclusive interest, buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swap purchased together with the amount of the aggregate of premiums paid relating to the purchase of options on Transferable Securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 100% of the net assets of the relevant Sub-fund.

The Company may also sell protection under credit default swaps in order to acquire a specific credit exposure provided such possibility is referred to in the investment strategies and investment policy as described in the specifications of the relevant Sub-fund and provided the purpose followed is in the exclusive interest of such Sub-fund.

The Company will only enter into credit default swap transactions with highly rated financial institutions specialised in this type of transaction and only in accordance with the standard terms laid down by the ISDA. Also, the Company will only accept obligations upon a credit event that are within the investment policy of the relevant Sub-fund. The Company will ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from credit default swaps and other techniques and instruments.

#### **Contracts for differences (CFD)**

The Company may deal in contract for difference (CFD) transactions. 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. 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.

#### **Additional information with respect to options**

With respect to the options referred to in the preceding sections above, the Sub-funds may enter into OTC options transactions with highly rated Financial Institutions participating in these types of transactions if such transactions are more advantageous to the Sub-funds or if quoted options having the required features are not available.

### **III. Other Efficient Portfolio Management Techniques and Instruments**

The Company may employ the following efficient portfolio management techniques and instruments relating to Transferable Securities and Money Market Instruments provided that such techniques or instruments are considered by the Board of Directors as economically appropriate to the efficient portfolio management of each Sub-Fund in accordance with its investment objective, and with respect to Article 11 of the Grand-Ducal decree of 8<sup>th</sup> February 2008 as well as in accordance with (i) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments, as may be amended from time to time ("**CSSF Circular 08/356**"), (ii) CSSF Circular 14/592 relating to the rules applicable to undertakings for collective investments when they use efficient portfolio management techniques and instruments, as may be amended from time to time ("**CSSF Circular 14/592**") (iii) Regulation EU 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

This Prospectus will be updated accordingly in case of any material change to the use of financial derivative instruments, including any securities financing transactions and total return swaps, under Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse, or under any other applicable law, regulation and administrative practice as further described below.

When those transactions involve the use of Derivatives, the conditions and restrictions set out above must be complied with.

Under no circumstances shall these operations cause a Sub-fund to diverge from its investment objectives as laid down in this Prospectus.

Efficient portfolio management techniques and instruments relating to Transferable Securities and Money Market Instruments may be used by any Sub-fund for the purpose of generating additional capital or income or for reducing costs or risk, to the extent permitted by and within the limits set forth in (i) article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg Law, (ii) CSSF Circular 08/356, (iii) CSSF Circular 14/592 and (iv) any other applicable laws and regulations.

The risks of such techniques and instruments are adequately captured by the risk management process of the Company.

For more information on risks, see chapter "Special Risks Considerations" of this Prospectus. There can be no assurance that the objective sought to be obtained from use of the aforesaid techniques and instruments will be achieved.

The Sub-funds will get the revenue generated from such techniques and instruments deducted with the direct and indirect operational costs. In particular, a Sub-fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary, the Investment Manager or the Management Company, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct and indirect operational costs and fees incurred by each Sub-fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the annual report of the Company.

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

Securities lending and borrowing transactions consist in transactions whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

The Company may enter into securities lending and borrowing transactions provided that they comply with the following rules, in line with CSSF Circular 08/356 and CSSF Circular 14/592:

- (1) The Company may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries.
- (2) As part of lending transactions, the Company must in principle receive collateral, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent.
- (3) The securities borrowed by the Company may not be disposed of during the time they are held by the Company, unless they are covered by sufficient financial instruments which enable the Company to return the borrowed securities at the close of the transaction.
- (4) The Company may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (I) during a period the securities have been sent out for re-registration; (II) when the securities have been loaned and not returned in time; and (III) to avoid a failed settlement when the Depositary fails to make delivery.

Securities eligible for securities lending and borrowing agreements include Debt Securities, Equity related Securities and Money Market Instruments.

The Company may enter into securities lending transactions through a lending agent. In such a case 85% of the revenues from securities lending transactions are returned to the respective Sub-fund, while a 15% fee is paid to the lending agent. When

the collateral posted by the borrower in a securities lending transaction is in cash, the resulting reinvestment of the cash collateral may be subject to fixed or variable fees. When applicable details on such fixed or variable fees and on the lending agent are disclosed in the periodical financial reports of the Company which are available from the Company or the Management Company.

The expected and maximum proportion of the Total Net Asset Value which may be subject to securities lending and borrowing transactions is summarized, for each Sub-fund, in the table below. The expected level is based on available historical data and may in no case exceed the indicated maximum level.

None of the sub-funds does currently enter into securities lending and borrowing transaction as further detailed in the table below.

When using financial derivative instruments, including any Securities Lending and Borrowing, the Company shall at all times comply with any applicable law, regulation and administrative practice, including Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

This Prospectus will be updated accordingly in case of any material change to the use of any securities Lending and Borrowing, under Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse, or under any other applicable law, regulation and administrative practice.

Sub/fund	Expected level *in % of Total Net Asset Value	Maximum level *in % of Total net Asset Value
Multi Manager Fund Balanced	0	100
Multi Manager Fund Equity	0	100
Multi Manager Fund Growth	0	100
Multi Manager Fund Moderate	0	100
Multi Manager Fund Total Return	0	100
Tactical Allocation Balanced	0	100
Tactical Allocation Moderate	0	100

#### Repurchase Agreement Transactions and Buy-Sell Back Transactions

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Buy-sell back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty selling them.

In line with CSSF Circular 08/356 and CSSF Circular 14/592, the Company may on an ancillary basis enter into repurchase agreement transactions or buy and sell back transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions or buy-sell back transactions. Its involvement in such transactions is, however, subject to the following rules:

- (1) The Company may not buy or sell securities using a repurchase agreement transaction or buy-sell back transactions unless the counterparty in such transactions is a regulated financial

- institution with a minimum credit rating of investment grade which has its registered office in one of the OECD countries.
- (2) During the life of a repurchase agreement contract or buy-sell back transaction, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.
- (3) The Company must take care to ensure that the level of its exposure to repurchase agreement transactions and buy-sell back transactions is such that it is able, at all times, to meet its redemption obligations.
- (4) Repurchase agreement transactions and buy-sell back transactions are expected to take place on an occasional basis only.

Securities eligible for repurchase agreement transactions are limited to:

- (i) short-term bank certificates;
- (ii) money market instruments;
- (iii) bonds issued or guaranteed by an OECD member state or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- (iv) shares or units issued by money market UCIs (having daily NAV and AAA rating or equivalent);
- (v) bonds issued by non-governmental issuers offering an adequate liquidity;
- (vi) shares listed or dealt on a regulated market of a EU Member State or on a stock exchange of an OECD member state, on the condition that these shares are included within a main index.

The expected and maximum proportion of the Total Net Asset Value which may be subject to repurchase transactions and / or buy-sell back transactions is summarized, for each Sub-fund, in the table below. The expected level is based on available historical data, and may in no case exceed the indicated maximum level.

Sub/fund	Expected level *in % of Total Net Asset Value	Maximum level *in % of Total net Asset Value
Multi Manager Fund Balanced	0	49
Multi Manager Fund Equity	0	49
Multi Manager Fund Growth	0	49
Multi Manager Fund Moderate	0	49
Multi Manager Fund Total Return	0	49
Tactical Allocation Balanced	0	49
Tactical Allocation Moderate	0	49

100% of the revenues, if applicable, from repurchase transactions and buy-sell back transactions are allocated to the relevant Sub-fund. Repurchase transactions and buy-sell back transactions may be subject to fixed or variable fees and operational costs. Details on these fixed or variable fees and operational costs may be disclosed in the financial reports of the Company which are available from the Company, the Management Company or the Administrative Agent.

None of the sub-funds does currently enter into repurchase transactions and buy-sell back transactions as further detailed in the table above.

When using any repurchase transactions and buy-sell back transactions, the Company shall at all times comply with any applicable law, regulation and administrative practice, including Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

This Prospectus will be updated accordingly in case of any material change to the use of any repurchase transactions and buy-sell back transactions, under Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse, or under any other applicable law, regulation and administrative practice.

#### Total Return Swaps

On an ancillary basis, the Company may also enter into one or several total return swap to gain exposure to reference assets,

which may be invested according to the investment policy of the relevant Sub-fund. A total return swap ("TRS") is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. The Company may only enter into such transactions through regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries. The type of assets eligible to TRS is in line with the eligible investment policy and objective of the Sub-fund.

The expected and maximum proportion of the Total Net Asset Value which may be subject to TRS is summarized, for each Sub-fund, in the table below. The expected level is based on available historical data, and may in no case exceed the indicated maximum level.

Sub/fund	Expected level *in % of Total Net Asset Value	Maximum level *in % of Total Net Asset Value
Multi Manager Fund Balanced	0	130
Multi Manager Fund Equity	0	150
Multi Manager Fund Growth	0	140
Multi Manager Fund Moderate	0	115
Multi Manager Fund Total Return	0	115
Tactical Allocation Balanced	0	100
Tactical Allocation Moderate	0	100

100% of the revenues from TRS are allocated to the relevant Sub-fund. TRS may be subject to fixed or variable fees and operational costs. Details on these fixed or variable fees and operational costs are disclosed in the financial reports of the Company which are available from the Company or the Management Company. None of the sub-funds does currently enter into TRS as further detailed in the table above.

When using TRS, the Company shall at all times comply with any applicable law, regulation and administrative practice, including Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

This Prospectus will be updated accordingly in case of any material change to the use of TRS, under Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse, or under any other applicable law, regulation and administrative practice.

#### Co-management and pooling of assets

For the purpose of effective management, where the investment policies of the Sub-funds so permit, the Board of Directors may choose to allow co-management of the assets of certain Sub-funds.

In such case, assets of different Sub-funds will be managed in common. The assets which are co-managed shall be referred to as a "pool" notwithstanding the fact that such pool(s) are used solely for internal management purposes. The pool(s) do not constitute separate entities and are not directly accessible to the Shareholders. Each of the co-managed Sub-funds shall be allocated its specific assets.

Where the assets of two or more Sub-funds are pooled, the assets attributable to each participating Sub-fund will initially be determined by reference to its initial allocation of assets to such a pool and will change in the event of additional allocations or withdrawals.

The entitlements of each participating Sub-fund to the co-managed assets apply to each and every line of investments of such pool.

Additional investments made on behalf of the co-managed Sub-funds shall be allotted to such Sub-funds in accordance with their respective entitlements and assets sold shall be levied similarly on the assets attributable to each participating Sub-fund.

#### IV. Collateral Management

In respect of OTC financial derivatives transactions and efficient portfolio management techniques, the Sub-funds may obtain, from its counterparty, collateral with a view to reduce its counterparty risk. For the purposes of this section, all assets received by the Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral.

Collateral received by a Sub-fund may be used to reduce its counterparty risk exposure with a counterparty if it complies at all times with the criteria laid down in the CSSF Circular 14/592. By way of derogation to the principle of collateral diversification laid down under 43 (e) of the ESMA Guidelines 2014/937, each Sub-fund may have an exposure for up to 100% of its net asset in securities issued or guaranteed by a Member State, its local authorities, a member State of the OECD and certain other States (currently including Republic of Singapore and Hong-Kong) or by a public international body of which one or more Member States are members, provided that the Sub-fund holds securities of at least six different issues and that the securities from any one issue do not account for more than 30% of the net asset of the Sub-fund.

Collateral must normally take the form of:

- (i) liquid assets (cash, short-term bank certificates, money market instruments, letter of credit);
- (ii) OECD sovereign bonds;
- (iii) shares or units issued by money market UCIs (having daily net asset value and AAA rating or equivalent);
- (iv) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (v) and (vi) below;
- (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity;
- (vi) shares listed or dealt on a regulated market of a EU Member State or on a stock exchange of an OECD member state.

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

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Company for each asset class based on its haircut policy.

The Company has implemented a haircut policy relating to the classes of assets received as collateral. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Fund under normal and exceptional liquidity conditions.

Non-cash collateral received for the benefit of a Sub-fund may not be sold, re-invested or pledged. Cash collateral received in the context of the use of such techniques and instruments shall be reinvested pursuant to CSSF Circular 14/592 in:

- (a) money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (b) short-term bank deposits;
- (c) money market instruments as defined in Directive 2007/16/EC of 19 March 2007;
- (d) short-term bonds issued or guaranteed by a EU Member State, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity, or in
- (f) reverse repurchase agreement transactions according to the provisions described (i) under section I (C) (a) of CSSF Circular 08/356 and (ii) in CSSF Circular 14/592.

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

A Sub-fund may also post collateral to its counterparties. For this purpose, a Sub-fund may hold assets that are not part of its main investment universe, within the limits as set forth in the Sub-fund appendix. Such assets are, inter alia, cash and government bonds.

#### V. Master-feeder structures:

Unless otherwise specified in the Investment Policy and other specifications of a Sub-fund in chapter "The Sub-funds of the Company" of this Prospectus:

- none of the Sub-funds of the Company shall invest in investment vehicles that classify as feeder funds in the sense of Article 77 (1) of the Law of 17 December 2010;
- all Sub-funds of the Company may raise capital from feeder funds subject to the terms of Articles 50 to 57 of the UCITS Directive.

#### VI. Socially responsible investment

The Company pays attention to environmental, social and governance issues.

The Company follows the Principles for Responsible Investment (PRI).

Environmental and social responsibility and corporate governance practices are integrated in the Company's investment operations.

All the Company Sub-funds apply the principles of responsible investments in accordance with the PRI framework. The investments of the Sub-funds are reviewed on a regular basis using the norm-based screening method adopted by the Investment Manager.

Certain Sub-funds adopt additional screening criteria. Details on these additional screening criteria, if any, are indicated in the investment policy of each Sub-fund.

## 8. Special Risk Considerations

Investors must read these special risk considerations before investing in any of the Company's Sub-funds.

#### Special risk consideration regarding investments in high-yield debt securities

Certain High Yield Bonds rated Ba1 or BB+ and below by a Rating Agency are very speculative, involve comparatively greater risks than higher quality securities, including price volatility, and may be questionable as to principal and interest payments. The attention of the potential Investor is drawn to the type of high-risk investment that the Sub-fund is authorised to make. Compared to higher-rated securities, lower-rated High Yield Bonds generally tend to be more affected by economic and legislative developments, changes in the financial condition of their issuers, have a higher incidence of default and be less liquid. The Sub-fund may also invest in High Yield Bonds placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.

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

#### Special risk consideration regarding investments in lower rated debt securities

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

**High Credit Risk:** Lower rated Debt Securities, commonly referred to as "junk bonds" are subject to a substantially higher degree of credit risk than investment grade Debt Securities. During recessions, a high percentage of issuers of lower rated Debt Securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general.

**High Liquidity Risk:** During recessions and periods of broad market declines, lower rated Debt Securities could become less liquid, meaning that they will be harder to value or sell at a fair price.

#### Risks associated with credit default swap ("CDS") transactions

The purchase of credit default swap protection allows the Company, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a cash settlement, the purchaser of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the purchaser of the CDS protection receives the

full nominal value from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made from a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default and the terms of delivery of bonds and debt certificates shall be defined in the CDS contract. The Company can if necessary sell the CDS protection or restore the credit risk by purchasing call options.

Upon the sale of credit default swap protection, the Sub-fund incurs a credit risk comparable to the purchase of a bond issued by the same issuer at the same nominal value. In either case, the risk in the event of issuer default is in the amount of the difference between the nominal value and the attainable redemption amount.

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

#### Risks associated with transactions in warrants, options, futures, swaps and contracts for differences ("CFD")

Some of the Sub-funds may seek to protect or enhance the returns from the underlying assets by using warrants, options, futures, CFD and swap contracts and enter into forward foreign exchange transactions in currency. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the warrants, options or futures markets and in swap contracts and in currency exchange transactions involves investment risks and transaction costs to which the Sub-funds would not be subject if the Sub-funds did not use these strategies. If the Investment Manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-fund may leave the Sub-fund in a worse position than if such strategies were not used.

Risks inherent to warrants, options, foreign currency, swaps, CFD, futures contracts and options on futures contracts include, but are not limited to: (a) dependence on the Investment Manager's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time;

and (e) the possible inability of a Sub-fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Sub-fund to sell a portfolio security at a disadvantageous time.

Where a Sub-fund enters into swap or CFD transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap or CFD counterparty, such event would affect the assets of the Sub-fund.

#### **Risks associated with Currency Hedged Share Classes**

While the Company may attempt to reduce the effect of exchange rate fluctuations between the Base Currency of the Sub-fund and denominative currency of the Currency Hedged Share Class there can be no guarantee that it will be successful in doing so. The currency hedging on the Hedged Share Classes has no correlation with the currency exposure of the Sub-fund's portfolio holdings. Investors in the Currency Hedged Share Classes may have exposure to currencies other than the denominative currency of their Currency Hedged Share Class. All gains/losses or expenses arising from the currency hedge transactions will be borne by the shareholders in the Currency Hedged Share Class(es).

An over-hedged position arising in a Hedged Share Class is not permitted to exceed 105% of the Net Asset Value of that Hedged Share Class and any under-hedged position arising in a Hedged Share Class is not permitted to fall short of 95% of the Net Asset Value of that Hedged Share Class.

The use of financial instruments for the purpose of hedging foreign exchange risks may lead to a risk of contagion to other Share Classes. The list of Share Classes with a contagion risk can be found on [www.nordea.lu](http://www.nordea.lu).

#### **Risks associated with all Share Classes**

Although there is an accounting attribution of assets and liabilities to each Share Class, there is no legal segregation with respect to Share Classes of the same Sub-fund. Therefore, in case the liability of one Share Class would exceed its assets, creditors of such Share Class could seek to have recourse to the assets attributable to the other Share Classes of the same Sub-fund. Transactions relating to one particular Share Class could therefore affect the other Share Classes of that same Sub-fund.

#### **Counterparty risks**

With OTC Derivatives there is a risk that counterparty will not be able to fulfil its obligations and/or that a contract will be cancelled, i.e. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC Derivative. In order to determine the counterparty risk relating to OTC Derivatives, the Company will normally apply the method described in CSSF Circular 11/512, as may be amended from time to time.

#### **Liquidity Risk**

The Company's ability to trade in and out of investments can be limited as the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. This is off greater probability in emerging markets, small capitalisation securities, and some OTC Derivatives.

#### **Risk Management Function**

The Management Company employs a permanent Risk Management function, which monitors the risk management procedures, oversees the Company's compliance with the Investment Restrictions, advises on the Risk Profile of each Sub-fund and provides reports to the Board of Directors and Conducting Officers. The function also monitors the risk limits and OTC counterparty limits.

#### **Synthetic Risk and Reward Indicator**

Each Sub-fund or Share Class will have, with its KIID, a risk rating (synthetic risk and reward indicator) between 1 (representing a lower risk) and 7 (representing a higher risk). This will be calculated weekly.

#### **Collateral management risks**

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions and repurchase agreement transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-fund may not be collateralised. If a counterparty defaults, the Sub-fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the Company's ability to meet redemption requests in respect of this Sub-fund.

A Sub-fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-fund to the counterparty as required by the terms of the transaction. The Sub-fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-fund.

## **9. Risk Factors**

An investment in the Company involves significant financial, operational and other risks, including the risk of loss of the entire amount invested, and may not be suitable for all Investors. The list of risk factors set forth below does not purport to be a complete explanation of the risks involved in investing in Shares of the Company.

#### **a. Market related risks:**

##### General Economic Conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Company directly or indirectly holds positions, could impair the Company's ability to achieve its objectives and/or cause it to incur losses.

##### Market Risks

The success of a significant portion of an investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Investment Manager will be able to predict accurately these price movements.

##### Lack of Liquidity in Markets

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Sub-funds, both in the realization of the prices, which are quoted, and in the execution of orders at desired prices.

## **b. Risks related to investments in target funds:**

### Lack of Liquidity of Target UCIs

Although the Investment Manager will seek to select Target UCIs, which offer the opportunity to have their shares or units redeemed within a reasonable timeframe, there can be no assurance that the liquidity of such Target UCIs will always be sufficient to meet redemption requests as, and when, made. Any lack of liquidity may affect the liquidity of the Shares of the Company and the value of its investments.

For such reasons the treatment of redemption requests may be postponed in exceptional circumstances including if a lack of liquidity may result in difficulties in determining the NAV of the Shares and consequently a suspension of issues and redemptions.

Several factors may lead the Company to suspend its NAV calculation or impose a maximum on the volume of redemptions that the Company could process on any valuation day:

- (i) the NAV suspension or the absence of any NAV calculation by one or more target funds;
- (ii) the time needed to redeem shares/units held in the target funds.

Such factors could also oblige the Company, in order to satisfy redemption requests, to sell its shares/units in the most liquid target funds so that the portfolio of the Company could temporarily deviate from its target allocation.

### Risks of Suspension of Net Asset Valuation Determination by Target UCIs

The Target UCIs in which the Sub-funds invest may be subject to temporary suspensions in the determination of the net asset values of such Target UCIs. In such event, a Sub-Fund may be unable to redeem its interests in such Target UCIs when it would otherwise be advantageous to do so. The delay in disposal of Sub-fund's investments may adversely affect both the value of the investment being disposed of, and the value and liquidity of the Shares of the relevant Sub-fund. The lack of liquidity resulting from a suspension of the calculation of the net asset value of Target UCIs could require the Board of Directors to suspend accepting subscriptions and redemptions of Shares. Holders of Shares in any Sub-fund investing primarily in other Target UCIs should recognize that they will be subject to an above-average liquidity risk.

### Umbrella Structures

Some of the Target UCIs in which the assets of the Sub-funds are invested may have an umbrella structure.

### Duplication of Operating Expenses

In investing in Shares of a Sub-fund which in turn invests in securities issued by Target UCIs, a shareholder will incur the costs of two forms of investment advisory services, the fees and expenses paid to the Company and its agents, and the fees and expenses paid by the Target UCIs to their service providers, which may constitute in the aggregate a higher percentage of the average NAV than would be found in many investment entities. Certain Target UCIs may calculate the performance fees payable to their managers more frequently than yearly, while others may not calculate such fees on a "high water mark" basis but rather period-to-period with no carry-forward of prior-period losses. All fees and operating expenses to which Target UCIs are subject must be more than offset by increases in the value of their portfolio investments or the value of the Sub-Fund's investment in such Target UCIs will decline.

### Inadvertent Concentration

Although the Investment Manager will seek to monitor the Target UCIs in which the Sub-Fund's assets may have been invested, it is possible that a number of Target UCIs might take substantial positions in the same security, financial instrument or market sector at the same time. This inadvertent concentration would interfere with the Sub-fund's and the Company's goal of diversification.

## **c. Risks related to investments in target funds implementing hedge funds' strategies:**

Target funds in which some of Company's Sub-funds may invest use hedge funds' strategies that may subject those Sub-funds to significant risks. In particular, the risks enumerated in the last paragraphs may be amplified.

### Risks of Leverage and of Short Strategies

Target funds may use Derivatives for the purpose of implementing Long/Short strategies giving such target funds long or short exposures to multiple asset types, markets, regions, sectors, companies, etc...with a minimum level of capital requirements. The use of such techniques provides a target fund with the opportunity for greater capital appreciation and profits but, at the same time, will increase the target fund's, and indirectly the investing Sub-Fund's, exposure to capital risk, including the risk that such target fund will sustain losses in excess of the amount invested in particular securities or instruments.

## **d. Risks related to the use of Derivatives:**

Some of the Sub-funds may seek to protect or enhance the returns from the underlying assets by using listed or OTC Derivatives. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved.

Participation in Derivatives involves investment risks and transaction costs. If the Investment Manager's predictions of movements in the direction of the securities, foreign currencies and interest rates are inaccurate or if the correlation between the Derivatives' market value and the price movements of securities, currencies and other instruments to be hedged or replaced is imperfect, the adverse consequences to a Sub-fund may leave the Sub-fund in a worse position than if such Derivatives were not used.

Where a Sub-fund enters into OTC Derivatives, it is exposed to a potential counterparty risk. In case of insolvency or default of OTC Derivative's counterparty, such event would affect the assets of the Sub-fund.

## **e. Risks related to securities lending, repurchase and buy-sell back transactions**

Securities lending transactions and repurchase agreement transactions involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved.

The principal risk when engaging in securities lending transactions and repurchase agreement transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Sub-fund as required by the terms of the transaction. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-fund. However, there are certain risks associated with collateral management, including difficulties in selling collateral and/or losses incurred upon realization of collateral, as described below.

Securities lending transactions and repurchase agreement transactions also entail liquidity risks due, inter alia, to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Company to meet redemption requests. The Sub-fund may also incur operational risks such as, inter alia, non-settlement or delay in settlement of instructions, failure or delays in satisfying delivery obligations under sales of securities, and legal risks related to the documentation used in respect of such transactions.

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



#### f. Collateral management risks

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions and repurchase agreement transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-fund may not be collateralised. If a counterparty defaults, the Sub-fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the Company's ability to meet redemption requests in respect of this Sub-fund.

A Sub-fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-fund to the counterparty as required by the terms of the transaction. The Sub-fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-fund.

**Potential Investors' attention is drawn to the fact that the foregoing list of risk factors does not purport to be an exhaustive enumeration of the risks involved in an investment in the Company and its Sub-funds. Potential Investors should read the entire Prospectus and consult with their financial advisors before making an investment decision. In addition, as the Company's investment program develops and changes over time, an investment in the Company may be subject to additional and different risk factors.**

## 10. Management Company

### Management

The Board of Directors of the Company is responsible for the overall investment policy, objectives and management of the Company.

### Management Company

The Board of Directors of the Company has appointed Nordea Investment Funds S.A. as Management Company registered with the Luxembourg Supervisory Authority under Chapter 15 of the Law of 17 December 2010.

The Management Company in its capacity as registrar, transfer and administrative agent (the "Administrative Agent") shall be responsible for the general administrative functions required by Luxembourg law such as the calculation of the Net Asset Value of each Sub-fund and the keeping of the registrar of the Shareholders of the Company, and for processing the issue, Redemption and Conversion of Shares and for the maintenance of accounting records. The Management Company is entitled to delegate at its own expense and under its control and supervision the functions of central administration for the Company.

The Management Company has been appointed under a Management Company Agreement. The Agreement is for an indefinite period of time and may be terminated by either party at three months' notice. The Management Company has been incorporated under the name Frontrunner Management Company S.A. on 12 September 1989. Its articles of incorporation have been amended from time to time and the last amendments thereto have been adopted on 1 May 2017 and deposited with the Trade Registrar of Luxembourg and a mention published in the RESA on 10 May 2017. It is registered with the Trade Registrar of Luxembourg under reference B-31 619. The Management Company is established for an undetermined period of time. It is a subsidiary of NAM Holding AB. and as of 1 May 2017 its share capital amounted to EUR 1,908,336.

The Management Company's main corporate objects are (i) the management, the administration and marketing in accordance with Article 101(2) and Appendix II of the Law of 17 December 2010 of undertakings for collective investment in transferable securities (UCITs) authorised by the UCITS Directive as well as of other undertakings for collective investment which are not covered by the said Directive (UCIs) and for which the Management Company is subject to prudential supervision but the units/shares of which cannot be marketed in other member states of the European Union under the UCITS Directive; and (ii) the management, administration and marketing of Luxembourg and foreign alternative investment funds (AIFs) within the meaning of Directive 2011/61/EU in accordance with Article 5(2) and Annex I of the Law of 12 July 2013.

The Management Company shall be responsible for the management, the administration and the distribution of the Company and also to the subsidiaries of UCITS, UCIs and AIFs to which it provides services, including domiciliation and administration support services.

The Management Company may take participations in companies having a same or similar corporate object in the Grand-Duchy of Luxembourg and abroad and may carry out any financial operations which it may deem useful in the accomplishment or the development of its purpose remaining within the limits of Chapter 15 of the 17 December 2010 Law and of Chapter 2 of the 2013 Law.

The Management Company shall be responsible for the implementation of the investment policy of all Sub-funds. The Management Company may at its own expense and under its control and supervision appoint one or more investment advisers to provide investment information, recommendations and research concerning prospective and existing investments.

Furthermore, the Management Company may at its own expense and under its control and supervision delegate its investment management functions in relation to the assets of the Company within the limits prescribed by article 110 of the Law of 17 December 2010.

The Management Company shall be responsible for the distribution and marketing of the Shares of the Company in those jurisdictions in which the Company obtains a marketing permission. The Management Company is empowered to appoint at its own expense and under its control and supervision sub-distributors and/or sales agents for the Shares of the Company. The Management Company is entitled to delegate at its own expense and under its control and supervision the functions of central administration for the Company.

### Conflicts of interests

The Management Company maintains and applies, in accordance with the Law of 17 December 2010, effective and appropriate organizational and administrative arrangements able to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of each Sub-fund and its Shareholders.

The Management Company, any of its delegates such as investment managers, investment sub-managers, investment advisors, service agents, paying agents, distributors and agents, the depositary, as well as other counterparties may from time to time act in their relevant capacities in relation to or be otherwise involved with other investment funds (UCITS or AIFs (alternative investment funds)) or other clients. It is therefore possible that any of them may, in due course of their business, have potential conflicts of interests with the Management Company, the Company, a Sub-fund or any Shareholder. Furthermore, when the Management Company and the Investment Sub-Manager are both part of the group of Nordea Bank AB (publ) there may therefore be conflicts of interests between their various activities and their duties and obligations to the Company and its Shareholders.

Each such party will at all times have regard in such event to its obligations under laws and agreements to act in the best interest

of the Company and the Shareholders, when undertaking any dealing or investments with other investment funds or other clients, where conflicts of interest may arise. In such events, each will endeavour to resolve such conflicts fairly.

Where the arrangements made by the Management Company to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to some Shareholders of a Sub-fund will be prevented, the general nature or sources of conflicts of interest to these Shareholders shall be disclosed in this Prospectus or in any other adequate way disclosed to the Shareholders and appropriate policies and procedures shall be developed and implemented.

Investors may obtain, free of charge, the Conflicts of Interest Policy at the registered office of the Management Company.

#### Remuneration Policy

The Management Company has implemented a Remuneration Policy that is designed as not to encourage excessive risk taking. In that context, it integrates in its performance management system risk criteria specific to the activities of the business units concerned. The Management Company has implemented a series of safeguards that refrain to staff taking undue risk compared to the activity profile. The Remuneration Policy supports the business strategy, company values and a long-term interest of the Management Company and the group of Nordea Bank AB (publ) to which it belongs. The governance structure of the Remuneration Policy aims at preventing internal conflicts of interest.

Individual staff assessments are based on a weighting of financial and non-financial targets linked to the specific job scope and role. As such, the principle of individual performance

assessment is based on an assessment of objectives reached as well as an appreciation of the employee's long-term value creation. Furthermore, the performance reflects an assessment of business and interpersonal skills and is linked to the achievement of the individual.

The criteria applied to establish fixed remuneration are job complexity, level of responsibility, performance and local market conditions. All staff members entitled to variable remuneration (such as bonus payments) are subject to an evaluation including both quantitative and qualitative criteria as part of an annual performance assessment. Variable amounts may be paid out over a period of time in line with applicable laws and regulations.

The overall remuneration pool is calculated as a percentage of the Management Company's result. Consequently, in the event of negative performance results, variable remuneration pools may be adjusted downwards at the discretion of the Board of Directors of the Management Company.

The Board of Directors of the Management Company decides on fixed and variable salary, as well as pension and other employment terms and conditions.

A summary of the Remuneration Policy, in its latest applicable version, is available on [www.nordea.lu](http://www.nordea.lu) under the "Download Centre". The policy includes a description of how remuneration and benefits are calculated, the details of the persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, in case such a committee has been established. Investors may obtain, free of charge, a copy of the current Remuneration Policy at the registered office of the Management Company.

## 11. Depositary

The Board of Directors of the Company has appointed J.P. Morgan Bank Luxembourg S.A. as depositary (the "**Depositary**") in relation to the Company's assets under a depositary and custodian agreement and as amended from time to time (the "**Depositary and Custodian Agreement**").

The Depositary has the legal form of a Société Anonyme incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office is in Luxembourg.

The Depositary shall perform all the duties and obligations of a depositary under the UCITS Directive and the Luxembourg implementing laws and regulations with respect to each Sub-fund.

The Depositary and Custodian Agreement is concluded for an indefinite period of time and may be terminated by the Company with three months' notice. Before maturity of said notice period, the Company shall indicate the name of a new depositary which fulfils the requirements of the UCITS Directive and the Luxembourg implementing laws and regulations and to which the assets shall be transferred and which shall take over its duties as the Company's depositary from the Depositary. Until the replacement is appointed, the Depositary shall continue to perform the services under the Depositary and Custodian Agreement and as required by a custodian or depositary pursuant to applicable law.

The Depositary will be responsible for the safekeeping of the assets of the Company. Safekeeping includes on one hand custody of assets that can be held in custody and on the other ownership verification and record keeping of other assets. In addition, the Depositary will be responsible for cash flow monitoring and oversight in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations. In carrying out its role as depositary, the Depositary shall act independently from the Company and the Management Company and solely in the interest of the UCITS and the Shareholders.

In accordance with the provisions of the Depositary Agreement and the UCITS Directive and the Luxembourg implementing laws and regulations, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part of all of its safe-keeping duties to one or more third party delegates, including sub-custodians, appointed by the Depositary from time to time. Such delegated duties may only include custody and ownership verification in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations. When selecting and appointing a delegate, the Depositary shall exercise all due skill, care and diligence as required by the UCITS Directive and the Luxembourg implementing laws and regulations to ensure that it entrusts the Company's assets only to a delegate who may provide an adequate standard of protection. However, when the law of a third country requires that certain financial instruments are held in custody by a local entity and no local entities satisfy the delegation requirements, the depositary may still delegate its functions to such a local entity only to the extent required by the law of that third country, only for as long as there are no local entities that satisfy the delegation requirements, and only where the depositary is instructed to delegate the custody of such financial instruments to such a local entity. In addition, the investors shall be informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation. Such information will be made available to investors on the web-site [www.nordea.lu](http://www.nordea.lu). The Depositary's 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.

Collateral posted in favour of a Sub-fund under a title transfer arrangement should be held by the Depositary or one of its correspondents or sub-custodians. Collateral posted in favour of a Sub-fund under a security interest arrangement (e.g., a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds e.g. foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws.

Shareholders should take note that the Depositary has delegated custody of the Company's assets held in Sweden to Nordea Bank AB (publ), assets held in Finland to Nordea Bank Finland Plc, assets held in Norway to Nordea Bank Norge ASA and assets held in Denmark to Nordea Bank Danmark A/S. Nordea Bank AB (publ), Nordea Bank Finland Plc, Nordea Bank Norge ASA and Nordea Bank Danmark A/S are part of the same group as the

Management Company, and there may therefore be conflicts of interests between their various activities and their duties and obligations to the Company and its Shareholders. For information on how conflicts of interests are managed, please refer to chapter 10, "Management, Management Company".

The list of delegates and sub-delegates is available at [www.nordea.lu](http://www.nordea.lu) under the "Download Centre".

Up-to-date information regarding points 2.1 and 2.2 of the Annex 1, Schedule A of the UCITS Directive will be made available to investors on request, namely information regarding the identity of the depositary, a description of its duties and of conflicts of interests that may arise, a description of any safekeeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflict of interest that may arise from such as delegation.

The Depositary will have no discretion in the decision-making process relating to the Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this document and therefore accepts no responsibility for the accuracy of any information contained in this document.

## 12. Investment Manager

### Nordea Bank S.A.

The Management Company has delegated the investment management function to Nordea Bank S.A., 562, rue de Neudorf, L-2220 Luxembourg (pursuant to article 110 of the Law of 17 December 2010 for the following sub-funds:

Nordea Fund of Funds – Multi Manager Fund Balanced;  
Nordea Fund of Funds – Multi Manager Fund Equity;  
Nordea Fund of Funds – Multi Manager Fund Growth;  
Nordea Fund of Funds – Multi Manager Fund Moderate;  
Nordea Fund of Funds – Multi Manager Fund Total Return;  
Nordea Fund of Funds – Tactical Allocation Balanced;  
Nordea Fund of Funds – Tactical Allocation Moderate;

The Investment Manager shall be responsible for determining which investment should be purchased, sold or exchanged and what portion of the assets of the respective, above-mentioned Sub-funds should be held in various securities, subject to the respective Sub-fund's investment objectives and policy and within the limits imposed by the investment restrictions of the Company as set out in this Prospectus and in the Articles of the Company.

The Management Company may, at any time, give specific instructions regarding investment decisions to the Investment Manager who shall, upon receiving such instructions, act accordingly.

## 13. Fees and Expenses

### 13.1. Fees and Expenses borne by the Investors / Shareholders

#### • Subscription Fee

A Subscription Fee may be charged to Investors upon Subscription for Shares. Such Subscription Fee will be paid to the Principal Distributor or to the respective distributor or sales agent, unless the Board of Directors in its sole discretion decides that the Subscription Fee in certain events (e.g. a closure of a specific Sub-fund) shall be payable to the Sub-fund itself. Such Subscription Fee is calculated as a percentage of the Net Investment Amount and depends on the Share Class and the Sub-fund into which the Subscription is made:

Share Classes	Subscription Fee (as a % of the Net Investment Amount)
Private and Institutional Shares	Up to 2%
X-Shares	Nil

Example showing the Net Asset Value per Share and the issue price:

Net Assets	EUR 50,000,000
Number of Shares issued	500,000
Net Asset Value per Share	EUR 100.00
Number of Shares subscribed	200.00
Net Investment Amount	EUR 20,000.00
5% Subscription Fee	EUR 1,000.00
Gross Investment Amount	EUR 21,000.00

The Subscription payment shall include the Net Investment Amount increased by the applicable Subscription Fee and without deduction of any transfer charges.

#### • Redemption Fee

A Redemption Fee may be charged to Shareholders redeeming Shares. The Redemption Fee is payable to the Principal Distributor, the respective distributor or sales agent. Such Redemption Fee is calculated as a percentage of the Gross Redemption Amount and depends on the Share Classes where the Redemption is made:

Share Classes	Redemption Fee (as a % of the Gross Redemption Amount)
Private and Institutional Shares	Up to 1%
X Shares	Nil

Example showing the Net Asset Value per Share and the Redemption payment amount:

Net Assets	EUR 50,000,000
Number of Shares issued	500,000
Number of shares to redeem	200.00
Gross Redemption Amount	EUR 20,000.00
Net Asset Value per Share	EUR 100.00
1% Redemption Fee (if any)	EUR 200.00
Net Redemption Amount	EUR 19,800.00

- **Conversion Fee**

A Conversion Fee may be charged to Shareholders converting Shares. The Conversion Fee is payable to the Principal Distributor, the respective distributor or sales agent. Such Conversion Fee is calculated as a percentage of the Gross Conversion Amount and depends on the Share Classes at the start of which the Conversion is made:

Share Classes	Conversion Fee (as a % of the Gross Conversion Amount)
Private and Institutional Shares	Up to 1%
X	Nil

Should the Subscription Fee of the Sub-fund into which the Shareholders subscribe be higher than the Subscription Fee of the Sub-fund they redeem, Shareholders may be requested to bear the difference in the Subscription Fee between the Sub-fund they redeem and the Sub-fund to which they subscribe, calculated on the Gross Conversion Amount net of any fees and taxes applicable. Conversion costs, if any, shall be borne by the Shareholder asking for the Conversion of his Shares.

#### **Fees charged by local intermediaries**

Local intermediaries may claim directly from the Investor an additional fee on their own behalf in connection with Subscription/Conversion and/or Redemption of Shares in their market. Such fees are independent of the Company, the Depositary and the Management Company.

#### **Tax**

Concerning taxes, please refer to Chapter 14 (Taxation of the Company and its Shareholders) of this Prospectus.

#### **13.2. Fees and Expenses borne by the Company**

Since the Sub-funds procure units of other investment funds, the Investor is indirectly charged with the costs, fees and expenses, which are borne by the target funds acquired. In particular, the Sub-funds are charged with the remuneration for the administration of the target funds and also indirectly with the charge for administering the securities held in the respective target funds.

In so far as the Company invests in a target fund, which is administered directly or by delegation, by the same Management Company or by another company to which the Management Company is linked by common management or control or by a substantial direct or indirect holding or which is managed by a company in the Nordea group or by a management company for a Nordea fund, the Company may not be charged a subscription fee or a redemption fee or a management fee (unless otherwise indicated in the paragraph related to each Sub-fund regarding the management fee).

The maximum level of the management fees charged to both the Company and the target funds in which the Company invests shall be 3.5%. This maximum level shall also be reported in the Annual Report of the Company. In addition, however, the Company may charge Investors, directly or indirectly, for fees and expenses, taxes, commissions and/or other expenses. This may result in a corresponding overcharge. The said costs will be set out in the relevant annual reports.

The Company shall also bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- standard brokerage fees and bank charges originating from the Company's business transactions;
- all fees due to the Board of Directors of the Company, the correspondent banks and to the Auditor;
- all fees due to any Sub-Paying Agent, to representatives in foreign countries and any other agents;
- all fees due to the Legal Advisers or similar administrative charges, incurred by the Company, the Management Company and the Depositary for acting on behalf of the Shareholders;
- all reasonable expenses of the Board of Directors of the Company, the Management Company and the Depositary;
- all expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing global certificates and proxy forms for general meetings for the Shareholders, the cost of publishing the

issue and redemption prices, and also the cost of printing, the distribution of the Annual and Semi-Annual Reports, the Prospectus as well as the KIIDs;

- all expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- all expenses incurred in connection with its operation and its management (e.g. insurance and interests) also including all extraordinary and irregular expenses which are normally incurred by the Company.

All recurring expenses will be paid out of the assets of the relevant Sub-fund.

Each new Sub-fund shall amortise its own expenses of establishment over a period of five years as of the date of its creation. The expenses of the first establishment will be exclusively charged to the Sub-funds opened at the incorporation of the Company and shall be amortised over a period not exceeding five years.

Any costs incurred by the Company, which are not attributable to a specific Sub-fund, will be charged to all Sub-funds in proportion to their net assets. Each Sub-fund will be charged with all costs or expenses directly attributable to it.

Each Sub-fund shall be exclusively liable for its own liabilities and obligations towards its creditors.

When investing in other UCITS of the open-ended type, the Company will seek to do so at the lowest possible subscription fees. When investing in other UCITS, which are managed by the Management Company, the Company will do so at Net Asset Value, i.e. no subscription fee will be levied.

For the purpose of the relations between the Shareholders, each Sub-fund will be deemed to be a separate entity with, but not limited to, its own contribution, capital gains, losses, charges and expenses.

The Portfolio Turnover Rate of the Company which is the frequency, at which the Company's portfolio securities are changed each financial year, shall be calculated as follows:

$$\text{Turnover} = [((X+Y) - (S+R))/M] * 100$$

Whereas:

X = total security purchases over the financial year

Y = total security sales over the financial year

S = total subscriptions of Shares of the Company over the financial year

R = total Redemptions of Shares of the Company over the financial year

M = average monthly assets of the Company

The Portfolio Turnover Rate will be calculated for each financial year for each Sub-fund of the Company and will be available from the Registered Office.

#### **Management Fee:**

In consideration for its investment management and distribution services, the Management Company is entitled to receive fees.

The fees shall be calculated upon the Net Asset Value of the Sub-funds on each Valuation Day and payable at the end of each quarter in arrears.

Sub-fund	P and V-Shares	C-Shares	F-Shares
Nordea Fund of Funds – Multi Manager Fund Balanced	1.25%	0.80%	0.70%
Nordea Fund of Funds – Multi Manager Fund Equity	1.50%	1.00%	0.90%
Nordea Fund of Funds – Multi Manager Fund Growth	1.50%	1.00%	0.90%
Nordea Fund of Funds – Multi Manager Fund Moderate	1.00%	0.60%	0.50%
Nordea Fund of Funds – Multi Manager Fund Total Return	0.80%	0.60%	0.50%

Sub-fund	P and V-Shares	C-Shares	F-Shares
Nordea Fund of Funds – Tactical Allocation Balanced	1.25%	0.80%	0.70%
Nordea Fund of Funds – Tactical Allocation Moderate	1.00%	0.60%	0.50%

Directly out of the investment management fee is paid a fee at commercial rate and payable by the Management Company to the Investment Manager in consideration for the services rendered.

The Management Company is further remunerated, in full or partly, by the Subscription Fee charged to Investors upon Subscription for shares in the Company, by the Conversion Fee charged to Shareholders converting their shares or the Redemption Fee charged to Shareholders redeeming their shares.

The Management Company may distribute its fees further to other distributors/ sales agents appointed by the Management Company in its capacity as Principal Distributor for the Company.

The Management Company is entitled to withdraw a fee for all Sub-funds for its distribution services. A Distribution Fee shall currently not be charged, except otherwise specified.

#### Depository Fee

The fee to the Depository consists of a Custody fee and a Fiduciary fee. The Custody fee includes safekeeping, administration and transaction charges. Safekeeping and administration charges are applied as a percentage of the market value of the assets of the underlying investments held in custody. These charges vary from country to country. The transaction charges are based on the number and type of transactions. The Depository furthermore charges a fixed fee per annum and per fund domicile for the Sub-funds' investments in funds. The Fiduciary fee is calculated as a percentage of each Sub-funds' Net Asset Value.

The maximum annual fee payable to the Depository will not exceed the following percentage of the Net Asset Value of each Sub-fund plus any VAT if applicable: 0.125%.

#### Administration Fee

Each Sub-fund pays an Administration Fee of up to 0,4000% p.a., plus any VAT if applicable. Further details about Nordea Investment Funds S.A. and its management may be found in its latest Annual Report, which is available from the Company or the Management Company.

#### Total Expense Ratio (TER)

This ratio expresses the sum of all costs and commissions charged on an ongoing basis to the Sub-fund's assets taken retrospectively as a percentage of the Sub-fund's average assets. The latest calculated TER-rate can be found in the Company's latest financial report.

## 14. Taxation of the Company and its Shareholders

Under Luxembourg law, there are currently no Luxembourg income, withholding or capital gains taxes payable by the Company. The Company is, however, subject to the following taxes:

- an annual subscription tax of 0.05% (*Taxe d'Abonnement*) calculated on the aggregate Net Asset Value of the outstanding Private Shares of the Company;
- an annual subscription tax of 0.01% (*Taxe d'Abonnement*) calculated on the aggregate Net Asset Value of the outstanding Institutional Shares of the Company.

The *Taxe d'Abonnement* is calculated and payable at the end of each quarter. The value of the assets represented by the units held in other Luxembourg undertakings for collective investment that already pay a *Taxe d'Abonnement* will be exempted from any *Taxe d'Abonnement*.

#### Taxation of the Shareholders

Prospective Investors should keep themselves informed of the taxes applicable to the acquisition, holding and disposal of Shares and to distributions in respect thereof under the laws of the countries of their citizenship, residence or domicile before they subscribe, convert or redeem any Shares.

Investors and prospective investors should know that the Management Company might not produce all the reporting or the figures necessary to such investors in order for them to comply with all their tax transparency requirements applicable in their jurisdictions and/or to the Share Classes such investors have invested in.

#### FATCA

The Company will attempt to satisfy any obligations imposed on it under FATCA to avoid the imposition of the 30% withholding tax, but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

If the Company or one of its Sub-funds becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected. The FATCA withholding tax is a penalty without possibility of recovery.

Investors and Shareholders should contact their own tax advisers regarding the application of FATCA to their particular circumstances. The Company and/or its Shareholders may be directly affected by the fact that a non-U.S. financial entity does not comply with FATCA even if the Company satisfies with its own FATCA obligations.

#### Automatic exchange of information

Under the law of 18 December 2015 (the "**Law**") implementing Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**DAC2**") and the OECD Common Reporting Standard (the "**CRS**"), Luxembourg reporting financial institutions, as defined in the Law, are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating to the CRS details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC2 and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law. Under the DAC2, the automatic exchange of information is effective as of 1<sup>st</sup> January 2016. Under the CRS, the automatic exchange information with those countries that have signed the Multilateral Competent Authority Agreement (MCAA) will become effective when the conditions set out under article 7 of the MCAA are met. Luxembourg being an early adopter of the MCAA, an automatic exchange under the CRS may already, for some jurisdictions, be effective as of 1<sup>st</sup> January 2016.

Payments of dividends and other income derived from the shares held in the Company fall within the scope of the DAC2 and the CRS and are therefore subject to reporting obligations.

#### CRS

The Company will attempt to satisfy any obligations imposed on it under the CRS to avoid any penalties due to the non-compliance with the rules imposed on it under the CRS but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

If the Company or one of its Sub-funds becomes subject to penalties as a result of the CRS, the value of Shares held by all Shareholders may be affected. Any penalties resulting from the non-compliance to the rules imposed under the CRS should not be recoverable.

Investors and Shareholders should contact their own tax advisers regarding the application of the CRS to their particular circumstances.

#### **DAC 2**

The Company will attempt to satisfy any obligations imposed on it under the DAC 2, to avoid any penalties resulting from the rules adopted in Luxembourg to ensure effective implementation

of and compliance with, the reporting and due diligence procedures, but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

Any penalties resulting from the non-compliance to such rules may affect the value of the Shares held by all Shareholders. Any penalties paid in such circumstances should not be recoverable.

Investors and Shareholders should contact their own tax advisers regarding the application of the DAC to their particular circumstances.

## **15. Dissolution and Merger**

### **Dissolution of the Company**

In the event of the dissolution of the Company by decision of a Shareholders' meeting, the liquidation shall be effected by one or several liquidators appointed by the meeting of the Shareholders deciding upon such dissolution and determining their powers and their compensation. The liquidator(s) shall realise the Company's assets in the best interest of the Shareholders and shall distribute the net liquidation proceeds (after deduction of the liquidation charges and expenses) to the Shareholders in proportion to their share in the Company. Any amounts not claimed promptly by any Shareholder will be deposited at the close of liquidation in escrow with the Caisse de Consignation. Amounts not claimed from escrow within the period stipulated according to statutory limitation rules will be forfeited according to the provisions of Luxembourg law.

In the event of any contemplated liquidation of the Company, no further issue, Conversion, or Redemption of Shares will be permitted after publication of the first notice convening the extraordinary meeting of Shareholders for the purpose of winding-up the Company. All Shares outstanding at the time of such publication will participate in the Company's liquidation distribution.

### **Dissolution/Merger of Sub-funds**

A Sub-fund may be terminated by resolution of the Board of Directors of the Company if the Net Asset Value of a Sub-fund is below such amount as determined by the Board of Directors from time to time to be the minimum level for such Sub-fund to be operated in an economically efficient manner or if a change in the economic or political situation would have material adverse consequences on the Company's investments. In such events, the assets of the Sub-fund will be realised, the liabilities discharged and the net proceeds of realisation distributed to Shareholders in the proportion to their holding of Shares in that Sub-fund. In such event, notice of the termination of the Sub-fund will be given in writing to registered Shareholders and, to the extent required by law, will be published in the Mémorial and as the Board of Directors may determine in a Luxembourg newspaper as well as in other newspapers circulating in jurisdictions in which the Company is registered. No Shares shall be redeemed or converted after the date of the decision to liquidate a Sub-fund.

Any amounts not claimed by any Shareholder shall be deposited at the close of liquidation with the Depositary during a period of 6 (six) months; at the expiry of the 6 (six) months' period, any outstanding amount will be deposited in escrow with the Caisse de Consignation.

A Sub-fund may be merged with another Sub-fund by resolution of the Board of Directors of the Company if the value of its net assets is below such amount as determined by the Board of Directors from time to time to be the minimum level for such Sub-fund to be operated in an economically efficient manner or if a change in the economic or political situation would have material adverse consequences on the Company's investments. In such

event, notice of the termination of the Sub-fund will be given in writing to registered Shareholders and will be, to the extent required by law, published in the Mémorial and in a Luxembourg newspaper as well as the Board of Directors may determine in other newspapers circulating in jurisdictions in which the Company is registered. Each Shareholder of the relevant Sub-fund shall be given the possibility, within a period of one month as of the date of the publication, to request either the repurchase of its Shares, free of any charges, or the exchange of its shares, free of any charges, against Shares of Sub-funds not concerned by the merger.

At the expiry of this 1 (one) month's period any Shareholder who did not request the repurchase or the exchange of its Shares, shall be bound by the decision relating to the merger.

A Sub-fund may be merged or contributed to another Luxembourg investment fund organised under Part I of the Law of 17 December 2010 or to an investment fund domiciled in another EU Member State which is compliant with the UCITS Directive, by resolution of the Board of Directors of the Company under the following circumstances:

- if the value of its net assets is below such amount as determined by the Board of Directors from time to time; or
- in the event of special circumstances beyond its control such as political, economic or military emergencies; or
- if the Board should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Sub-fund to operate in an economically efficient manner, and with due regard to the best interests of the Shareholders, that a Sub-fund should be contributed to another fund.

In such events, notice will be given in writing to registered Shareholders and will be, to the extent required by law, published in the Mémorial and in a Luxembourg newspaper as well as in other newspapers circulating in jurisdictions in which the Company is registered as determined from time to time by the Board of Directors. Each Shareholder of the relevant Sub-fund shall be given the possibility within a fixed period to be determined by the Board of Directors, but not being less than one month as from the date of publication in said newspapers to request, free of any charge, the repurchase or conversion of its Shares against Shares of a Sub-fund not concerned by the merger. At the expiry of such period, the merger or the contribution shall be binding for all Shareholders who did not request a Redemption or a Conversion.

Where the merger results in the Company ceasing to exist, in accordance with Article 67(2) of the Law of 17 December 2010, a decision of the Shareholder(s)'s meeting approving the effective date shall be required. This decision will be passed by a simple majority of those present and voting at the Shareholders' meeting.

## 16. Notices to Shareholders and Publications

### Notices to Shareholders

All notices to Shareholders will be available at the Registered Office, at the Management Company or at the Representatives and Paying and Information Agents outside Luxembourg. Notices will be sent by mail to registered Shareholders and will be made available on [nordea.lu](http://nordea.lu).

### Publications

The information about the Net Asset Value and about the issue and redemption prices of each Share Class of each Sub-fund will be available at all times at the Registered, or at the Management Company. They will further be published on each Valuation Day if required in a daily newspaper in Luxembourg and in another newspaper circulating in jurisdictions in which the Company is registered. Audited Annual Reports and unaudited Semi-Annual Reports will be made available at the Registered Office, at the Management Company or at the Representatives and Paying and Information Agents outside Luxembourg not later than 4 (four) months after the end of the financial year in the case of Annual

Reports, and 2 (two) months after the first 6 (six) months of the financial year in the case of Semi-Annual Reports. The first report was the semi-annual report dated 30 June 1999.

Separate financial statements shall be prepared for each Sub-fund in its relevant Base Currency. To establish the balance sheet of the Company, these financial statements will be added after conversion into the Company's base currency (EUR).

All reports will be available at the Registered Office of the Company, at the Management Company, or at the Representatives and Paying and Information Agents outside Luxembourg. Shareholders can send any complaints to the Management Company.

The Management Company will make every effort to respond to all reasonable complaints quickly and will maintain a Shareholder complaints procedure which is available on request to Shareholders free of charge.

## 17. Documents available for Inspection

The following documents may be obtained free of charge and as a hard copy at the Registered Office, at the Management Company, or at the Representatives and Paying and Information Agents outside Luxembourg during their respective Business Days:

- the Company's Articles of Incorporation;
- the Prospectus of the Company;
- the Key Investor Information Documents of the Company;
- the Application Form;
- the periodical financial reports;
- the marketing documents made available from time to time.

An up-to-date version of the KIIDs will be made available on [www.nordea.lu](http://www.nordea.lu), and, depending on the local language(s) of the countries where the Company, a Sub-fund or a Share Class are registered for public offering, on the local Nordea websites ending with the international country codes of such relevant countries.

The following documents may be consulted during usual business hours at the Registered Office of the Company

- the Management Company Agreement between the Company and the Management Company;
- the Global Custody Agreement between the Company and J.P. Morgan Bank Luxembourg S.A.

## 18. Management and Administration

### Registered Office of the Company

Nordea Fund of Funds, SICAV  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

### Board of Directors of the Company

Dirk Schulze  
Luxembourg  
Grand Duchy of Luxembourg

Dirk Schulze is Managing Director of Nordea Investment Funds S.A  
Chairman of the Board of Directors of the Company.

Katarina Hammar  
Stockholm  
Sweden

Katarina Hammar  
Head of Product Communication at Nordea Fonder AB, Stockholm, Sweden.

Suzanne Berg  
Luxembourg  
Grand Duchy of Luxembourg

Suzanne Berg  
Head of Fund Administration at Nordea Investment Funds S.A., Luxembourg.

### Board of Directors of the Management Company

Cecilia Vernerson  
Luxembourg  
Grand Duchy of Luxembourg

Cecilia Vernerson is Country Manager and Head of Corporate Functions of Nordea Bank S.A.  
Chairman of the Board of Directors of the Company.

Brian Stougård Jensen  
Copenhagen  
Denmark

Brian Stougård Jensen is Head of Product & Business Development of Nordea Asset Management and Member of Senior Executive Management Group of Nordea Asset Management (SEM).

Graham Goodhew  
Luxembourg  
Grand Duchy of Luxembourg

Graham Goodhew is retired after several years of professional career in the financial industry. He has previously assumed the position as member of the board and as Conducting Officer of JP Morgan Asset Management (Europe) S.à r.l. and as an executive director of JPMorgan Chase.

## Conducting Officers of the Management Company

Dirk Schulze  
Luxembourg  
Grand Duchy of Luxembourg

Dirk Schulze is Managing Director of Nordea Investment Funds S.A.

Suzanne Berg  
Luxembourg

Suzanne Berg is Head of Fund Administration at Nordea Investment Funds S.A., Luxembourg.

Singour Chhor  
Luxembourg

Singour Chhor is Chief Compliance Officer of Fund Administration at Nordea Investment Funds S.A., Luxembourg.

## Depositary

J.P. Morgan Bank Luxembourg S.A.  
6, Route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

## Principal Distributor

Nordea Investment Funds S.A.  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

## Auditor

PricewaterhouseCoopers  
2, Rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

## Investment Manager

Nordea Bank S.A.  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

# 19. Representatives & Paying & Information Agents outside Luxembourg

The full list of Representatives and Paying Agents outside Luxembourg can be obtained, free of any charge and in paper form, at the Registered Office, and/or at the Management Company.

## Information and Paying Agent in Austria:

Erste Bank der österreichischen Sparkassen AG  
Am Belvedere 1  
AT-1100 Vienna  
Austria

Telephone: +43 50100 12139  
Telefax: +43 50100 9 12139

## Representative Agent in Denmark:

Nordea Danmark, filial af Nordea Bank AB  
(publ), Sverige  
Strandgade 3  
Christiansbro  
1401 Copenhagen K  
Denmark  
Telephone: +45 33 33 65 44  
Telefax: +45 33 33 10 04

## Paying Agent in Denmark:

Nordea Danmark, filial af Nordea Bank AB  
(publ), Sverige  
Strandgade 3  
Christiansbro  
1401 Copenhagen K  
Denmark  
Telephone: +45 33 33 65 44  
Telefax: +45 33 33 10 04

## Representative & Paying Agent in Estonia:

Luminor Bank AS  
Liivalaia 45  
EE- 10145 Tallinn  
Republic of Estonia  
Telephone: +372 6283 300  
Telefax: +372 6283 201

## Representative Agent in Finland:

Nordea Funds Ltd.  
Centralgatan / Keskuskatu 3a  
FIN-00020 Helsinki  
Finland  
Telephone: +358 9 1651  
Telefax: +358 9 165 48368

## Paying Agent in Finland:

Nordea Bank AB (publ), Finnish Branch  
Satamaradankatu 5  
FIN-00020 NORDEA Helsinki  
Finland  
Telephone: +358 9 1651  
Telefax: +358 9 165 54500

## Centralising Correspondent in France:

CACEIS Bank  
1-3, place Valhubert  
FR-75013 Paris cedex 13  
France  
Telephone: +33 1 41 89 70 00  
Telefax: +33 1 41 89 70 05

## Information Agent in Germany:

Société Générale S.A. Frankfurt Branch  
Neue Mainzer Straße 46-50  
60311 Frankfurt am Main  
Germany

## Representative Agent in the Republic of Latvia:

Luminor Bank AS  
Skanstes iela 12  
LV-1013 Riga  
Republic of Latvia  
Telephone: +371 67 096 096  
Telefax: +371 67 005 622

## Paying Agent in the Republic of Latvia:

Luminor Bank AS  
Skanstes iela 12  
LV-1013 Riga  
Republic of Latvia  
Telephone: +371 67 096 096  
Telefax: +371 67 005 622

## Representative Agent in Lithuania:

Luminor Bank AB  
Konstitucijos pr. 21 A  
LT-03601 Vilnius  
Republic of Lithuania  
Telephone: +370 5 2 361 361  
Telefax: +370 5 2 361 362

## Paying Agent in Lithuania:

Luminor Bank AB  
Konstitucijos pr. 21 A  
LT-03601 Vilnius  
Republic of Lithuania  
Telephone: +370 5 2 361 361  
Telefax: +370 5 2 361 362



**Representative Agent  
in Norway:**

Nordea Fonds Ltd., Norwegian Branch  
Essendrops gate 7  
Postboks 1166 Sentrum  
NO-0107 Oslo  
Norway  
Telephone: +47 22 48 45 00  
Telefax: +47 22 48 46 03

**Paying Agent  
in Norway:**

Nordea Bank AB (publ), filial i Norge  
Essendrops gate 7  
Postboks 1166 Sentrum  
NO-0107 Oslo  
Norway  
Telephone: +47 22 48 45 00  
Telefax: +47 22 48 46 03

**Representative Agent  
in Spain:**

Allfunds Bank S.A.  
Paseo de la Castellana 9  
ES-28046 Madrid  
Spain

Telephone: +34 91 270 95 00  
Telefax: +34 91 308 65 67

**Representative Agent  
in Sweden:**

Nordea Funds Ltd., Swedish Branch  
Mäster Samuelsgatan 21  
M541SE- 105 71 Stockholm  
Sweden  
Telephone: +46 8 61 47000  
Telefax: +46 8 20 08 46

**Paying Agent  
in Sweden:**

Nordea Bank AB (publ)  
Smålandsgatan 17  
S-105 71 Stockholm  
Sweden  
Telephone: +46 8 61 47000  
Telefax: +46 8 20 08 46

**Representative and Paying Agent  
in Switzerland:**

BNP PARIBAS SECURITIES SERVICES, Paris,  
Succursale de Zurich  
Selnaustrasse 16  
8002 Zurich  
Switzerland

**Representative and Paying Agent  
in United Kingdom:**

Nordea Bank AB  
London Branch  
5 Aldermanbury Square  
London EC2V 7AZ  
United Kingdom  
Telephone: +44 20 7726 9000  
Telefax: +44 20 7726 9009

## 20. Public Marketing Authorisations

Nordea Fund of Funds, SICAV is fully or partly authorised for public marketing in at least the following countries:

Austria	Germany	Spain
Denmark	Grand Duchy of Luxembourg	Sweden
Estonia	Latvia	Switzerland
Finland	Lithuania	The United Kingdom
France	Norway	

**Please contact the Management Company at the address stated above for further details on the public marketing authorisations.**

## 21. Counterparties

Below follows a non-exhaustive list of counterparties approved by the Management Company for trades with the Sub-funds in OTC Derivatives and exchange traded Derivatives:

**OTC- Derivatives:**

Nordea Bank Finland Plc  
Satamaradankatu 5,  
FI-00020 NORDEA,  
Finland

Barclays Bank Plc  
1 Churchill Place  
London, E14 5HP  
United Kingdom

**Exchange - traded Derivatives:**

Merrill Lynch International  
2 King Edward Street  
London  
EC1A 1HQ  
United Kingdom

## 22. Additional information for investors in the United Kingdom

The following information is intended for investors subscribing for Shares of Nordea Fund of Funds, SICAV (further “the Company”) in the United Kingdom.

This information completes the Prospectus and gives specific details in relation to the distribution of Shares in the United Kingdom.

The Company is an Undertaking for Collective Investments in Transferable Securities (UCITS) of the open-ended type and incorporated in Luxembourg on 16 September 1998.

The Company is recognised in the United Kingdom under the provisions of Section 264 of the Financial Services and Markets Act 2000.

All active Sub-funds of the Company are authorised for public marketing in the United Kingdom.

**Facilities Agent**  
**As from November, 1<sup>st</sup> 2018:**  
Financial Express Limited  
3rd Floor, Hollywood House  
Church Street East  
Woking, Surrey  
GU21 6HJ

Service to the Company or to the Management Company as required or authorised to be served under any legislation of the United Kingdom may be made to the above-mentioned address.

Investors can obtain information about the most recent prices and redemption facilities from the office of the UK Facilities Agent detailed above. Updated prices are also available under [www.nordea.lu](http://www.nordea.lu).

Written complaints about any aspect of the service including the operations of the Company, or requests to obtain a copy of the Complaints Handling Procedure can be addressed to UK Facilities Agent for further submission to the Company's head office. Please be aware that the investors will have no rights of cancellation, nor will they benefit from cover under the Financial Services Compensation Scheme.

Concerning the nature of the Classes of Shares and voting rights at Shareholders' Meetings, please refer to the Section “Share Dealing” and “Notices to Shareholders and Publications” of the latest available Prospectus.

UK resident investors should seek their own professional advice as to tax matters and other relevant considerations. Please note that investors making investments in the Company may not receive back their entire investment.

### Information and Documentation:

The information and documentation as mentioned in Section 17 of the Prospectus “Documents available for inspection”, in particular the Statutes of the Company and any amendments to them, the Prospectus and KIIDs and the latest yearly and half-yearly reports, may be consulted or obtained, free of charge, from the UK Facilities Agent.

### Place of publication of all notices to shareholders:

The usual place of publication will be on [www.nordea.lu](http://www.nordea.lu), however should there be a required newspaper publication of a notice this will be published in the Financial Times.

Place of publication of the Net Asset Value per share of all Sub-funds in the Base Currency of the respective Sub-fund: The place of NAV publication will be on [www.nordea.lu](http://www.nordea.lu).

### Taxation of the Shareholders

The taxation of income and capital gains of the Company, and the Shareholders is subject to the fiscal law and practice of Luxembourg and the jurisdiction of the investor. It may also be subject to the fiscal law and practice of other jurisdictions including, amongst others, those in which the Company enters

into transactions. The following summary of the anticipated tax treatment for Shareholders in the United Kingdom does not constitute legal or tax advice and is based on the taxation law and practice in force at the date of this Prospectus (June 2018).

### Taxation of the shareholders residing in the United Kingdom

Subject to their personal circumstances, Shareholders resident in the United Kingdom for taxation purposes will in general be liable to UK income tax or corporation tax in respect of dividends or other distributions by the Company, whether or not such distributions are reinvested in further Shares of the Company.

In order to qualify for the UK Reporting Fund Status, which entitles investors in the Company to a more favourable tax treatment (if maintained throughout an investor's holding period), they must be approved prospectively by the UK Tax Authorities confirming their eligibility for this Tax Reporting Status. Once approved, they will have to comply with the on-going reporting requirements such as the annual reporting of their reportable income to HM Revenue & Customs (“HMRC”) and relevant Shareholders as defined for UK taxation purposes. The favourable tax treatment under the Reporting fund regime ensures that UK investors in offshore funds are taxed under the Capital Gains Tax regime instead of their realisation being taxable as offshore income gains.

The list of sub-funds and their respective share classes which have applied and qualify for UK Fund Reporting Status is available on the following link: <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds> (please select the List of Reporting Funds A-Z). For more information we urge you to contact your Tax Advisor for advice specific to your own circumstances and investments.

**The foregoing is based on the Company's understanding of the law and practice currently in force in the United Kingdom and is subject to changes therein. It should not be taken as constituting legal or tax advice and, investors should obtain information and, if necessary, should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring or selling the Shares under the laws of their countries of origin citizenship, residence or domicile.**

### TAXATION IN THE UK

#### UK Taxation

The following information relates to UK taxation and is applicable to the Company and to UK residents holding Shares beneficially as investments and does not apply to other categories of taxpayers. **This information does not constitute tax advice and anyone who is unsure as to his tax treatment is strongly advised to seek independent professional advice.**

**Warning:** The information contained below is provided for UK resident investors only and is based on UK tax legislation and the known current HM Revenue & Customs (“HMRC”) interpretation thereof. This can vary according to individual circumstances and is subject to change. It is intended as a guide only and is not a substitute for professional advice. It does not purport to be a complete analysis of all tax considerations relating to the holding of Shares in the Company. The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, switching or disposing of Shares in the Company under the laws of any jurisdiction in which they may be subject to tax.

This summary in particular does not address the tax consequences for non UK resident persons who hold Shares in the Company in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or permanent establishment (“PE”)). In addition, the summary only addresses the tax consequences for UK investors who hold Shares as an investment and not as trading stock or for any other purpose. It does not deal with the position of certain

classes of investors, such as dealers in securities and insurance companies, trusts, authorised investment funds or investment trust companies and persons who have acquired their Shares by reason of their or another's employment; nor does it deal with the position of individuals who are UK resident but non-domiciled.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The statements are based on current tax legislation at November 2018, together with HMRC practice, all of which are subject to change at any time - possibly with retrospective effect.

### **The Sub-funds**

The Board of Directors intend to conduct the affairs of the Company and each Sub-fund so that it should not become resident in the United Kingdom for the purposes of United Kingdom taxation.

Accordingly, and provided that each Sub-fund does not carry on a trade in the United Kingdom through a permanent establishment situated therein, or that any such trading transactions in the United Kingdom are carried out through a broker or investment manager acting as an agent of independent status in the ordinary course of its business, each Sub-fund should not be subject to United Kingdom corporation tax on its income and capital gains, and any United Kingdom tax liability should be limited to any withholding tax deducted from the Company's United Kingdom source investment income.

The Board of Directors and the Investment Manager each intend that the respective affairs of each Sub-fund and the Manager should be conducted in such a manner that no such permanent establishment, branch or agency will arise in so far as this is within their respective control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

Dividends, interest and other income as well as capital gains received by each Sub-fund may be subject to withholding taxes or similar taxes imposed by the country in which such dividend, interest, other income or capital gain originated.

#### *UK Offshore Fund rules (Reporting Fund Status)*

Each Share Class of the Company will be treated as a separate "offshore fund" for the purposes of the UK offshore funds tax regime in accordance with Part 8 of the Taxation (International and Other Provisions) Act 2010 ("TIOPA 2010"). The regime is optional and a fund may elect into the reporting regime or not ("Non-Reporting funds"). Some of the Share Classes of each Sub-fund are UK Reporting Funds and some are not. It is the investor's responsibility to understand which Share Class they are invested in and whether the Share Classes are Reporting or Non-Reporting Funds. The UK's Reporting Fund regime, which is contained in the Offshore Funds (Tax) Regulations 2009 ("the Regulations") (Statutory Instrument 2009/3001) as amended from time to time, will generally apply separately to each Share Class of each Sub-fund.

Under the Regulations, persons who are resident in the United Kingdom for taxation purposes are liable to income tax (or corporation tax on income) at their marginal rate in respect of any gains arising on the redemption, transfer or conversion of shares, unless those shares are regarded as a Reporting Fund throughout their holding. Please note also the comments below on the treatment of 'bond funds', which apply regardless of whether a Share Class is within the Reporting Fund regime.

It is the intention of the Company to enter and comply with the Reporting Fund regime for Share Classes indicated at [www.nordea.co.uk](http://www.nordea.co.uk) for the relevant Accounting Period and subsequent Accounting Periods which will vary class by class.

In order to qualify as a Reporting Fund, in addition to the application process, the Company, in respect of each Sub-fund or Share Class as appropriate, must undertake to report all income to investors within six months of the period end. UK investors will be taxed on the excess of any reportable income over actual distributions received from the Reporting Fund (as well as being taxed on the distributions themselves) on the fund distribution date - i.e. six months after the end of the reporting period. If Reporting Fund certification is obtained, investors shall be

subject to tax on reportable income attributable to the investor in the same way as if it has been distributed as explained above. Further details on the treatment on income are provided below.

The annual reportable income will be made available to each Shareholder at [www.nordea.co.uk](http://www.nordea.co.uk) for each reporting period.

The Board of Directors may decide in future to apply for other Sub-funds or Share Classes within Sub-funds to join the Reporting Fund regime.

#### *Fund of funds status*

The attention of prospective investors is drawn to the fact that the Sub-funds of the Company are 'fund of funds' which invest in other underlying funds (Target Funds). As some of the underlying funds are Reporting Funds and some are Non-Reporting Funds, the reportable income arising in each Reporting Fund will in part be dictated by the reporting or non-reporting status of the underlying funds. For example, even though the intention of the Company is to enter and comply with the Reporting Fund regime, it may be the case that particular Sub-funds of the Company invest in significantly more underlying Non-Reporting Funds than they do Reporting Funds. In such a case, a materially higher amount of reportable income may arise, which investors should be aware of. Details of which funds have UK Reporting Fund status can be found on the HMRC's website at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

#### *Transactions not treated as trading*

Under the reporting fund regime, a fund must calculate the excess reportable income per share and report this income to HMRC and relevant investors within 6 months of the funds financial year end. The taxable income generated by a fund will often depend upon whether the transactions undertaken by the fund are treated for UK tax purposes as "investment" transactions, in which case any capital profit/loss would not be included in reportable income or, as a trading transaction where such income would be included.

Chapter 6 Part 3 of the Regulations provide that transactions undertaken by the Company which fall under the definition of "Investment transactions" within regulation 80 et seq. of the Regulations will not be treated as trading transactions for the purpose of the Regulations, provided that the Company meets the "Equivalence Condition" and the "genuine diversity of ownership condition" ("GDO Condition"). The Company is expected to meet the Equivalence Condition as it is a UCITS fund.

The GDO Condition will also be met if the Company meets certain conditions relating to its Shareholders and how the Company is distributed.

With a view to meeting these conditions, the Board of Directors of the Company confirm that the intended categories of Shareholders are as specified in the fund details for each relevant Sub-fund. Shares of the Company will be widely available to those categories of prospective Shareholders. The Board of Directors of the Company intend that the shares of the Company will be marketed and made available sufficiently widely to reach those categories of Shareholders and in a manner appropriate to attract those prospective Shareholders.

### **Taxation of Shareholders**

#### UK resident investors

Where Reporting Fund status is obtained, Shareholders shall be subject to income tax on distributions received and annual reported income attributable to them, in excess of any amounts actually distributed. Any gain accruing to the Shareholder upon the sale, redemption or other disposal of their interest in a Reporting Fund Share Class will be subsequently taxed as a capital gain, with any undistributed income that has been subject to tax being treated as capital expenditure for the purpose of computing the amount of the chargeable gain. See below for further detail in relation to treatment of distributions as interest payments under "Specific provisions – The 'Qualifying Investments' test.

#### (i) Taxation of individual Shareholders in reporting Share Classes

According to their personal circumstances, individual Shareholders resident in the United Kingdom for tax purposes will, in general, be liable to income tax at the relevant dividend income rate on both distributions received from the Company (whether or not such dividends or distributions are reinvested, provided the Company does not fail the qualifying investments test, see below) and any deemed annual reportable income attributable to the Shareholder in excess of any amounts actually distributed. Relief should be available for any accumulated or reinvested profits which have been subject to UK income tax on income. In certain circumstances, distributions are treated as interest payments – see below ‘Specific provisions – The ‘Qualifying Investments’ test’ for further information.

UK resident individuals will benefit from an allowance in the form of an exemption from tax for the first £2,000 of all dividend income received in the relevant tax year. Dividends received in excess of this amount will be taxed at rates of 7.5% for basic rate tax payers (who previously had an effective rate of 0%), 32.5% for higher rate (25%) and 38.1% for additional rate tax payers (30.56%).

Under current law, a disposal of Shares in a reporting fund share class (which includes a redemption) by an individual Shareholder who is resident in the United Kingdom for taxation purposes should be taxed at the current capital gains tax rate of 20% or 10% (depending on total taxable income in the year). The principal factors that will determine the extent to which such capital gains will be subject to capital gains tax are the level of annual allowance of tax free gains in the year in which the disposal takes place, the extent to which the Shareholder realises any other capital gains in that year and the extent to which the Shareholder has incurred capital losses in that or any earlier tax year.

Special rules and different rates apply to United Kingdom resident individual Shareholders who are not domiciled in the United Kingdom. However, such investors should be aware of the Finance Bill changes to the taxation of non-UK domiciled individuals with effect from April 2017. Broadly, this means that non-UK domiciled individuals who have been UK resident for 15 out of the previous 20 years and who are UK resident in at least one tax year after 2016/2017 will become deemed domiciled in the UK for all taxes.

Shareholders who are not resident in the United Kingdom for taxation purposes should not generally be subject to United Kingdom taxation on any gain realised on any sale, redemption or other disposal of their Shares unless their holding of Shares is connected with a branch or agency through which the relevant Shareholder carries on a trade, profession or vocation in the United Kingdom.

A Shareholder who is an individual who has ceased to be resident in the United Kingdom for tax purposes for a period of less than five years of assessment and who disposes of Shares during that period may also be liable, on his return to the United Kingdom, to taxation on offshore income gains and capital gains.

Individual Shareholders who are resident but not domiciled in the United Kingdom for tax purposes should note that, if they are applying for Shares, they may be required to make payment directly into a United Kingdom bank account. Where such an individual Shareholder intends to meet subscription proceeds from funds sources outside the United Kingdom, such a payment may give rise to a taxable remittance for the purposes of United Kingdom taxation, depending upon the particular circumstances of that individual. Accordingly, it is recommended that such individual Shareholders seek independent tax advice in this respect before making a subscription for Shares from such funds.

#### Anti-avoidance provisions

##### *Chapter 2 Part 13 Income Tax Act 2007*

The attention of individual Shareholders resident in the United Kingdom is drawn to Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies)

resident or domiciled outside the United Kingdom and may render them liable to taxation in respect of undistributed income and profits of a Sub-fund on an annual basis, where the income has not already been attributed to the individual under a separate provision of United Kingdom taxation. Exemptions to those rules are available for genuine commercial transactions (including genuine commercial activities overseas) where the avoidance of tax was not the purpose or one of the purposes for which the transactions were effected. The legislation is not directed towards the taxation of capital gains.

##### *Section 13 Taxation of Chargeable Gains Act 1992*

The attention of individual Shareholders resident in the United Kingdom (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of section 13 Taxation of Chargeable Gains Act 1992 (“section 13”) and the supplementary provision of the Regulations. Section 13 could be material to any such person who has an interest in the Company as a “participator” for United Kingdom taxation purposes (which term includes, but is not limited to, a shareholder) at a time when a chargeable gain accrues to the Company (such as on a disposal of any of its investments) if, at the same time, the Company is itself controlled in such a manner and by a sufficiently small number of persons as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes.

Under these provisions, where a chargeable gain accrues to a company that is not resident in the UK, a person may be treated as though a proportional part of that chargeable gain, calculated by reference to their interest in the company, has accrued to them directly. No liability under section 13 could be incurred by such a person, however, in respect of a chargeable gain accruing to the Company if the aggregate proportion of that gain that could be attributed under section 13 both to that person and to any persons connected with him for United Kingdom taxation purposes does not exceed one-quarter of the gain. Section 13 was extended with effect from 6 April 2008 to individuals domiciled outside the United Kingdom, subject to the remittance basis in particular circumstances.

As disposals of Non-Reporting Fund share classes are subject to tax as offshore income gains, the Regulations substitute “offshore income gains” for any reference to “chargeable gain” in section 13. There is some uncertainty as regards to whether the Regulations actually operate in the way that was intended, since it may be interpreted as only applying to offshore income gains generated by offshore funds, as opposed to capital gains. Despite this uncertainty, it would be prudent to assume that the Regulations apply to all capital gains realized by offshore funds in the same way as section 13, since this would appear to have been the intention of the UK tax authorities when the legislation was drafted.

It is not expected that the Company will be a “close” company, as the Sub-funds are intended to be widely distributed.

#### (ii) Taxation of corporate Shareholders in reporting Share Classes

Shareholders who are subject to United Kingdom corporation tax should generally expect to be exempt from United Kingdom taxation in respect of dividends from the Company assuming that the dividend income from a relevant Class of shares is within one of the categories of exempt dividend under Part 9A of the Corporation Tax Act 2009, subject to the ‘qualifying investments’ test (outlined below ‘Specific provisions – The ‘Qualifying Investments’ test’) and provided that the dividend income does not fall to be treated as trading income.

Holders of Shares who are bodies corporate resident in the United Kingdom for taxation purposes will be taxed on gains on disposal of assets at the applicable corporation tax rate (currently 19% from 1 April 2017 and falling to 18% from 1 April 2020 and periods thereafter), but may benefit from indexation allowance which, in general terms, increases the capital base cost of an asset in accordance with the rise in the retail prices index.

Excess reportable income from relevant Classes of Shares will be exempt from UK corporation tax in the hands of a UK corporate investor if a distribution from the Sub-fund would be so exempt.

Special rules apply to insurance companies, investment trusts, authorised unit trusts and open-ended investment companies in the United Kingdom. Such investors should seek their own professional advice in relation to the tax consequences of an investment in a Sub-fund.

#### *Controlled Foreign Companies ('CFC') rules*

Corporate Shareholders resident in the UK should note the provisions of Chapter 1 of Part 9A of TIOPA 2010. These provisions may subject UK resident companies to corporation tax on profits of non-resident companies, controlled by persons resident in the UK, in which they have an interest ("control" is defined in section 371RA et seq of TIOPA 2010). The CFC rules use both a "pre-gateway" and "gateway" test to specifically define where profits are being artificially diverted out of the UK. Where profits of a foreign company pass both the pre-gateway and the gateway test and are not excluded by any other exemption, entry condition or safe harbour, they will be apportioned to UK resident companies who have an interest of at least 25 per cent in the profits of a non-UK resident company, where that non UK resident company is controlled by residents of the UK and is resident in a low tax jurisdiction. Similarly where the company is controlled by two persons taken together, one of whom is resident in the United Kingdom for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the Company, and the other of whom has at least 40 per cent and not more than 55 per cent of such interests, rights and powers. The effect of the CFC rules could be to render such companies liable to United Kingdom corporation tax by reference to their proportionate interest in the chargeable profits of the Company. The chargeable profits of the Company do not include any capital gains.

#### (iii) UK exempt investors and other investors

Some investors (e.g. approved pension funds) may be exempt from tax. Different rules may also apply in the case of certain non-residents. Again, it is recommended that these investors seek their own professional tax advice.

#### **Specific provisions**

##### The 'Qualifying Investments' test

The attention of UK resident corporate Shareholders is drawn to Chapter 3 of Part 6 of the Corporation Tax Act 2009 (the "loan relationships regime"). This provides that if at any time in an accounting period such a person holds an "interest" in an offshore fund, and there is a time in that period when that fund fails to satisfy the 'Qualifying Investments' test, the interest held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships regime, ; with the consequence that all profits and losses on such relevant interests are chargeable to UK corporation tax in accordance with a fair value basis of accounting.

Accordingly, such a person who acquires Shares in the Fund may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

The attention of individual Shareholders subject to United Kingdom income tax is drawn to section 378A of Income Tax (Trading and Other Income) Act 2005 which provides that certain distributions from offshore funds that are economically similar to payments of yearly interest will be chargeable to tax as if they were yearly interest where the Fund fails to meet the 'Qualifying Investment' test.

The 'Qualifying Investments' test states that a fund fails to meet the test where its holdings of Qualifying Investments exceeds 60% of the market value of all of the assets of the Fund (excluding cash awaiting investment). For the purposes of the test, 'Qualifying Investments' are government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes. As such, where the offshore fund fails to satisfy this test at any point in the relevant period, then any distribution will be treated as interest

for income tax purposes and the United Kingdom investors will be subject to income tax on such distributions at their appropriate marginal rate.

##### Treatment of investors in Non-Reporting Funds

Under the Regulations, a Shareholder who is resident in the UK for taxation purposes and holds an interest in a collective investment scheme or a sub-fund or class of shares therein that constitutes an "offshore fund" will be taxed on any accrued gain at the time of sale, redemption (including a redemption consequent upon an exchange of Shares) or other disposal as income ("offshore income gains"), unless the relevant Class is a "reporting fund" throughout the period during which the Shareholder holds an interest. The Shares in the Funds will constitute interests in an "offshore fund" for the purpose of these provisions of the Regulations and section 355 et seq of the Taxation (International and Other Provisions) Act 2010 ("TIOPA"). Each Class within a Fund is treated as a separate "offshore fund" for the purposes of United Kingdom taxation. Shareholders may be subject to income tax or corporation tax on dividends received.

##### Stamp Duty and Stamp Duty Reserve Tax (SDRT)

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. If a Shareholder is in any doubt as to their taxation position or if a Shareholder is subject to tax in any jurisdiction in addition to or other than the United Kingdom, they should consult an appropriate professional adviser immediately.

Since the Company is not incorporated in the United Kingdom and the register of Shareholders will be kept outside the United Kingdom, no liability to United Kingdom stamp duty reserve tax should arise by reason of the transfer, subscription form or redemption of Shares. Liability to United Kingdom stamp duty will not arise provided that any instrument in writing, transferring Shares in the Company, or Shares acquired by the Company, is executed and retained at all times outside the United Kingdom. However, the Company may be liable to transfer taxes in the United Kingdom on acquisitions and disposals of Investments. In the United Kingdom, stamp duty or Stamp Duty Reserve Tax at a rate of 0.5% rounded up to the nearest £5 will be payable by the Company on the acquisition of Shares if the transfer is more than £1,000 and the companies are either incorporated in the United Kingdom or that maintain a share register there.

##### Inheritance Tax

The Shares are assets situated outside the United Kingdom for the purposes of United Kingdom inheritance tax. A liability to United Kingdom inheritance tax may arise in respect of gifts by, or on the death of, individuals domiciled, or deemed to be domiciled, in the United Kingdom.

On the basis the Company's share register is maintained outside the United Kingdom, the shares in the Company should be classified as a foreign situs asset for the purposes of inheritance tax.

However, the United Kingdom Government extended the scope of United Kingdom inheritance tax, from 6 April 2017, to individuals who have a foreign domicile who hold interests in offshore companies and overseas partnerships which derive value, whether directly or indirectly, from residential property situated in the United Kingdom.

If you are a non-United Kingdom domiciled Shareholder, you should seek tax advice in respect of this.

##### OECD Common Reporting Standard ('CRS')

The OECD's CRS came into effect from 1 January 2016 and is a framework for governments to implement automatic tax information exchanges on financial institutions' customers and investors. This information exchange is aimed as a deterrent against taxpayers' use of offshore financial accounts (held

directly or indirectly) to avoid tax liabilities in the jurisdiction in which they are tax resident.

The CRS requires financial institutions to undertake due diligence on both new and existing financial accounts, and ultimately report on their customers/investors to their local tax authority. Each tax authority will then share relevant information on those persons with other tax authorities. As such, the Company may be required to collect and share information on its investors, in a secure and confidential manner, with the Luxembourg tax authority which may then be passed on to other tax authorities, including HMRC in the UK.

**Nordea Fund of Funds, SICAV**  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

Tel. +352 43 39 50 – 1  
Fax +352 43 39 48  
[nordeafunds@nordea.lu](mailto:nordeafunds@nordea.lu)  
[www.nordea.lu](http://www.nordea.lu)

R. C.S Luxembourg B-66248