

**RENTA 4**  
**Société d'Investissement à Capital Variable**

**PROSPECTUS**

**July 2018**

## IMPORTANT INFORMATION

### General

Subscriptions in the Company's Shares are only valid if they are made in accordance with the provisions of the current Prospectus and the key investor information document(s) accompanied by the most recent annual report available and, in addition, by the most recent half-year report if this was published after the most recent annual report. No one may make use of information other than that appearing in the present Prospectus or the key investor information document and in the documents mentioned therein as being available for consultation by the public.

In addition to the General Section, investors must refer to the relevant Special Section(s) attached at the end of the Prospectus. Each Special Section sets out the specific objectives, policy and other features of the relevant Sub-Fund to which the Special Section relates as well as risk factors and other information specific to the relevant Sub-Fund.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, conversion or redemption of Shares other than those contained in this Prospectus and the key investor information document(s) and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company. Neither the delivery of this Prospectus or of the key investor information document(s) nor the offer, placement, subscription or issue of any of the Shares will under any circumstances create any implication or constitute a representation that the information given in this Prospectus and in the key investor information document(s) is correct as of any time subsequent to the date hereof.

The Company is established in Luxembourg and has obtained the authorisation of the competent Luxembourg authority. This authorisation should in no way be interpreted as approval by the Luxembourg authority of either the contents of the Prospectus or the quality of the Shares of the Company or of the quality of the investments that it holds. The Company's operations are monitored by the competent Luxembourg authority.

The members of the Board, whose name appear under the Section "General Information", accept joint responsibility for the information and statements contained in this Prospectus and in the key investor information document(s) issued for each Sub-Fund. They have taken all reasonable care to ensure that the information contained in this Prospectus and in the key investor information document(s) is, to the best of their knowledge and belief, true and accurate in all material respects and that there are no other material facts the omission of which makes misleading any statement herein, whether of fact or opinion at the date indicated on this Prospectus.

Investors may, subject to applicable law, invest in any Sub-Fund offered by the Company. Investors should choose the Sub-Fund that best suits their specific risk and return expectations as well as their diversification needs and are encouraged to seek independent advice in that regard. A separate pool of assets will be maintained for each Sub-Fund and will be invested in accordance with the Investment Policy applicable to the relevant Sub-Fund in seeking to achieve its Investment Objective. The Net Asset Value and the performance of the Shares of the different Sub-Funds and Classes thereof are expected to differ. It should be remembered that the price of Shares and the income (if any) from them may fall as well as rise.

**There is no guarantee or assurance that the stated Investment Objective of a Sub-Fund will be achieved.**

An investment in the Company involves investment risks including those set out herein under Section 21 of the General Section. In addition, investors should refer to the Section "Specific Risk Factors" of the Special Section of the relevant Sub-Fund (if any) in order to assess – and inform themselves on – the specific risks associated with an investment in such Sub-Fund.

The Company is allowed to invest in financial derivative instruments. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. A more detailed description of the risks relating to the use of derivatives may be found under Section 21 of the General Section. The Special Section relating to each Sub-Fund will give more precise information on the types of derivatives, if any, which may be used by a Sub-Fund for investment purposes.

The Company does not allow any practices associated with market timing (as defined in the CSSF circular 04/146 as an arbitrage method through which an investor systematically subscribes, redeems or converts units or shares of the same UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the UCI). The Company hereby expressly maintains its right to reject orders for subscription and conversion of an investor suspected by the Company of employing such practices and may take, if needed, all the necessary measures in order to protect the other investors of the Company against such practices.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Prospectus, the Special Sections and the Articles.

**Definitions**

Unless the context otherwise requires, or as otherwise provided in this Prospectus, capitalised words and expressions will bear the respective meanings ascribed thereto under the Section "Definitions".

**Selling Restrictions**

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

**Luxembourg** - The Company is registered pursuant to Part I of the 2010 Act. However, such registration does not require any Luxembourg authority to approve or disapprove either the

adequacy or accuracy of this Prospectus or the assets held in the various Sub-Funds of the Company. Any representations to the contrary are unauthorised and unlawful.

**EU** - The Company qualifies as a UCITS and may apply for recognition under the UCITS Directive, for marketing to the public in certain EEA Member States.

**USA** – The Company has not been registered under the US Investment Company Act, as amended, or any similar or analogous regulatory scheme enacted by any other jurisdiction except as described herein. In addition, the Shares of the Company have not been registered under the US Securities Act, as amended, or under any similar or analogous provision of law enacted by any other jurisdiction except as described herein. The Shares of the Company may not be and will not be offered for sale, sold, transferred or delivered in the United States of America, its territories possessions and all areas subject to its jurisdiction or to any "U.S. Person" (as defined below), except in a transaction which does not violate the securities laws of the United States of America.

Subscribers to Shares may be required to declare that they are not a U.S. Person and are not subscribing Shares on behalf of any U.S. Person. Subscribers are advised to seek professional advice on the laws and regulations (such as those on taxation and exchange controls) that apply to the subscription and to the purchase, holding and selling of Shares in their place of origin, residence or domicile.

### **Prevailing language**

The distribution of this Prospectus and the key investor information document(s) in certain countries may require that these documents be translated into the official languages of those countries. Should any inconsistency arise between the translated versions of this Prospectus, the English version will prevail.

### **Data protection**

In accordance with the applicable Luxembourg data protection law and, as of 25 May 2018, the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("Data Protection Law"), the Company together with the Management Company, acting as joint data controllers (the "Controllers"), collect, store and process, by electronic or other means, the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services required by the Shareholders and complying with its legal obligations.

The data processed includes the name, address and invested amount of each Shareholder (the "Personal Data"). If the investor is a legal person, the data processed may include the Personal Data of the investor's contact persons and/or beneficial owner(s).

The investor may, at his/her/its discretion, refuse to communicate the Personal Data to the Controllers. In this case however the Company may reject his/her/its request for subscription of Shares in the Company.

The Personal Data supplied by the investor is processed in order to enter into and execute the subscription in the Company, for the legitimate interests of the Controllers and to comply with the Controllers' legal obligations. In particular, the data supplied by Shareholders is processed for the purpose of (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules. In addition, Personal Data may be

processed for the purposes of marketing. Each Shareholder has the right to object to the use of his/her/its Personal Data for marketing purposes by writing to the Company.

The Personal Data may also be processed by the Company's data processors (the "Processors") which, in the context of the above mentioned purposes, refer to the Administrative Agent. All the Processors are located in the EU. The Personal Data may also be disclosed to the Sub-Distributor(s), the Depositary Bank, the Auditor and the Legal Adviser acting as distinct data controllers for their own purposes (i.e. for the purposes of their own legitimate interests and/or for the fulfilment of a legal obligation to which they are bound), all of them being located in the EU. The Administrative Agent may also be acting as a distinct data controller for their own needs, The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the Luxembourg tax authorities which in turn may, acting as data controller, disclose the same to foreign tax authorities (including for compliance with the FATCA and CRS obligations).

In accordance with the conditions laid down by the Data Protection Law, the Shareholders acknowledge their right to:

- access their Personal Data;
- correct their Personal Data where it is inaccurate or incomplete;
- object to the processing of their Personal Data;
- ask for erasure of their Personal Data;
- ask for Personal Data portability.

The Shareholders may exercise their above rights by writing to the Company at the following address: 15, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

The Shareholders also acknowledge the existence of their rights to lodge a complaint with the National Commission for Data Protection ("CNPD").

Personal Data shall not be retained for periods longer than those required for the purpose of their processing subject to any limitation periods imposed by law.

## **GENERAL INFORMATION**

### **Registered office**

15, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### **Members of the board of directors**

- Mr Andrea Prencipe
- Mr Guido Chimienti
- Mr Tristán González del Valle

### **Management Company**

Renta 4 Luxembourg  
9-11, Grand-Rue  
L-1661 Luxembourg  
Grand Duchy of Luxembourg

### **Global distributor**

Renta 4 Luxembourg  
9-11, Grand-Rue  
L-1661 Luxembourg  
Grand Duchy of Luxembourg

### **Directors of the Management Company**

- Mr Tristán González del Valle
- Mr Federico Franzina
- Mr Gilles Didier Parisot

### **Conducting persons of the Management Company**

- Mrs Rosa María Pérez
- Mr Guido Chimienti
- Mr Dominique Marchal

**Investment Manager**

Renta 4 Gestora SGIIC S.A.  
Paseo de la Habana 74  
28036, Madrid  
Spain

**Depositary Bank**

PICTET & CIE (EUROPE) SA  
15A, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Administrative Agent**

FundPartner Solutions (Europe) S.A.  
15, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Auditor**

KPMG Luxembourg, *Société coopérative*  
39, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Legal adviser**

Elvinger Hoss Prussen  
société anonyme  
2 Place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

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## DEFINITIONS

In this Prospectus, the following terms have the following meanings:

**1915 Act** means the Luxembourg act of 10 August 1915 on commercial companies, as amended;

**2010 Act** means the Luxembourg act of 17 December 2010 relating to undertakings for collective investment, as amended;

**Accumulation Class** means a Class for which it is not intended to make dividend distributions, as set out in the relevant Special Section;

**Adjusted Price** means the Net Asset Value per Share adjusted on the relevant Transaction Day in accordance with Section 14 of the General Section;

**Administrative Agent** means FundPartner Solutions (Europe) S.A., in its capacity as central administration, registrar and transfer agent and domiciliary agent of the Company;

**Administration Agreement** means the agreement between the Company and the Administrative Agent as amended, supplemented or otherwise modified from time to time;

### **Affiliate means**

- a) in the case of a company:
  - i. any company which is its direct or indirect holding company or subsidiary or a direct or indirect subsidiary of that holding company; or
  - ii. a company (or a direct or indirect subsidiary of a company) or other legal entity which controls or is controlled by the person concerned;
- b) in the case of an individual, the spouse or direct descendants and ascendants of any kind, and any company directly or indirectly controlled by such person and his associates within the meaning of paragraph a) of this definition; or
- c) in the case of an entity other than a company, the members and any entity directly or indirectly controlled by such person and his associates within the meaning of paragraph a) of this definition,

except in, all cases, any entity in which the Company holds an Investment;

**Articles** means the articles of incorporation of the Company as the same may be amended, supplemented or otherwise modified from time to time;

**Auditor** means Ernst & Young S.A.;

**Authorised Payment Currency** means the currencies in which, in addition to the Reference Currency, subscriptions and redemptions for Shares in a particular Class may be made. Unless otherwise specified in respect of a Sub-Fund in the relevant Special Section, the Authorised Payment Currency will be EUR;

**Board** means the board of directors of the Company;

**Business Day** means, unless otherwise defined in respect of a specific Sub-Fund in the relevant Special Section, each Luxembourg Banking Day;

**Circular 04/146** means the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices;

**Circular 08/356** means the CSSF circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments;

**Circular 14/592** means the CSSF circular 14/592 relating to the ESMA Guidelines on ETF and other UCITS issues;

**Class** means a class of Shares issued in any Sub-Fund;

**Clearstream** means Clearstream Banking, *société anonyme*;

**Company** means Renta 4, a public limited liability company (*société anonyme*) incorporated as an investment company with variable capital under the laws of Luxembourg and registered pursuant to part I of the 2010 Act;

**Conversion Fee** means the fee that may be paid by Shareholders in the event of a conversion of Shares if any as described under Section 8 of the General Section;

**CRS** means Common Reporting Standards, as edicted by the OECD;

**CSSF** means the *Commission de Surveillance du Secteur Financier*, the Luxembourg supervisory authority of the financial sector;

**Cut-Off Time** means the deadline for the submission of subscription, conversion and redemption requests as set out in Sections 7 to 9 of the General Section, unless otherwise specified in respect of a specific Sub-Fund in the relevant Special Section;

**Depository Bank** means PICTET & CIE (EUROPE) S.A., in its capacity as depository bank of the Company;

**Depository Agreement** means the agreement between the Company and the Depository Bank as amended, supplemented or otherwise modified from time to time;

**Directors** means the directors of the Company, whose details are set out in this Prospectus and/or the annual reports;

**Distribution Class** means a Class for which it is intended to make dividend distributions, as set out in the relevant Special Section;

**ECRA** means External Credit Rating Agencies;

**EEA** means the European Economic Area;

**Eligible Investments** means eligible investments for UCITS within the meaning of Article 41 (1) of the 2010 Act;

**ESMA** means the European Securities and Markets Authority;

**Guidelines 10/788** means the CESR Guidelines on risk measurement and the calculation of global exposure and counterparty risks for UCITS;

**EU** means the European Union;

**EU Member State** means a member State of the EU;

**EU Savings Directive** means the Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments, as amended;

**EUR** means the Euro, the single currency of the EU Member States that have adopted the Euro as their lawful currency;

**Euroclear** means Euroclear Bank S.A./N.V. as the operator of the Euroclear System;

**European Law** means any directives, regulations, recommendations and related or similar provisions enacted by the authorities of the EU;

**Eurozone** means EU Member States having adopted EUR as their currency;

**FATCA** means the foreign account tax compliance act, a U.S. reporting and withholding tax regime, as described under Section 20.7 and following of the General Section;

**First Class Institutions** means first class financial institutions selected by the Company, subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of the OTC Derivative transactions and specialised in this type of transactions;

**Fiscal Year** means the twelve (12) month period ending on 31 December in each year, except for the first fiscal year which started on the date of incorporation of the Company and will end on 31 December 2016;

**G20** means the countries represented in the Group of Twenty Finance Ministers and Central Bank Governors representing (20) twenty major global economies;

**General Section** means the general section of the Prospectus that sets out the general terms and conditions applicable to all Sub-Funds of the Company, unless otherwise provided in any of the Special Sections;

**High Water Mark** is the greater of the following two figures: (i) the latest highest Net Asset Value per Share on which a performance fee has been paid and; (ii) the initial NAV per Share;

**Initial Offering Period** or **Initial Offering Date** means, with respect to each Sub-Fund, the first offering of Shares in a Sub-Fund made pursuant to the terms of the Prospectus and the relevant Special Section;

**Initial Subscription Price** means the price at which Shares are issued in respect of subscriptions received during the Initial Offering Period or on the Initial Offering Date, as determined for each Sub-Fund and Class in the relevant Special Section;

**Initial Sub-Funds** means Renta 4 – Mila and Renta 4 – Nexus;

**Institutional Investors** means investors who qualify as institutional investors according to Luxembourg Law;

**Investment Adviser** means such person from time to time appointed by the Management Company, with the approval of the Company, as the investment adviser for a particular Sub-Fund and disclosed in the relevant Special Section;

**Investment Manager** means such person from time to time appointed by the Management Company, with the consent of the Company, as the investment manager of a particular Sub-Fund and disclosed in the relevant Special Section;

**Investment Objective** means the predefined investment objective of a Sub-Fund as specified in the relevant Special Section;

**Investment Policy** means the predefined investment policy of a Sub-Fund as specified in the relevant Special Section;

**Investment Restrictions** means the investment restrictions applicable to the Sub-Funds. The investment restrictions applicable to all Sub-Funds are set out under Section 3 of the General Section. Additional investment restrictions may be applicable to each Sub-Fund as set out in the relevant Special Section;

**Late Trading** means the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (*cut-off time*) on the relevant day and the execution of such order at the price based on the Net Asset Value applicable to such same day;

**Launch Date** means the date on which the Company issues Shares relating to a Sub-Fund in respect of subscriptions received during the Initial Offering Period or on the Initial Offering Date as set out in respect of each Sub-Fund in the relevant Special Section;

**Luxembourg** means the Grand Duchy of Luxembourg;

**Luxembourg Banking Day** means a day on which banks are generally open for business in Luxembourg during the whole day (excluding Saturdays and Sundays and public holidays);

**Lux IGA** means the intergovernmental agreement model 1 signed by Luxembourg and the United States of America in order to implement FATCA in Luxembourg as described under Section 20.7 and following of the General Section;

**Luxembourg Law** means the applicable laws of the Grand Duchy of Luxembourg;

**Management Company** means Renta 4 Luxembourg;

**Management Company Agreement** means the agreement between the Company and the Management Company as amended, supplemented or otherwise modified from time to time;

**Management Company Fee** means the fee to which the Management Company is entitled out of the assets of the Company as set out in respect of each Class in each Sub-Fund in the Special Sections;

**Market Timing** means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, *i.e.*, an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the Net Asset Value of the UCI;

**Maturity Date** means the date indicated in the relevant Special Section on which the outstanding Shares will be redeemed, the Sub-Fund being thereafter liquidated. Unless a Maturity Date is indicated in the relevant Special Section, Sub-Funds will have no Maturity Date;

**Mémorial** means the Luxembourg *Mémorial C, Recueil des Sociétés et Associations*;

**Minimum Holding Amount** means the minimum number of Shares or amount which a Shareholder must hold at any time in a particular Class in a particular Sub-Fund. Unless otherwise specified in respect of a specific Class in a Sub-Fund in the relevant Special Section, the Minimum Holding Amount is the Minimum Initial Subscription Amount;

**Minimum Net Asset Value** means the minimum Net Asset Value for a Sub-Fund to be operated in an economically efficient manner and as considered appropriate by the Board;

**Minimum Initial Subscription Amount** means the minimum number of Shares or amount which a Shareholder or subscriber must subscribe for in a particular Class in a particular Sub-Fund in which the Shareholder or subscriber does not hold Share(s) prior to such subscription. Unless otherwise specified in respect of a specific Class in a Sub-Fund in the relevant Special Section, the Minimum Initial Subscription Amount is one Share;

**Minimum Subsequent Subscription Amount** means the minimum number of Shares or amount which a Shareholder must subscribe for in a particular Class in a particular Sub-Fund

when subscribing for additional Shares of the relevant Class. Unless otherwise specified in respect of a specific Class in a Sub-Fund in the relevant Special Section, the Minimum Subsequent Subscription Amount is one Share;

**Money Market Instruments** means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time;

**NAV Calculation Day** means the Luxembourg Banking Day on which the Net Asset Value is calculated in respect of a specific Transaction Day. Unless otherwise provided for in respect of a specific Sub-Fund in the relevant Special Section and provided that the subscription, conversion or redemption request be received on the Transaction Day before the Cut-Off Time as defined above, the NAV Calculation Day will be the first Luxembourg Banking Day following the relevant Transaction Day;

**Net Asset Value** or **NAV** means the net asset value of the Company, each Sub-Fund, each Class and each Share as determined in accordance with Section 13 of the General Section;

**OECD** means the Organisation for Economic Co-operation and Development;

**OECD Member State** means any of the member States of the OECD;

**OTC** means over-the-counter;

**OTC Derivative** means any financial derivative instrument dealt over-the-counter;

**Prospectus** means this prospectus, as amended or supplemented from time to time;

**Redemption Fee** means the fee that may be levied in case of redemption of Shares of any Class in any Sub-Fund, details of which are set out in the relevant Special Section;

**Reference Currency** means, in relation to each Sub-Fund and Class, the currency in which the Net Asset Value of such Sub-Fund or Class is calculated, as stipulated in the relevant Special Section;

**Regulated Market** means a regulated market as defined in the Council Directive 2014/65/EU dated 15 May 2014 on markets in financial instruments or any other market established in the EEA which is regulated, operates regularly and is recognised and open to the public, as amended from time to time;

**Restricted Person** means any person, determined in the sole discretion of the Board as being not entitled to subscribe or hold Shares in the Company or any Sub-Fund or Class if, in the opinion of the Board, (i) such person would not comply with the eligibility criteria of a given Class or Sub-Fund, (ii) a holding by such person would cause or is likely to cause the Company some pecuniary, tax or regulatory disadvantage or (iii) a holding by such person would cause or is likely to cause the Company to be in breach of the law or requirements of any country or governmental authority applicable to the Company;

**Retail Investor** means any investor not qualifying as an Institutional Investor;

**Service Agreements** means the Depositary Agreement, the Administration Agreement, the Management Company Agreement and any other agreement between the Company on account of one or more Sub-Fund(s) and any other Service Provider;

**Service Providers** means the Management Company, the Investment Manager (if any), the Investment Adviser (if any), the Depositary Bank and the Administrative Agent and any other person who provides services to the Company from time to time (including, for the avoidance of doubt, any Investment Adviser or Investment Manager) but excluding the Management Company;

**Shareholder** means any registered holder of Shares;

**Shares** means all shares issued by the Company from time to time, representing the total outstanding shares;

**Special Section** means each and every supplement to this Prospectus describing the specific features of a Sub-Fund. Each such supplement is to be regarded as an integral part of the Prospectus;

**Sub-Distributors** means any person or entity from time to time appointed or authorised by the Company and the Management Company to distribute the Shares of one or more Sub-Funds or Classes;

**Sub-Fund** means a separate portfolio of assets established for one or more Classes of the Company which is invested in accordance with a specific Investment Objective. The specifications of each Sub-Fund will be described in the relevant Special Section;

**Subscription Fee** means the fee that may be levied in case of subscription of Shares of any Class in any Sub-Fund, details of which are set out in the relevant Special Section;

**Transaction Day** means (unless otherwise defined in respect of a specific Sub-Fund in the relevant Special Section) a Business Day on which subscriptions for, conversions from and redemptions of Shares can be made in order to be dealt with by the Administrative Agent on the basis of the Net Asset Value or the Adjusted Price that will be calculated on the relevant NAV Calculation Day, based upon the price as of the relevant Transaction Day;

**Transferable Securities** means:

- a) shares and other securities equivalent to shares;
- b) bonds and other debt instruments;
- c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges, with the exclusion of techniques and instruments;

**UCI** means an undertaking for collective investment within the meaning of the first and second indent of Article 1(2) of the UCITS Directive, whether situated in an EU Member State or not, provided that:

- a) such UCI is authorised under laws which provide that it is subject to supervision that is considered by the CSSF to be equivalent to that laid down in European Law, and that cooperation between authorities is sufficiently ensured;
- b) the level of guaranteed protection for Shareholders in such UCI is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
- c) the business of such UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

**UCITS** means an undertaking for collective investment in transferable securities under the UCITS Directive;

**UCITS Directive** means 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, as amended from time to time;

**USD** means the currency of the United States of America;

**US Investment Company Act** means the US Investment Company Act of 1940, as amended;

**US Person** means, unless otherwise determined by the Company, (i) a natural person who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity, other than an entity organised principally for passive investment, organised under the laws of any state, territory or possession of the United States; (iii) an estate or trust, the income of which is subject to United States income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business in the United States; (v) an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who qualify as US persons or otherwise as qualified eligible persons represent in the aggregate ten per cent or more of the beneficial interests in the entity, and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the US Commodity Futures Trading Commission's regulations by virtue of its participants being non-US Persons; or (vi) any other "US Person" as such term may be defined in Regulation S under the US Securities Act (and provided that the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretation), or in regulations adopted under the US Commodity Exchange Act, as amended;

**US Securities Act** means the US Securities Act of 1933, as amended.

## GENERAL SECTION

The General Section applies to all Sub-Funds of the Company. The specific features of each Sub-Fund and Class are set forth in the Special Sections.

### 1. THE COMPANY

#### 1.1 Form - Legal regime

The Company is an open-ended investment company organised under the laws of Luxembourg as a *société d'investissement à capital variable* (SICAV), incorporated under the form of a public limited liability company (*société anonyme*) on 21 January 2016 and authorised under part I of the 2010 Act. The Company is registered with the Luxembourg trade and companies register under number B 203660. Its original Articles have been published in the Mémorial on 25 May 2016. The Company is subject to the provisions of the 2010 Act and of the 1915 Act insofar as the 2010 Act does not derogate therefrom.

The registration of the Company pursuant to the 2010 Act constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various Sub-Funds.

The Shares are not currently listed on the Luxembourg Stock Exchange but the Board may decide to quote one or more Classes of a Sub-Fund on the Luxembourg or any other stock exchange, regulated or alternative market.

There is no limit to the number of Shares which may be issued. Shares will be issued to subscribers in registered form.

Shares shall have the same voting rights and shall have no pre-emptive subscription rights. In the event of the liquidation of the Company, each Share is entitled to its proportionate share of the Company's assets after payment of the Company's debts and expenses, taking into account the Company's rules for the allocation of assets and liabilities.

The initial subscribed capital of the Company was of thirty one thousand EUR (EUR 31,000). The minimum share capital of the Company must at all times be at least of EUR 1,250,000 which amount has to be attained within six months of the Company's authorisation to operate as a UCI. The Company's share capital is at all times equal to its Net Asset Value. The Company's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed, and no special announcements or publicity are necessary in relation thereto.

#### 1.2 Umbrella structure - Sub-Funds and Classes

The Company has an umbrella structure consisting of one or several Sub-Funds. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the Investment Objective and Investment Policy applicable to that Sub-Fund. The Investment Objective, Investment Policy, as well as the other specific features of each Sub-Fund (such as risk profile and duration (including limited duration)) are set forth in the relevant Special Section.

The rights of the Shareholders and creditors relating to a Sub-Fund or arising from the setting-up, operation and liquidation of a Sub-Fund are limited solely to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-Fund and the rights

of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-Fund.

Each Sub-Fund is treated as a separate entity and operates independently, each portfolio of assets being invested for the exclusive benefit of this Sub-Fund. A purchase of Shares relating to one particular Sub-Fund does not give the holder of such Shares any rights with respect to any other Sub-Fund.

Within a Sub-Fund, the Board may decide to issue one or more Classes the assets of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.

The Board may, at any time, create additional Classes whose features may differ from the existing Classes and additional Sub-Funds whose Investment Objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds or Classes, the Prospectus will be updated, if necessary, or supplemented by a new Special Section.

For the time being, the Company is comprised of seven Sub-Funds, namely: (i) Renta 4 – Mila; (ii) Renta 4 – Valor Europa; (iii) Renta 4 – Nexus; (iv) Renta 4 – Renta Fija Internacional, (v) Renta 4 – R4 Activa Adagio, (vi) Renta 4 – R4 Activa Andante and (vii) Renta 4 – R4 Activa Allegro. The Sub-Funds are described in more detail in the relevant Special Section.

Investors should note however that some Sub-Funds or Classes may not be available to all investors. The Company retains the right to offer only one or more Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason. The Company may further reserve one or more Sub-Funds or Classes to Institutional Investors only.

### **1.3 Term of the Company - Term of the Sub-Funds**

The Company will exist for an indefinite period. However, the Company will be automatically put into liquidation upon the termination of a Sub-Fund if no further Sub-Fund is active at that time.

The Sub-Funds may be created with an unlimited or a limited duration. In the latter case Shares for which no redemption request has been submitted in respect of the Maturity Date as set out in the relevant Special Section, will be compulsorily redeemed at the Net Asset Value per Share calculated as at such Maturity Date. The Sub-Fund will be liquidated on or around the Maturity Date.

## **2. MANAGEMENT, ADMINISTRATION AND DISTRIBUTION**

### **2.1 The Board**

The Company shall be managed by the Board. The Board is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of Shareholders fall within the competence of the Board.

The Board must be composed at all times of at least three Directors. Any Director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting of Shareholders.

The Company may indemnify any Director or officer, and his heirs, executors and administrators against expenses reasonably incurred by him or her in connection with any action, suit proceeding to which he or she may be made a party by reason of his or her being or having been a Director or officer of the Company or, at its request, of any other company of which the Company is a shareholder or creditor and from which he or she is not entitled to be indemnified, except in relation to matters as which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct; in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Company is advised by counsel that the person to be indemnified did not commit such a breach of duty. The foregoing right of indemnification shall not exclude other rights to which he or she may be entitled.

### **Composition of the Board**

The Board is currently composed as follows:

- Mr Andrea Prencipe
- Mr Guido Chimienti
- Mr Tristán González del Valle

## **2.2 Management Company**

### **(a) Corporate information**

The Board has appointed Renta 4 Luxembourg (the **Management Company**) as the management company of the Company to serve as its designated management company within the meaning of the 2010 Act pursuant to the Management Company Agreement. The Management Company is governed by Chapter 15 of the 2010 Act.

The Management Company has been incorporated under the name Renta 4 Luxembourg on 16 September 2015 as a public limited liability company (*société anonyme*). Its articles of incorporation were published in the Mémorial on 11 November 2015. The Management Company is established for an undetermined period of time. As of its date of incorporation, its fully paid-up share capital amounts to five hundred thousand EUR (EUR 500,000).

Its registered office is at 9-11, Grand-Rue, L-1661 Luxembourg, Grand Duchy of Luxembourg. The Management Company is approved as a management company under Chapter 15 of the 2010 Act. Its board of directors is composed as follows:

1. Mr Tristán González del Valle
2. Mr Federico Franzina
3. Mr Gilles Didier Parisot

### **(b) Duties**

The Management Company will provide, subject to the overall control of the Board and without limitation, (i) investment management services, (ii) risk management and compliance services, (iii) administrative services and (iv) marketing, distribution and sales services to the Company. The rights and duties of the Management Company are further laid down in articles 101 et seq. of the 2010 Act. The Management Company must at all time act honestly and fairly in conducting its activities in the best

interest of the Shareholders and in conformity with the 2010 Act, the Prospectus and the Articles.

The Management Company has delegated some of the above mentioned functions.

The Management Company is vested with the day-to-day administration of the Company. In fulfilling its duties as set forth by the 2010 Act and related provisions and the Management Company Agreement. The Management Company is authorised, for the purpose of more efficient conduct of its business, to delegate, under its responsibility and control, and with the prior consent of the Company and subject to the approval of the CSSF, part or all of its functions and duties to any third party, which, having regard to the nature of the functions and duties to be delegated, must be qualified and capable of undertaking the duties in question. The Management Company shall remain liable to the Company in respect of all matters so delegated.

The Management Company will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles and the relevant provisions of the Management Company Agreement.

In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes in order to ensure an effective supervision of the third parties to whom functions and duties have been delegated and that the services provided by such third party service providers are in compliance with the Articles, the Prospectus and the agreement entered into with the relevant third party service provider.

The Management Company shall be careful and diligent in the selection and monitoring of the third parties to whom functions and duties may be delegated and ensure that the relevant third parties have sufficient experience and knowledge as well as the necessary authorisations required to carry out the functions delegated to them.

The following functions have been delegated by the Management Company to third parties: investment management of certain Sub-Funds, administration, marketing and distribution, as further set forth in this Prospectus and in the Special Sections.

The Management Company Agreement has been entered into for an undetermined period of time and may be terminated by either party upon serving to the other a 90 days' prior written notice.

#### (c) Remuneration Policy

Pursuant to Article 111bis of the 2010 Act, the Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profiles of the Management Company or the Company, that:

- are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Company or with its Articles;

- are in line with the business strategy, objective values and interests of the Management Company and which do not interfere with the obligation of the Management Company to act in the best interests of the Company;
- include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks; and
- appropriately balance fixed and variable components of total remuneration.

Such a dedicated remuneration policy is put in place by the Management Company. It applies to all identified staff: members of the board of directors, conducting persons and other employees of the Management Company. The remuneration policy sets notably the principles for variable remunerations, such as deferment of significant variable remunerations and the importance of long-term performance criteria and outstanding risks. The remuneration policy is implemented under the oversight of the board of directors of the Management Company, and reviewed annually.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, are available at [http://www.renta4.lu/recursos/pdf/remuneration\\_policy.pdf](http://www.renta4.lu/recursos/pdf/remuneration_policy.pdf). A paper copy is made available free of charge upon request at the Management Company's registered office.

### 2.3 **Investment Manager**

The Management Company may, with the consent of the Company and subject to compliance with the Prospectus, determine that an Investment Manager be appointed to carry out investment management services and to be responsible for the relevant Sub-Fund's investment activities within the parameters and restrictions set out in this Prospectus and the relevant Special Section.

The Investment Manager will provide or procure each Sub-Fund investment advisory and investment management services, pursuant to the provisions of the Investment Management Agreement and in accordance with the Investment Policy, Objective and Restrictions of the relevant Sub-Fund as set out in the Articles and Prospectus and with the aim to achieve the Sub-Fund's Investment Objective.

Any such Investment Manager may be assisted by one or more Investment Advisers or delegate its functions, with the approval of the CSSF, the Management Company and the Board, to one or more sub-managers. In case sub-managers/advisers are appointed, the relevant Special Section will be updated.

Unless otherwise stated in the relevant Special Section, the Investment Manager is responsible for, among other matters, identifying and acquiring the investments of the Company. The Investment Manager is granted full power and authority and all rights necessary to enable it to manage the investments of the relevant Sub-Funds and provide other investment management services to assist the Company to achieve the Investment Objectives and policy set out in this Prospectus and any specific Investment Objective and policy set out in the relevant Special Section. Consequently, the responsibility for making decisions to buy, sell or hold a particular security or asset rests with the Management Company, the Investment Manager and, as the case may be, the relevant sub-investment manager appointed by them, subject

always to the overall policies, direction, control and responsibility of the Board and the Management Company.

If an Investment Manager is entitled to receive a remuneration out of the assets of the relevant Sub-Fund, then such remuneration will be disclosed in the relevant Special Section.

#### 2.4 **Investment Adviser(s)**

The Management Company or an Investment Manager may appoint one or more Investment Advisers to provide advisory services in respect of a Sub-Fund as stipulated in the relevant Special Section.

If an Investment Adviser is entitled to receive a remuneration directly out of the assets of the relevant Sub-Fund, then such remuneration will be disclosed in the relevant Special Section.

#### 2.5 **The Depositary Bank**

Pictet & Cie (Europe) S.A. has been appointed by the Company as the Depositary Bank for (i) the safekeeping of the assets of the Company (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as are agreed from time to time and reflected in the Depositary Agreement.

The Depositary Bank is a credit institution established in Luxembourg, whose registered office is situated at 15A, avenue J.F. Kennedy, L-1855 Luxembourg, and which is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 32060. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

##### **Duties of the Depositary Bank**

The Depositary Bank is entrusted with the safekeeping of the Company's assets. For the financial instruments which can be held in custody, they may be held either directly by the Depositary Bank or they can also be held by any third-party delegate for which the Depositary Bank must ensure that they provide, in principle, the same guarantees as the Depositary Bank itself, i.e. for Luxembourg institutions to be a credit institution within the meaning of the law of 5 April 1993 on the financial sector or for foreign institutions, to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation. The Depositary Bank also ensures that the Company's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of the Company has been booked in the cash account in the name of (i) the Company, (ii) the Management Company on behalf of the Company or (iii) the Depositary Bank on behalf of the Company.

In addition, the Depositary Bank shall also ensure:

- that the sale, issue, repurchase, redemption and cancellation of the shares of the Company are carried out in accordance with Luxembourg law and the Articles;
- that the value of the shares of the Company is calculated in accordance with Luxembourg law and the Articles;
- to carry out the instructions of the Management Company, unless they conflict with Luxembourg law or the Articles;

- that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
- that the Company's incomes are applied in accordance with Luxembourg law and the Articles.

The Depositary Bank regularly provides the Company and its Management Company with a complete inventory of all assets of the Company.

### **Delegation of functions**

Pursuant to the provisions of the UCITS Directive and of the Depositary Agreement, the Depositary Bank, subject to certain conditions and in order to effectively conduct its duties, delegates part or all of its safekeeping duties over the Company's assets set out in the UCITS Directive, to one or more third-party delegates appointed by the Depositary Bank from time to time and which include, for the avoidance of any doubt, any of the Depositary Bank's affiliates to which some safekeeping duties have been delegated.

The Depositary Bank shall exercise care and diligence in choosing and appointing the third-party delegates so as to ensure that each third-party delegate has and maintains the required expertise and competence. The Depositary Bank shall also periodically assess whether the third-party delegates fulfil applicable legal and regulatory requirements and will exercise ongoing supervision over each third-party delegate to ensure that the obligations of the third-party delegates continue to be competently discharged.

The liability of the Depositary Bank shall not be affected by the fact that it has entrusted all or some of the Company's assets in its safekeeping to such third-party delegates.

In case of a loss of a financial instrument held in custody, the Depositary Bank shall return a financial instrument of an identical type or the corresponding amount to the Company without undue delay, except if such loss results from an external event beyond the Depositary Bank's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

An up-to-date list of the appointed third-party delegates is available upon request at the registered office of the Depositary Bank and is available on

[http://www.pictet.com/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](http://www.pictet.com/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

Pursuant to the UCITS Directive, the Depositary Bank and the Company will ensure that, where (i) the law of a third country requires that certain financial instruments of the Company be held in custody by a local entity and there is no local entities in that third country subject to effective prudential regulation (including minimum capital requirements) and supervision and (ii) the Company instructs the Depositary Bank to delegate the safekeeping of these financial instruments to such a local entity, the investors of the Company shall be duly informed, prior to their investment, of the fact that such delegation is required due to the legal constraints of the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation.

### **Conflicts of interests**

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

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary Bank and/or its delegates of other services to the Company, the Management Company and/or other parties. As indicated above, the Depositary Bank's affiliates are also appointed as third-party delegates of the Depositary Bank. Potential conflicts of interest which have been identified between the Depositary Bank and its delegates are mainly fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the depositary), selection bias (the choice of the depositary not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the depositary's solvency) or single group exposure risk (intragroup investments).

The Depositary Bank (or any of its delegates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary Bank (or any of its delegates) acts.

The Depositary Bank has pre-defined all kind of situations which could potentially lead to a conflict of interest and has accordingly carried out a screening exercise on all activities provided to the Company either by the Depositary Bank itself or by its delegates. Such exercise resulted in the identification of potential conflicts of interest that are however adequately managed. The details of the potential conflicts of interest listed above are available free of charge from the registered office of the Depositary Bank and on the following website:

[https://www.group.pictet/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](https://www.group.pictet/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

On a regular basis, the Depositary Bank re-assesses those services and delegations to and from delegates with which conflicts of interest may arise and will update such list accordingly.

Where a conflict or potential conflict of interest arises, the Depositary Bank will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which shall be based on objective pre-defined criteria and meet the sole interest of the Company and the investors of the Company. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary Bank's depositary functions from its other potentially conflicting tasks and by the Depositary Bank adhering to its own conflicts of interest policy.

### **Miscellaneous**

The Depositary Bank or the Company may terminate the Depositary Agreement at any time upon ninety (90) calendar days' written notice (or earlier in case of certain breaches of the Depositary Agreement, including the insolvency of any of them) provided that the Depositary Agreement shall not terminate until a replacement depositary is appointed.

Up-to-date information regarding the description of the Depositary Bank's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary Bank, the list of third-party delegates and any conflicts of interest that may arise from such a delegation will be made available to investors on request at the Depositary Bank's registered office.

## 2.6 **Administrative Agent**

FundPartner Solutions (Europe) S.A. has been appointed by the Management Company, with the approval of the Company, as the central administration, registrar and transfer agent, domiciliary agent of the Company (the **Administrative Agent**). As such FundPartner Solutions (Europe) S.A. will be responsible, without limitation for the performance of the central administrative and registrar and transfer agent functions required by Luxembourg Law, and, inter alia and without limitation, for the calculation of the NAV of the Shares, the safe keeping of the register of Shareholders, the processing of subscription, conversion and redemption orders in respect of Shares, the maintenance of the Company's accounting records.

The rights and obligations of the Administrative Agent are governed by an administration, registrar and transfer agency, domiciliary agreement effective as of 21 January 2016, entered into between the Administrative Agent, the Management Company and the Company for an unlimited period of time (the **Administration Agreement**). Each of the parties may terminate this agreement by giving the others not less than 90 days prior written notice.

## 2.7 **Sub-Distributors and nominees**

The Management Company may enter into sub-distribution agreement(s) to appoint Sub-Distributor(s) to distribute Shares of different Sub-Funds from time to time. The Sub-Distributor(s) may appoint one or more sub-distributors with the consent of the Management Company and the Company.

The Company and the Management Company expect that in relation to Shares to be offered to investors the relevant Sub-Distributor(s) will offer to enter into arrangements with the relevant investors to provide nominee services to those investors in relation to the Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

All Sub-Distributors and nominee service providers must be professionals of the financial sector of a FATF member country which are subject under their local regulations to anti money laundering rules equivalent to those required by Luxembourg law. Whilst and to the extent that such arrangements subsist, such underlying investors will not appear in the Register of the Company and will have no direct right of recourse against the Company.

Any Sub-Distributor or nominee service providers holding their Shares through Euroclear or Clearstream or any other relevant clearing system as an accountholder also will not be recognised as the registered Shareholder in the Register. The relevant nominee of Euroclear or Clearstream or the other relevant clearing system will be recognised as the registered Shareholder in the Register in such event, and in turn would hold the Shares for the benefit of the relevant accountholders in accordance with the relevant arrangements.

The terms and conditions of the sub-distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who (i) has

invested in the Company through a nominee and (ii) is not a Restricted Person, may at any time, require the transfer in his name of the Shares subscribed through the nominee. After this transfer, the investor will receive evidence of his shareholding at the confirmation of the transfer from the nominee.

Investors may subscribe directly to the Company without having to go through Sub-Distributor(s) or a nominee.

A copy of the various agreements between the Company, the Management Company and the Sub-Distributor(s) or nominee(s) are available at the registered office of the Company as well as at the registered office of the Administrative Agent or of the Sub-Distributor(s)/nominee(s) during the normal business hours on any Business Day.

The Management Company and any Investment Manager or Investment Adviser may enter into retrocession fee arrangements with any Sub-Distributor in relation to their distribution services, provided that any such arrangement will be designed to enhance the quality of the service to the investors. Any such retrocession fee will be paid by the Management Company, Investment Manager or Investment Adviser out of its own remuneration.

Sub-Distributors, with regard to the distribution of certain Classes' are entitled to a sub-distribution fee payable by the Management Company. This fee is accrued daily and paid periodically in arrears. Sub-Distributors have the right, at their discretion to reallocate such fee, in whole or in part, to their delegates.

## 2.8 Auditor

KPMG Luxembourg, *Société coopérative* has been appointed as the Company's auditor and will fulfil all duties prescribed by the 2010 Act.

## 3. INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS

### 3.1 Investment Objective

The Investment Objective of each Sub-Fund is as set out in respect of that Sub-Fund in the relevant Special Section.

There can be no guarantee that the Investment Objective of any Sub-Fund will be met.

### 3.2 Investment Policy

The Investment Policy of each Sub-Fund is as set out in respect of that Sub-Fund in the relevant Special Section.

### 3.3 Investment Restrictions

The Company and the Sub-Funds are subject to the Investment Restrictions set forth below.

The management of the assets of the Sub-Funds will be undertaken within the following Investment Restrictions.

**A Sub-Fund may be subject to additional Investment Restrictions set out in the relevant Special Section. In the case of any conflict, the provisions of the relevant Special Section will prevail.**

### ***Investment instruments***

- 3.4 The Company shall invest the assets of each Sub-Fund in:
- A. Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
  - B. Transferable Securities and Money Market Instruments which are dealt in on another market of a Member State and that is regulated, operating regularly, recognised and open to the public;
  - C. Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State or dealt in on another market of a non-Member State and that is regulated, operating regularly, recognised and open to the public, being specified that the eligible stock exchange and markets shall be situated in the States which are the OECD Member States or in all other countries of Europe, North America, South America, Africa, Asia and Oceania;
  - D. Newly issued Transferable Securities and Money Market Instruments, provided that:
    - the issue conditions include an undertaking that an application will be made for official listing on a stock exchange or other Regulated Market that is recognised, is operating regularly and is open to the public and situated in the OECD States or in all other countries of Europe, North America, South America, Africa, Asia and Oceania;
    - such admission is achieved at the latest within a year of issue;
  - E. Units of UCITS and/or other collective investment undertakings within the meaning of article 1, paragraph 2, points a) and b) of the UCITS Directive should they be situated in a Member State or not, provided that:
    - such other collective investment undertakings are authorised under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority as equivalent to that laid down in European Law, and that cooperation between authorities is sufficiently ensured;
    - the level of protection for unit-holders in the other collective investment undertakings is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and short sales of transferable securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
    - the business of the other collective investment undertakings is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
    - no more than 10% of the UCITS' or the other collective investment undertakings' assets, whose acquisition is contemplated, can, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other collective investment undertakings.
  - F. 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 an EU Member State or, if the registered office of the credit institution is situated in a non-member state,

provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in European Law;

- G. Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in paragraphs A, B, and C above and/or OTC Derivatives, provided that:
- the underlying consists of instruments covered by indent a), of financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its Investment Objectives;
  - the counterparties to OTC Derivatives are First Class Financial institutions specialised in these types of transactions provided that they are also subject to prudential supervision and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
- H. Money Market Instruments other than those dealt in on a Regulated Market, which are liquid, and have a value which can be accurately determined at any time, provided that the issue or issuer of such instruments are regulated for the purpose of protecting investors and savings, and provided that they are:
- issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets referred to in paragraphs A, B, and C above; or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by European Law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by European Law; or
  - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Fourth Council Directive 78/660/EEC of July 25, 1978 as amended, or 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.

3.5 In addition, the Company:

- (1) shall be entitled to invest up to 10% of the net assets of each Sub-Fund in transferable securities and Money Market Instruments other than those referred to in 3.4) above;

- (2) may acquire movable and immovable property which is essential for the direct pursuit of its business;
  - (3) may not acquire precious metals or certificates representing precious metals;
- 3.6 The Company may hold ancillary liquid assets for each Sub-Fund.

***Risk diversification***

- 3.7 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Sub-Fund in Transferable Securities or Money Market Instruments of one and the same issuer. The total value of the Transferable Securities and Money Market Instruments in each issuer in which more than 5% of the net assets are invested, must not exceed 40% of the value of the net assets of the respective Sub-Fund. This limitation does not apply to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision.

The Company is not permitted to invest more than 20% of the net assets of a Sub-Fund in deposits made with the same body.

- 3.8 The risk exposure to a counterparty of a Sub-Fund in an OTC Derivative may not exceed:
- i. 10% of its net assets when the counterparty is a credit institution referred to in Section 3.4 F. of the General Section; or
  - ii. 5% of its net assets, in other cases.

- 3.9 Notwithstanding the individual limits laid down in Section 3.7 1. of the General Section, a Sub-Fund may not combine:

- (c) investments in Transferable Securities or Money Market Instruments issued by;
- (d) deposits made with; and/or
- (e) exposures arising from OTC Derivative and efficient portfolio management transactions undertaken with, a single body in excess of 20% of its net assets.

- 3.10 The 10% limit set forth in Section 3.7 of the General Section can be raised to a maximum of 25% in case of certain bonds issued by credit institutions which have their registered office in an EU Member State and are subject by law, in that particular country, to specific public supervision designed to ensure the protection of bondholders. In particular the funds which originate from the issue of these bonds are to be invested, in accordance with the law, in assets which sufficiently cover the financial obligations resulting from the issue throughout the entire life of the bonds and which are allocated preferentially to the payment of principal and interest in the event of the issuer's failure. Furthermore, if investments by a Sub-Fund in such bonds with one and the same issuer represent more than 5% of the net assets, the total value of these investments may not exceed 80% of the net assets of the corresponding Sub-Fund.

- 3.11 The 10% limit set forth in Section 3.7 of the General Section can be raised to a maximum of 35% for Transferable Securities and Money Market Instruments that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, or by public international organisations of which one or more EU Member States are members.

- 3.12 Transferable Securities and Money Market Instruments which fall under the special ruling given in Sections 3.10 and 3.11 of the General Section are not counted when

calculating the 40% risk diversification ceiling mentioned in Section 3.7 of the General Section.

- 3.13 The limits provided for in Sections 3.7 to 3.11 of the General Section may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body or in deposits or derivative instruments with this body will under no circumstances exceed in total 35% of the net assets of a Sub-Fund.
- 3.14 Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in Sections 3.7 to 3.15 of the General Section.
- 3.15 A Sub-Fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments of the same group.

***Exceptions which can be made***

- 3.16 Without prejudice to the limits laid down in Section 3.26 of the General Section, the limits laid down in Sections 3.7 to 3.15 of the General Section are raised to a maximum of 20% for investment in shares and/or bonds issued by the same body if, according to the relevant Special Section, the Investment Objective and Investment Policy of that Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:
- (f) its composition is sufficiently diversified;
  - (g) the index represents an adequate benchmark for the market to which it refers;
  - (h) it is published in an appropriate manner.

The above 20% limit may be raised to a maximum of 35%, but only in respect of a single body, 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.

- 3.17 The Company is authorised, in accordance with the principle of risk diversification, to invest up to 100% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments from various offerings that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, by Singapore, any Member State of the G20 or by public international organisations in which one or more EU Member States are members. These securities must be divided into at least six different issues, with securities from one and the same issue not exceeding 30% of the total net assets of a Sub-Fund.

***Investment in UCITS and/or other UCIs***

- 3.18 A Sub-Fund may acquire the units of UCITS and/or other UCIs referred to in Section 3.4 E. of the General Section, provided that no more than 20% of its net assets are invested in units of a single UCITS or other UCI. If a UCITS or other UCI has multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the above limit.
- 3.19 Investments made in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of the Sub-Fund.

- 3.20 When a Sub-Fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in Sections 3.7 to 3.15 of the General Section.
- 3.21 When a Sub-Fund invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, (regarded as more than 10% of the voting rights or share capital), that management company or other company may not charge Subscription, Conversion or Redemption Fees on account of the Sub-Fund's investment in the units of such UCITS and/or other UCIs. If a Sub-Fund invests a substantial proportion of its assets in such other UCITS and/or other UCIs, the maximum level of the management fees that may be charged both to the Sub-Fund itself and to these other UCITS and/or other UCIs, will not exceed 2.35% of the proportion of the relevant assets.
- 3.22 In the annual report of the Company it will be indicated for each Sub-Fund the maximum proportion of management fees charged both to the Sub-Fund and to the UCITS and/or other UCIs in which the Sub-Fund invests.

***Tolerances and multiple compartment issuers***

- 3.23 If, because of reasons beyond the control of the Company or the exercising of subscription rights, the limits mentioned in this Section 3 of the General Section are exceeded, the Company must have as a priority objective in its sale transactions to reduce these positions within the prescribed limits, taking into account the best interests of the Shareholders.
- 3.24 Provided that they continue to observe the principles of risk diversification, newly established Sub-Funds may deviate from the limits mentioned under Sections 3.7 to 3.21 of the General Section for a period of six months following the date of their initial launch.
- 3.25 If an issuer of Eligible Investment is a legal entity with multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the limits set forth under Sections 3.7 to 3.15, 3.16, 3.17 and 3.18 to 3.22 of the General Section.

***Investment prohibitions***

- 3.26 Any Sub-Fund is prohibited from:
- (i) acquiring equities with voting rights that would enable the Company to exert a significant influence on the management of the issuer in question;
  - (j) acquiring more than:
    - 10% of the non-voting Shares of the same issuer;
    - 10% of the debt securities of the same issuer;
    - 25% of the units of the same UCITS and/or other UCI;
    - 10% of the Money Market Instruments of any single issuer.

The limits laid down in the second, third and fourth bullets may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

- 3.27 The restrictions set out in points (i) and (j) above are waived as regards:
- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its local authorities;
  - Transferable Securities and Money Market Instruments issued or guaranteed by a non- EU Member State;
  - Transferable Securities and Money Market Instruments issued by public international bodies of which one or more EU Member States are members;
  - Shares held by the Company in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-EU Member State complies with the limits laid down in Section B. Investment Limits except the points (d), (f) and (g). Where the limits set in Section B. Investment Limits except the points (d), (f), (g) and (i) are exceeded, article 49 of the 2010 Act shall apply mutatis mutandis;
  - Shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of units at the request of unitholders;
  - The Company need not comply with the limits set out above when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of the assets of the Sub-Funds;
  - If these limits are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unit holders.
- 3.28 With respect to derivative transactions, the Company shall also comply with the limits and restrictions set forth in Chapter IV "Financial Techniques and Instruments".
- 3.29 A Sub-Fund of the Company may subscribe, acquire and/or hold securities to be issued or issued by one or more other Sub-Funds of the Company without the Company being subject to the requirements as of the 1915 Act, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the conditions that:
- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
  - no more than 10% of the assets that the target Sub-Funds whose acquisition is contemplated may be invested pursuant to the Articles in units of other UCIs; and
  - voting rights attached to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - in any event, for as long as these securities are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of

the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Act.

- there is no duplication of management/subscription or repurchase fees between those at the level of the Sub-Fund of the Company having invested in the target Sub-Fund, and this target Sub-Fund.

3.30 In addition, the Company is not authorised to:

- a) invest in real estate (except in conditions set forth in point 3.5 (2)) and purchasing or selling commodities or commodities contracts;
- b) borrow on behalf of a particular Sub-Fund, unless:
  - i. the borrowing is in the form of a back-to-back loan for the purchase of foreign currency; or
  - ii. the loan is only temporary and does not exceed 10% of the net assets of the Sub-Fund in question;
- c) grant credits or acting as guarantor for third parties. This limitation does not refer to the purchase of transferable securities, Money Market Instruments or other financial instruments referred to in Article 41(1)(e), (g) and (h) of the 2010 Act which are not fully paid;
- d) carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments referred to in Article 41(1)(e), (g) and (h) of the 2010 Act.

Under the conditions set forth in Luxembourg laws, circulars and regulations, the Board may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg laws:

- create any Sub-Fund and/or Class qualifying either as a feeder UCITS or as a master UCITS;
- convert any existing Sub-Fund and/or Class into a feeder UCITS Sub-Fund and/or Class or- change the master UCITS of any of its feeder UCITS Sub-Fund and/or Class.

By way of derogation from Article 46 of the 2010 Act and item, the Company or any of its Sub-Funds which acts as a feeder (the **Feeder**) of a master-fund shall invest at least 85% of its assets in another UCITS or in a sub-fund of such UCITS (the **Master**).

The Feeder may not invest more than 15% of its assets in the following elements:

- 1) ancillary liquid assets in accordance with Article 41, paragraph (2), second subparagraph of the 2010 Act;
- 2) financial derivative instruments which may be used only for hedging purposes, in accordance with Article 41 first paragraph, point g) and Article 42 second and third paragraphs of the 2010 Act;
- 3) movable and immovable property which is essential for the direct pursuit of the Company' business.

#### **4. TECHNIQUES AND INSTRUMENTS**

##### ***General provisions***

- 4.1 For the purpose of efficient portfolio management and/or for the purpose of the protection of the assets and liabilities of each Sub-Fund, the Company may, in each Sub-Fund, under the conditions and within the meaning and the limits laid down by law, regulation (including Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (the "SFTR Regulation")), circulars issued by the CSSF from time to time and administrative practice and as described under the relevant Sub-Funds description, use techniques and instruments relating to Transferable Securities and Money Market Instruments.
- 4.2 Under no circumstances shall these operations cause the Company to diverge from the Investment Objectives of the Sub-Funds as laid down in the Articles or the Prospectus or add substantial supplementary risks in comparison to the stated risk profile of any Sub-Fund.
- 4.3 The Company shall ensure that the global exposure of each Sub-Fund relating to derivative instruments does not exceed the total net assets of that Sub-Fund.
- 4.4 In case these techniques or instruments use derivative instruments, within the meaning of Section 3.4. G of the General Section, the Company must respect the following conditions and limits:
- a) for each Sub-Fund, the Company may only invest in derivative instruments to the extent that the exposure to the underlying assets does not exceed in aggregate the investment limits set out in in Section 3 of the General Section; when the Company invests in index based financial derivative instruments, these investments do not necessarily have to be combined with these limits;
  - b) the counterparty risk in a transaction encompassing derivative instruments may not exceed 10% of the net assets of the Sub-Fund involved in case the counterparty is a credit institution referred to in Section 3.4. F, or 5% of the net assets in other cases;
  - c) the counterparty risk in a transaction encompassing techniques and instruments used for the purposes of efficient portfolio management shall be taken into account in the 20% of the Net Asset Value limit referred to in section 3.8.;
  - d) the Company shall ensure that the global risk exposure of each Sub-Fund relating to derivative instruments does not exceed the total net value of the portfolio of the relevant Sub-Funds;
  - e) when a transferable security or a money market instrument includes a derivative, the latter must be taken into account when complying with the requirements relating to derivatives.
- 4.5 The Company shall ensure that the global risk related to derivative instruments does not exceed the total net assets of the relevant Sub-Fund.
- 4.6 The risk exposure referred to above shall be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- 4.7 The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC Derivatives must be combined when calculating counterparty risk limits referred to in Section 3 of the General Section.

- 4.8 All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Company. In particular, fees and cost may be paid to agents of the Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees will be calculated as a percentage of gross revenues earned by the Company through the use of such techniques.
- 4.9 Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary Bank or Investment Manager – will be available in the annual report of the Company.
- 4.10 The use of transactions with respect to derivative instruments or other techniques and financial instruments may under no circumstances cause the Company to deviate from the Investment Policy and investment limits determined for each Sub-Fund.

***Securities lending and borrowing***

- 4.11 The Company may employ techniques and instruments relating to transferable securities and Money Market Instruments provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against risk.
- 4.12 In particular and to the extent permitted by, and within the limits of, the Investment Policy of the relevant Sub-Fund, the 2010 Act and any related Luxembourg law or any other regulation in force, circulars and positions of the CSSF and, in particular, the provisions of (i) Article 11 of the Grand Ducal regulation of February 8, 2008 relating to certain definitions of the amended Law of December 20, 2002 relating to undertakings for collective investment and (ii) Circular 08/356 and Circular 14/592, each Sub-Fund can, in order to generate capital or additional income or to reduce costs or risk, enter into securities lending, either as a buyer or a seller.
- 4.13 When the use of these techniques and instruments is permitted in relation to a specific Sub-Fund, the Investment Policy of such Sub-Fund shall describe the type of collateral to be received and the collateral policy and shall contain the information requested by the Circular 14/592.
- 4.14 The Company may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a First Class Institution specialised in this type of transactions. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Law.
- 4.15 As part of lending transactions, the Company must in principle receive a guarantee, the value of which during the lifetime of the contract must be at least equal to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.
- 4.16 The Company must ensure that the volume of the securities lending transactions is kept at an appropriate level as disclosed below or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the Company's assets in accordance with the Investment Policy of its Sub-Funds.
- 4.17 The Company must also ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

- 4.18 The Company may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period when the securities have been sent out for re-registration; (b) when the securities have been lent and not returned in time; (c) to avoid a failed settlement when the Depository Bank fails to make delivery and (d) in order to comply with an obligation to deliver the securities that are the object of repurchase agreements when the counterparty exercises his right to redeem the securities, to the extent that these securities have previously been redeemed by the Company.
- 4.19 The following types of assets can be subject to securities lending: equity and bonds compliant with the relevant provisions of CSSF Circular 08/356 and held in the portfolio of the relevant sub-fund in accordance with its investment policy when the fund is acting as borrower.
- 4.20 The risks related to the use of securities lending and the effect on shareholders returns are described under section 21.25. Risk Factors.
- 4.21 The ownership of the securities lent by the Company is transferred to the borrower and will not be safe-kept by the Depository Bank or its delegates.

***Repurchase Agreement transactions***

- 4.22 The Company may enter into repurchase agreement 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 purchaser the securities sold at a price and term specified by the two parties in a contractual arrangement in order to generate capital or additional income or to reduce costs or risk.
- 4.23 The Company can act either as purchaser or seller in repurchase agreement transactions. Its involvement in such transactions is, however, subject to the rules set forth in Circular 08/356 and Circular 14/592.
- 4.24 The following types of assets can be subject to repurchase agreement transactions: equity and bonds compliant with the relevant provisions of CSSF Circular 08/356 and held in the portfolio of the relevant sub-fund in accordance with its investment policy when the fund is acting as a buyer.
- 4.25 The risks related to the use of repurchase and agreement transactions and the effect on section "21. Risk Factors".
- 4.26 The Company may not buy or sell securities using a repurchase agreement transaction unless the counterparty in such transactions is a First Class Institution specialised in this type of transaction.
- 4.27 For the duration of the repurchase agreement contract, 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.
- 4.28 Where the Company is exposed to redemptions of its own Shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.
- 4.29 The Company may regularly enter into repurchase agreement transactions. The Company involvement in such transactions is, however, subject to the additional following rules:
- a) the counterparty to these transactions must be subject to prudential supervision rules considered by the regulatory authority as equivalent to those prescribed by European Law;

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

***Use of collateral – Management of collateral and collateral policy***

- 4.31 In order to reduce the Company's counterparty risk, a system of guarantee ("collateral") can be put in place with the counterparty in accordance with the provisions of section II of Circular 08/356 and Circular 14/592.
- 4.32 This section sets out the collateral policy applied by the Company in such case. All assets received by the Company in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements and OTC) shall be considered as collateral for the purposes of this section.
- 4.33 The risks related to collateral management such as operational, liquidity, counterparty, custody and legal risks are described under section "21. Risk Factors".
- 4.34 Collateral received by the Company may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the regulatory authority from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:
- (a) any collateral received other than cash should be of high quality, highly liquid and traded in a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
  - (b) it should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
  - (c) it should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
  - (d) it should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the sub-company's Net Asset Value to any single issuer on an aggregate basis, taking into account all collateral received.

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

- 4.35 Subject to the abovementioned conditions, collateral received by the Company may consist of:
- (a) cash and cash equivalents, including short-term bank certificates and Money Market Instruments;

- (b) 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 worldwide scope;
  - (c) shares or units issued by money market UCIs calculating a daily Net Asset Value and being assigned a rating of AAA or its equivalent;
  - (d) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
  - (e) bonds issued or guaranteed by first class issuers offering adequate liquidity;
  - (f) shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index.
- 4.36 When the Company will make use of OTC Derivatives and efficient portfolio management techniques it will determine the required level of collateral for OTC 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 and it will indicate the level of the collateral accepted in the present Prospectus.
- 4.37 Collateral received by the Company should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and OTC Derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the Net Asset Value of the Company. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
- 4.38 Collateral received by the Company is expected to have a quality of credit of AA or higher. The maturity of the collateral received by the Company is not a decisive criteria for the Company.
- 4.39 By way of derogation from paragraph 4.37 above, the Company may be fully collateralised in different Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. In such case, the Company should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Net Asset Value of the Company. The Company may be fully collateralised in securities by EU Member States.
- 4.40 Approved counterparties will typically have a public rating of at least AA and will be based in the EU or in OECD countries and will in any case comply with article 3 of the SFTR Regulation. The legal form is however not a decisive criteria for the selection of the counterparty.
- 4.41 In the context of OTC financial Derivative transactions and efficient portfolio management techniques, the annual report of the Company shall disclose the following:
- (a) where collateral received from an issuer has exceeded 20% of the Net Asset Value of the Company, the identity of that issuer; and
  - (b) whether the Company has been fully collateralised in securities issued or

guaranteed by an EU Member State.

- 4.42 Title transfer is the only acceptable collateral. Collateral received will be held within the network of delegates of the Depositary Bank including Banque Pictet & Cie S.A. in Geneva and its own delegates (including Euroclear) and recorded in the books of accounts of Banque Pictet & Cie S.A. The Depositary Bank ensures the attribution of received collateral to the Company.
- 4.43 Collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts determined for each asset class based on the haircut policy as described below. The collateral will be marked to market daily and may be subject to daily variation margin requirements. No review of the applicable haircut levels as disclosed below is undertaken in the context of the daily valuation.

**Haircut policy**

- 4.44 Where Sub-Funds enter into securities lending, repurchase agreements and OTC Derivatives, the permitted types of collateral, level of collateral required and haircut policies are as follows:

	level of haircut
Cash and Money Market Instruments (in the currency of the exposure to be guaranteed)	0%
Cash and Money Market Instruments (in another currency other than the currency of the exposure to be guaranteed)	15%
Shares or units issued by money market UCIs calculating a daily NAV and being assigned a rating of AAA or its equivalent	0%
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 (in the currency of the exposure to be guaranteed)	0%
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 (in a currency other than the currency of the exposure to be guaranteed)	10%
Bonds issued or guaranteed by a State not OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope, or shares of UCITS invested in such bonds	15%
Bonds issued or guaranteed by first class issuers offering adequate liquidity ("investment grade")	15%

Shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index, or shares of UCITS invested in such equity shares (in the currency of the exposure to be guaranteed)	50%
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***Reinvestment of collateral***

- 4.45 Non-cash collateral received by the Company may not be sold, re-invested or pledged.
- 4.46 Cash collateral received by the Company can only be:
- a) placed on deposit with credit institutions which have their registered office in a Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in European Law;
  - b) invested in high-quality government bonds;
  - c) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis; and/or
  - d) invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds issued by ESMA.
- 4.47 Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above.
- 4.48 The Sub-Funds may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Sub-Funds to the counterparty at the conclusion of the transaction. The Sub-Funds 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-Funds.
- 4.49 The financial reports of the Company shall disclose the assets into which the cash collateral is re-invested.

**5. CO-MANAGEMENT**

- 5.1 Subject to the general provisions of the Articles, the Board and the Management Company may choose to co-manage the assets of certain Sub-Funds on a pooled basis for the purposes of efficient portfolio management. In these cases, assets of the Sub-Funds participating in the co-management process will be managed according to a common Investment Objective and will be referred to as a "pool". These pools, however, are used solely for internal management efficiency purposes or to reduce management costs.
- 5.2 The pools do not constitute separate legal entities and are not directly accessible to Shareholders. Cash, or other assets, may be allocated from one or more Sub-Funds into one or more of the pools established by the Company. Further allocations may be made, from time to time, thereafter. Transfers from the pool(s) back to the Sub-Funds may only be made up to the amount of that Sub-Fund's participation in the pool(s).

- 5.3 The proportion of any Sub-Fund's participation in a particular pool will be measured by reference to its initial allocation of cash and/or other assets to such a pool and, on an ongoing basis, according to adjustments made for further allocations or withdrawals.
- 5.4 The entitlement of each Sub-Fund participating in the pool, to the co-managed assets applies proportionally to each and every single asset of such pool.
- 5.5 Where the Company incurs a liability relating to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool. Assets or liabilities of the Company which cannot be attributed to a particular pool, are allocated to the Sub-Fund they belong or relate to. Assets or expenses which are not directly attributable to a particular Sub-Fund are allocated among the various Sub-Funds pro rata, in proportion to the Net Asset Value of each Sub-Fund.
- 5.6 Upon dissolution of the pool, the pool's assets will be allocated to the Sub-Fund(s) in proportion to its/their participation in the pool.
- 5.7 Dividends, interest, and other distributions of an income nature earned in respect of the assets of a particular pool will be immediately credited to the Sub-Funds in proportion to its respective participation in the pool at the time such income is recorded.
- 5.8 Expenses directly attributable to a particular pool will be recorded as a charge to that pool and, where applicable, will be allocated to the Sub-Funds in proportion to their respective participation in the pool at the time such expense is incurred. Expenses, that are not attributable to a particular pool, will be charged to the relevant Sub-Fund(s).
- 5.9 In the books and accounts of the Company the assets and liabilities of a Sub-Fund, whether participating or not in a pool, will, at all times, be identified or identifiable as an asset or liability of the Sub-Fund concerned including, as the case may be, between two accounting periods a proportionate entitlement of a Sub-Fund to a given asset. Accordingly such assets can, at any time, be segregated. On the Custodian's records for the Sub-Fund such assets and liabilities will also be identified as a given Sub-Fund's assets and liabilities and, accordingly, segregated on the Custodian's books.

## **6. DESCRIPTION OF THE SHARES**

- 6.1 Shares will be issued in registered form only. The entry into the register of Shareholders is conclusive evidence of ownership. Fractions of Shares will be issued up to three decimals. The Shares confer no preferential subscription rights at the time of the issue of new Shares.
- 6.2 The register of the Shareholders will be kept by the Administrative Agent on behalf of the Company. The register will contain the name of each owner of registered Shares, his/her/its residence or elected domicile as indicated to the Company and the number and Class(es) of Shares held by his/her/it and the transfer of Shares and the dates of such transfers.
- 6.3 Unless otherwise provided for in the relevant Special Section, the Company will also have the right to accept subscriptions through contributions in kind of assets to a Sub-Fund in lieu of cash in accordance with Section 7.17 below.
- 6.4 For each Sub-Fund, the Directors or the Management Company may, in respect of Shares in one or several Class(es) if any, decide to close subscriptions temporarily or definitively, including those arising from the conversion of Shares of another Class or another Sub-Fund.

## **7. SUBSCRIPTION FOR SHARES**

- 7.1 During the Initial Offering Period or on the Initial Offering Date, the Company is offering the Shares under the terms and conditions as set forth in the relevant Special Section. The Company may offer Shares in one or several Sub-Funds or in one or more Classes in each Sub-Fund.
- 7.2 After the Initial Offering Period or Initial Offering Date, the Company may offer Shares of each existing Class in each existing Sub-Fund on any day that is a Transaction Day, as stipulated in the relevant Special Section. The Company may decide that for a particular Class or Sub-Fund no further Shares will be issued after the Initial Offering Period or Initial Offering Date (as will be set forth in the relevant Special Section). However, the Board reserves the right to authorise at any time and without notice the issue and sale of Shares for Classes or Sub-Funds that were previously closed for further subscriptions. Such decision will be made by the Board with due regard to the interest of the existing Shareholders in the relevant Class or Sub-Fund.
- 7.3 The Board may in its discretion decide to cancel the offering of a Sub-Fund. The Board may also decide to cancel the offering of a new Class. In such case, investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the relevant investors.
- 7.4 Shareholders or prospective investors may subscribe for a Class in a Sub-Fund at a subscription price per Share equal to:
- a) the Initial Subscription Price where the subscription relates to the Initial Offering Period or Initial Offering Date; or
  - b) the Net Asset Value per Share or Adjusted Price as of the Transaction Day on which the subscription is effected where the subscription relates to a subsequent offering (other than the Initial Offering Period or Initial Offering Date) of Shares of an existing Class in an existing Sub-Fund.
  - c) plus any applicable Subscription Fee be added to the subscription price to be paid by the investor. The applicable Subscription Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, the Management Company or the Sub-Distributor, unless otherwise specified in respect of a Sub-Fund in the relevant Special Section.

### ***Subscription procedure***

- 7.5 After the end of the Initial Offering Period or Initial Offering Date, subscriptions may be made only by investors who are not Restricted Persons by:
- a) submitting a written subscription request to the Administrative Agent by swift, fax or any other form of transmission previously agreed upon between the applicant and the Administrative Agent, to be received by the Administrative Agent by 2 p.m. (Luxembourg time) on the relevant Transaction Day at the latest (unless another Cut-Off Time is specified in respect of a Sub-Fund in the relevant Special Section). Subscription orders for Shares received by the Administrative Agent on a Transaction Day prior to the relevant Cut-Off Time will be processed on the first NAV Calculation Day following such Transaction Day on the basis of the Net Asset Value or Adjusted Price per Share calculated on such NAV Calculation Day. Any applications received after the Cut-Off Time on the relevant Transaction Day will be deferred to the next Transaction Day and will be dealt

with on the basis of the Net Asset Value or Adjusted Price per Share calculated on the NAV Calculation Day immediately following such next Transaction Day;

- b) delivering to the account of the Depositary Bank cleared funds for the full amount of the subscription price (plus any Subscription Fee) of the Shares being subscribed for pursuant to the subscription request, within 1 Business Days following the relevant NAV Calculation Day (unless otherwise specified in respect of a Sub-Fund in the relevant Special Section).
- 7.6 If the Depositary Bank does not receive the funds in time the investor will be liable for the costs of late or non-payment in which case the Board and the Management Company will have the power to redeem all or part of the investor's holding of Shares in the Company in order to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an applicant for Shares, any losses incurred by the Company due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the Company.
- 7.7 Subscribers for Shares must make payment in the Reference Currency or an Authorised Payment Currency of the relevant Sub-Fund or Class. Subscription monies received in another currency than the Reference Currency (i.e., an Authorised Payment Currency) will be exchanged by the Depositary Bank on behalf of the investor at normal banking rates. Any such currency transaction will be effected by the Depositary Bank at the investor's risk and cost. Such currency exchange transactions may delay any transaction in Shares.
- 7.8 Subscribers for Shares are to indicate the allocation of the subscription monies among one or more of the Sub-Funds and/or Classes offered by the Company. Subscription requests are irrevocable, unless in the period during which the calculation of the Net Asset Value is suspended in accordance with Section 15 of the General Section.
- 7.9 In the event that the subscription order is incomplete (i.e., all requested papers are not received by the Administrative Agent by the relevant deadline set out above) the subscription order will be rejected and a new subscription order will have to be submitted.
- 7.10 The applicable Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount may be waived or varied on a case-by-case basis, by the Company or the Management Company.
- 7.11 In the event that the Company or the Management Company decides to reject any application to subscribe for Shares the monies transferred by a relevant applicant will be returned to the prospective investor without undue delay (unless otherwise provided for by law or regulations).
- 7.12 The number of Shares issued to a subscriber or Shareholder in connection with the foregoing procedures will be equal to the subscription monies provided by the subscriber or Shareholder divided by:
- a) the Initial Subscription Price, in relation to subscriptions made in connection with an Initial Offering Period or Initial Offering Date; or
  - b) the Net Asset Value per Share or Adjusted Price of the relevant Class and in the relevant Sub-Fund as of the relevant Transaction Day.
- 7.13 With regard to the Initial Offering Period or Initial Offering Date, Shares will be issued on the Launch Date.

- 7.14 The Company will recognise rights to fractions of Shares up to three decimal places, rounded up or down to the nearest decimal point. Any purchases of Shares will be subject to the ownership restrictions set forth below. Fractional Shares shall have no right to vote (except to the extent their number is so that they represent a whole Share, in which case, they confer a voting right) but shall have the right to participate pro rata in distributions and allocation of liquidation proceeds.

***Ownership Restrictions***

- 7.15 A person who is a Restricted Person may not invest in the Company. The Shares have not been registered under the US Securities Act and the Company has not been registered under the US Investment Company Act. The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America, its territories or possessions or to US Persons (as defined in Regulation S under the US Securities Act) except to certain qualified US institutions in reliance on certain exemptions from the registration requirements of the US Securities Act and with the consent of the Company. Neither the Shares nor any interest therein may be beneficially owned by any other US Person. The sale and transfer of Shares to US Persons is restricted and the Company may repurchase Shares held by a US Person or refuse to register any transfer to a US Person as it deems appropriate to assure compliance with the US Securities Act.

***Subscription in kind***

- 7.16 At the entire discretion of the Board, Shares may be issued against contributions of transferable securities or other eligible assets to the Sub-Funds provided that these assets are Eligible Investments and the contributions comply with the investment policies and restrictions laid out in the Prospectus and have a value equal to the issue price of the Shares concerned. The assets contributed to the Sub-Fund, as described above, will be valued separately in a special report of the Auditor. These contributions in kind of assets are not subject to brokerage costs. The Board will only have recourse to this possibility (i) at the request of the relevant investor and (ii) if the transfer does not negatively affect current Shareholders. All costs related to a contribution in kind will be paid for by the Sub-Fund concerned provided that they are lower than the brokerage costs which the Sub-Fund would have paid if the assets concerned had been acquired on the market. If the costs relating to the contribution in kind are higher than the brokerage costs which the Sub-Fund concerned would have paid if the assets concerned had been acquired on the market, the exceeding portion thereof will be supported by the subscriber.

**8. CONVERSION OF SHARES**

- 8.1 Subject to any suspension of the determination of the Net Asset Value concerned, and subject to compliance with any eligibility conditions of the Class into which the conversion is to be effected, Shareholders have the right to convert all or part of their Shares of one Class in any Sub-Fund into Shares of another Class of the same Sub-Fund or of another existing Sub-Fund by applying for conversion in the same manner as for the redemption of Shares.
- 8.2 The number of Shares issued upon conversion will be based upon the respective Net Asset Values of the Shares of the two Sub-Funds/Classes.
- 8.3 Unless otherwise provided for a specific Sub-Fund in the relevant Special Section applications for conversion must be done submitting a written conversion request to the Administrative Agent by swift, fax or any other form of transmission previously agreed upon between the Shareholder and the Administrative Agent, to be received by the Administrative Agent by 2 p.m. (Luxembourg time) on the relevant Transaction Day at the latest (unless another Cut-Off Time is specified in respect of a Sub-Fund in

the relevant Special Section). Conversion orders for Shares received by the Administrative Agent on a Transaction Day prior to the relevant Cut-Off Time, will be processed on the first NAV Calculation Day following such Transaction Day on the basis of the Net Asset Value or Adjusted Price per Share calculated on such NAV Calculation Day. Any applications received after the Cut-Off Time on the relevant Transaction Day will be deferred to the next Transaction Day and will be dealt with on the basis of the Net Asset Value or Adjusted Price per Share calculated on the NAV Calculation Day immediately following such next Transaction Day.

- 8.4 Any application for conversion is technically executed as a redemption of Shares followed by a subscription. Consequently, the Cut-Off Times of the two Sub-Funds concerned shall apply to any such conversion.
- 8.5 Therefore, Shareholders' attention is drawn to the particular nature of a conversion operation when the terms and methods of redeeming Shares in the divested Sub-Fund do not coincide with the terms and methods of subscribing to Shares in the invested Sub-Fund.
- 8.6 If the Cut-Off Times in the invested Sub-Fund and the divested Sub-Fund are not aligned, Shareholders' attention is drawn to the fact that the amount converted may not be exposed to the performance of the relevant Sub-Funds and may not generate interest during the time interval between the redemption leg and the subscription leg of the conversion. In addition, the subscription leg may be dealt with at the Net Asset Value of a specific Transaction Day of the divested Sub-Fund and the redemption leg at the net asset value of the next Transaction Day of the invested Sub-Fund.
- 8.7 After the conversion, the Management Company shall inform the Shareholder of the number of new Shares resulting from the conversion as well as their price.
- 8.8 If the Net Asset Values concerned are expressed in different currencies, the conversion will be calculated by using the exchange rate applicable on the relevant Transaction Day on which the conversion is to be effected.
- 8.9 In addition, if, as a result of a conversion, the value of a shareholder's remaining holding in the original Sub-Fund would become less than the minimum holding referred to above, the relevant shareholder may be deemed to have requested the conversion of all of his Shares (if the Board of Directors so decides).
- 8.10 The Board and/or the Management Company will refuse to give effect to any conversion of Shares in circumstances where such conversion would result in a situation where Shares or a Sub-Fund would, upon such transfer, be held by a Restricted Person.

## **9. REDEMPTION OF SHARES**

### ***Redemption rights***

- 9.1 Shares in a Sub-Fund may be redeemed at the request of the Shareholders on any day that is a Transaction Day. Redemption requests must be sent in writing to the Administrative Agent or such other place as the Company or the Management Company may advise, by swift, fax or any other form of transmission previously agreed upon between the Shareholder and the Administrative Agent. Redemption requests must be received by the Administrative Agent by 2 p.m. (Luxembourg time) on the Transaction Day prior to the relevant redemption deadline as specified above (unless another Cut-Off Time is specified in respect of a Sub-Fund in the relevant Special Section). Redemption requests received after the Cut-Off Time will be deemed received at the next forthcoming Transaction Day and will be processed on the basis of the Net Asset Value per Share as of the first NAV Calculation Day after the relevant Transaction Day.

- 9.2 The Board, the Management Company, the Administrative Agent and the Sub-Distributor(s) will ensure that the relevant redemption deadline for requests for redemption as indicated in the Special Section of each Sub-Fund are strictly complied with and will therefore take all adequate measures to prevent Late Trading.
- 9.3 Requests for redemption must be for either a number of Shares or an amount denominated in the Reference Currency or an Authorised Payment Currency of the Class of the Sub-Fund.
- 9.4 A Shareholder who redeems his Shares will receive an amount per Share redeemed equal to the Net Asset Value or Adjusted Price per Share as of the applicable Transaction Day for the relevant Class in the relevant Sub-Fund, less, as the case may be, the Redemption Fee as stipulated in the relevant Special Section and any tax or duty imposed on the redemption of the Shares).
- 9.5 Payment of the redemption proceeds will be made generally within 1 Business Day following the relevant NAV Calculation Day (unless otherwise specified in respect of a Sub-Fund in the relevant Special Section). Where a Shareholder redeems Shares that he has not paid for within the required subscription settlement period, in circumstances where the redemption proceeds would exceed the subscription amount that he owes, the Company will be entitled to retain such excess for the benefit of the Company.
- 9.6 If as a result of a redemption or a conversion, the value of a Shareholder's holding would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Shareholder may be deemed (if the Board so decides) to have requested the redemption of all his Shares.
- 9.7 Redemption of Shares may be suspended for certain periods of time as described under Section 15 of the General Section.
- 9.8 If any application for redemption is received in respect of the First Transaction Day which either singly or when aggregated with other applications so received (including conversion requests), is more than 10% of the total net assets of the relevant Sub-Fund, the Company reserves the right in its sole and absolute discretion (and taking into account the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such First Transaction Day so that not more than 10% of the total net assets of the Sub-Fund be redeemed or converted on such First Transaction Day. To the extent that any application is not given full effect on such First Transaction Day by virtue of the exercise of the power to prorate applications, it will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Transaction Day and, if necessary, subsequent Transaction Days with a maximum of 7 Transaction Days. With respect to any application received in respect of the First Transaction Day, to the extent that subsequent applications will be received in respect of following Transaction Days, such later applications will be postponed in priority to the satisfaction of applications relating to the First Transaction Day, but subject thereto will be dealt with as set out in the preceding sentence.
- 9.9 Redemption requests must be addressed to the Administrative Agent. Redemption requests will not be accepted by telephone or telex. Redemption requests are irrevocable (except during any period where the determination of the Net Asset Value, the issue, redemption and conversion of Shares is suspended) and proceeds of the redemption will be remitted to the account indicated by the Shareholder in its redemption request. The Company reserves the right not to redeem any Shares if it has not been provided with evidence satisfactory to the Company that the redemption request was made by a Shareholder of the Company. Failure to provide appropriate

documentation to the Administrative Agent may result in the withholding of redemption proceeds.

- 9.10 If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Shareholder. The applicable Redemption Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, unless otherwise specified in respect of a Sub-Fund in the relevant Special Section. For the avoidance of doubt, the Redemption Fee is calculated on the redemption price of the Shares.
- 9.11 The Company may redeem Shares of any Shareholder if the Company determines that any of the representations given by the Shareholder were not true and accurate or have ceased to be true and accurate or that the continuing ownership of Shares by the Shareholder would cause an undue risk of adverse tax consequences to the Company or any of its Shareholders. The Company may also redeem Shares of a Shareholder if it determines, that the continuing ownership of Shares by such Shareholder may be prejudicial to the Company or any of its Shareholders or that the Shareholder is or has become a Restricted Person.
- 9.12 The Company may, at the request of a Shareholder, agree to make, in whole or in part, a distribution in-kind of securities of the Sub-Fund to that Shareholder in lieu of paying to that Shareholder redemption proceeds in cash. The Company will agree to do so if it determines that such a transaction would not be detrimental to the best interests of the remaining Shareholders of the relevant Sub-Fund. Such redemption will be effected at the Net Asset Value or Adjusted Price per Share of the relevant Class of the Sub-Fund which the Shareholder is redeeming, and thus will constitute a pro rata portion of the Sub-Fund's assets attributable in that Class in terms of value. The assets to be transferred to such Shareholder will be determined by the Company and the Depositary Bank, with regard to the practicality of transferring the assets and to the interests of the Sub-Fund and continuing participants therein and to the Shareholder. Such a Shareholder may incur brokerage and/or local tax charges on any transfer or sale of securities so received in satisfaction of redemption. The net proceeds from this sale by the redeeming Shareholder of such securities may be more or less than the corresponding redemption price of Shares in the relevant Sub-Fund due to market conditions and/or differences in the prices used for the purposes of such sale or transfer and the calculation of the Net Asset Value or Adjusted Price of Shares of the Sub-Fund. The selection, valuation and transfer of assets will be subject to the review and approval of the Auditor of the Company.
- 9.13 Any costs incurred in connection with a redemption in-kind will be borne by the relevant Shareholder.
- 9.14 If redemption requests would result in a residual holding in any one Sub-Fund or Class of less than the Minimum Net Asset Value applicable, the Company reserves the right to compulsorily redeem the residual Shares in that Sub-Fund or Class at the relevant redemption price and make payment of the proceeds thereof to the Shareholder.

***Compulsory redemptions by the Company***

- 9.15 The Company may redeem Shares of any Shareholder if the Board, whether on its own initiative or at the initiative of a Sub-Distributor, determines that:
- (a) any of the representations given by the Shareholder to the Company or the Management Company were not true and accurate or have ceased to be true and accurate; or
  - (b) the Shareholder is not or ceases to be an Eligible Investor;

- (c) that the continuing ownership of Shares by the Shareholder would cause an undue risk of adverse tax consequences to the Company or any of its Shareholders;
  - (d) the continuing ownership of Shares by such Shareholder may be prejudicial to the Company or any of its Shareholders;
  - (e) further to the satisfaction of a redemption request or a conversion request by a Shareholders, the number or aggregate amount of Shares of the relevant Class held by this Shareholder is less than the Minimum Holding Amount.
- 9.16 The Board or its agents may further compulsorily redeem Shares of any Shareholder, within ninety (90) days, if they discover that the Shares of the Company are not held in accordance with article 20.14 of this Prospectus.

## **10. RESTRICTIONS ON TRANSFER**

- 10.1 All transfers of Shares will be effected by a transfer in writing in any usual or common form or any other form approved by the Company and every form of transfer will state the full name and address of the transferor and the transferee. The instrument of transfer of a Share will be signed by or on behalf of the transferor. The transferor will be deemed to remain the holder of the Share until the name of the transferee is entered on the Share register in respect thereof. The Company may decline to register any transfer of Shares if, in consequence of such transfer, the value of the holding of the transferor or transferee does not meet the minimum subscription or holding levels of the relevant Share Class or Sub-Fund as set out in this Prospectus or the relevant Special Section. The registration of transfer may be suspended at such times and for such periods as the Company may from time to time determine, provided, however, that such registration will not be suspended for more than five (5) days in any calendar year. The Company may decline to register any transfer of Shares unless the original instruments of transfer, and such other documents that the Company may require are deposited at the registered office of the Company or at such other place as the Company may reasonably require, together with such other evidence as the Company may reasonably require to show the right of the transferor to make the transfer and to verify the identity of the transferee. Such evidence may include a declaration as to whether the proposed transferee (i) is a US Person or acting for or on behalf of a US Person, (ii) is a Restricted Person or acting for or on behalf of a Restricted Person or (iii) does qualify as Institutional Investor.
- 10.2 The Company may decline to register a transfer of Shares:
- (a) if in the opinion of the Company, the transfer will be unlawful or will result or be likely to result in any adverse regulatory, tax or fiscal consequences to the Company or its Shareholders; or
  - (b) if the transferee is a US Person or is acting for or on behalf of a US Person; or
  - (c) if the transferee is a Restricted Person or is acting for or on behalf of a Restricted Person; or
  - (d) in relation to Classes reserved for subscription by Institutional Investors, if the transferee is not an Institutional Investor; or
  - (e) in circumstances as set out in Section 12.2 of this General Section; or
  - (f) if in the opinion of the Company, the transfer of the Shares would lead to the Shares being registered in a depositary or clearing system in which the Shares

could be further transferred otherwise than in accordance with the terms of this Prospectus or the Articles.

## **11. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REQUIREMENTS**

- 11.1 The Management Company, the Administrative Agent in its capacity as registrar and transfer agent, any Sub-Distributor and their officers are subject to the provisions of legislation currently in force in Luxembourg regarding the prevention of money laundering and terrorism financing activities and in particular with Luxembourg law dated 12 November, 2004 against money laundering and terrorism financing, as amended, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556, 15/609 and 18/684 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, and, where appropriate, for the provisions of similar legislation in force in any other relevant country. Applicants may be required to furnish independent documentary evidence of their identity, a permanent address and information relating to the source of the monies to be invested. In addition, the Administrative Agent as delegate of the Company, may require any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law.
- 11.2 Failure to provide such information or documentation in a timely manner could result in delay in the allotment of Shares, or in a refusal to allot Shares.
- 11.3 If a Sub-Distributor or its agents are not submitted to anti-money laundering and anti-terrorist financing regulations equivalent to those applicable in Luxembourg, the necessary control will be carried out by the Administrative Agent in its capacity as registrar and transfer agent.
- 11.4 In accordance with the Luxembourg law on anti-money laundering dated 12 November 2004, as amended, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, financial services professionals are under the obligation to prevent the use of undertakings for collective investment for money-laundering purposes.
- 11.5 In this context, "know your customer" (KYC) and "anti-money laundering" (AML) procedures have to be complied with, which implies namely the identification of the investors, their beneficial owners, as applicable, as well as the identification of the origins of the funds subscribed.
- 11.6 The investor will have to provide to the Administrative Agent in its capacity as registrar and transfer agent all documentation and information required under the applicable Luxembourg laws and regulations i.e. for natural persons this may include but is not limited to certified true copies of ID cards/passports (the certification may be made namely by a regulated financial institution located in an equivalent country, a police officer, an embassy, a consulate or a notary) or for corporate entities a certified true copy of the articles of incorporation/certificate of incorporation/banking or investment license, evidence of registration/excerpt from the Trade and Companies Register, of the latest audited financial reports, the name of the beneficial owners and their related identification documentation, as applicable.
- 11.7 A complete list of documents and information to be provided can be obtained from the Administrative Agent in its capacity as registrar and transfer agent upon request. The Administrative Agent reserves the right to request, at any time, any further documents and/or information as it deems necessary to properly perform the AML and KYC due diligence on the Investors.

- 11.8 Until satisfactory proof of identity is provided by potential investors or transferees as determined by the Administrative Agent in its capacity as registrar and transfer agent, it reserves the right to withhold issue or approval of registration of transfers of Shares. Similarly, redemption proceeds will not be paid unless compliance with these requirements has been made in full. In any such event, the Administrative Agent in its capacity as registrar and transfer agent will not be liable for any interest, costs or compensation.
- 11.9 In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Company nor the Administrative Agent will be held responsible for said delay or failure to process deals resulting from the failure of the applicant to provide documentation or incomplete documentation.
- 11.10 From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' on-going due diligence obligations according to the relevant laws and regulations.

## **12. MARKET TIMING AND LATE TRADING**

- 12.1 Prospective investors and Shareholders should note that the Company may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with the Circular 04/146 relating to the protection of UCIs and their investors against Late Trading and Market Timing practices.
- 12.2 For example, excessive trading of Shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-Funds' expenses. Accordingly, the Company may, in the sole discretion of the Board or the Management Company, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company or the Management Company reasonably believes has engaged in Market Timing activity. For these purposes, the Company and the Management Company may consider an investor's trading history in the Sub-Funds and accounts under common control or ownership.
- 12.3 In addition to the Subscription or Conversion Fees which may be of application to such orders as set forth in the Special Section of the relevant Sub-Fund, the Company and the Management Company may impose a penalty of maximum 2% (two per cent.) of the Net Asset Value of the Shares subscribed or converted where the Company reasonably believes that an investor has engaged in Market Timing activity. The penalty will be credited to the relevant Sub-Fund. The Company, the Management Company and the Board will not be held liable for any loss resulting from rejected orders or mandatory redemption.
- 12.4 Furthermore, the Company will ensure that the relevant deadlines for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent Late Trading.

## **13. CALCULATION OF NET ASSET VALUE**

- 13.1 The Company, each Sub-Fund and each Class in a Sub-Fund have a Net Asset Value determined in accordance with the Articles. Each of the Sub-Funds has a Reference Currency as determined in its Special Section. The Net Asset Value of each Sub-Fund and Class will be calculated in the Reference Currency of the Sub-Fund or Class, as it is stipulated in the relevant Special Section, and will be determined by the Administrative Agent for each Transaction Day as at each NAV Calculation Day as stipulated in the relevant Special Section, by calculating the aggregate of:

- (a) the value of all assets of the Company which are allocated to the relevant Sub-Fund in accordance with the provisions of the Articles; less
  - (b) all the liabilities of the Company which are allocated to the relevant Sub-Fund and Class in accordance with the provisions of the Articles, and all fees attributable to the relevant Sub-Fund and Class, which fees have accrued but are unpaid on the relevant Transaction Day.
- 13.2 The Net Asset Value per Share for a Transaction Day will be calculated in the Reference Currency of the relevant Sub-Fund and will be calculated by the Administrative Agent as at the NAV Calculation Day of the relevant Sub-Fund by dividing the Net Asset Value of the relevant Sub-Fund by the number of Shares which are in issue on such Transaction Day in the relevant Sub-Fund (including Shares in relation to which a Shareholder has requested redemption on such Transaction Day in relation to such NAV Calculation Day).
- 13.3 If the Sub-Fund has more than one Class in issue, the Administrative Agent will calculate the Net Asset Value per Share of each Class for a Transaction Day by dividing the portion of the Net Asset Value of the relevant Sub-Fund attributable to a particular Class by the number of Shares of such Class in the relevant Sub-Fund which are in issue on such Transaction Day (including Shares in relation to which a Shareholder has requested redemption on such Transaction Day in relation to such NAV Calculation Day).
- 13.4 The Net Asset Value per Share may be rounded up or down to the nearest whole share of the currency in which the Net Asset Value of the relevant Shares are calculated.
- 13.5 The allocation of assets and liabilities of the Company between Sub-Funds (and within each Sub-Fund between the different Classes) will be effected so that:
  - (a) The subscription price received by the Company on the issue of Shares, and reductions in the value of the Company as a consequence of the redemption of Shares, will be attributed to the Sub-Fund (and within that Sub-Fund, the Class) to which the relevant Shares belong.
  - (b) Assets acquired by the Company upon the investment of the subscription proceeds and income and capital appreciation in relation to such investments which relate to a specific Sub-Fund (and within a Sub-Fund, to a specific Class) will be attributed to such Sub-Fund (or Class in the Sub-Fund).
  - (c) Assets disposed of by the Company as a consequence of the redemption of Shares and liabilities, expenses and capital depreciation relating to investments made by the Company and other operations of the Company, which relate to a specific Sub-Fund (and within a Sub-Fund, to a specific Class) will be attributed to such Sub-Fund (or Class in the Sub-Fund).
  - (d) Where the use of foreign exchange transactions, instruments or financial techniques relates to a specific Sub-Fund (and within a Sub-Fund, to a specific Class) the consequences of their use will be attributed to such Sub-Fund (or Class in the Sub-Fund).
  - (e) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques relate to more than one Sub-Fund (or within a Sub-Fund, to more than one Class), they will be attributed to such Sub-Funds (or Classes, as the

case may be) in proportion to the extent to which they are attributable to each such Sub-Fund (or each such Class).

- (f) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques cannot be attributed to a particular Sub-Fund they will be divided equally between all Sub-Funds or, in so far as is justified by the amounts, will be attributed in proportion to the relative Net Asset Value of the Sub-Funds (or Classes in the Sub-Fund) if the Company, in its sole discretion, determines that this is the most appropriate method of attribution; and
- (g) Upon payment of dividends to the Shareholders of a Sub-Fund (and within a Sub-Fund, to a specific Class) the net assets of this Sub-Fund (or Class in the Sub-Fund) are reduced by the amount of such dividend.

13.6 The assets of the Company will be valued as follows:

- (a) Transferable Securities or Money Market Instruments quoted or traded on an official stock exchange or any other Regulated Market, are valued on the basis of the last known price, and, if the securities or money market instruments are listed on several stock exchanges or Regulated Markets, the last known price of the stock exchange which is the principal market for the security or Money Market Instrument in question, unless these prices are not representative.
- (b) For Transferable Securities or Money Market Instruments not quoted or traded on an official stock exchange or any other Regulated Market, and for quoted Transferable Securities or Money Market Instruments, but for which the last known price is not representative, valuation is based on the probable sales price estimated prudently and in good faith by the Board.
- (c) Units and shares issued by UCITS or other UCIs will be valued at their last available Net Asset Value.
- (d) The liquidating value of futures, forward or options contracts that are not traded on exchanges or on other Regulated Markets will be determined pursuant to the policies established in good faith by the Board, on a basis consistently applied. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets will be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or options contract could not be liquidated on such Business Day with respect to which a Net Asset Value is being determined, then the basis for determining the liquidating value of such contract will be such value as the Board may, in good faith and pursuant to verifiable valuation procedures, deem fair and reasonable.
- (e) Liquid assets and Money Market Instruments with a maturity of less than 12 months may be valued at nominal value plus any accrued interest or using an amortised cost method (it being understood that the method which is more likely to represent the fair market value will be retained). This amortised cost method may result in periods during which the value deviates from the price the relevant Company would receive if it sold the investment. The Board may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets will be valued at their fair value as

determined in good faith pursuant to procedures established by the Board. If the Board believes that a deviation from the amortised cost per Share may result in material dilution or other unfair results to Shareholders, the Board will take such corrective action, if any, as it deems appropriate, to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.

- (f) The swap transactions will be consistently valued based on a calculation of the net present value of their expected cash flows. For certain Sub-Funds using OTC Derivatives as part of their main Investment Policy, the valuation method of the OTC Derivative will be further specified in the relevant Special Section.
- (g) Accrued interest on securities will be included if it is not reflected in the Share price.
- (h) Cash will be valued at nominal value, plus accrued interest.
- (i) All assets denominated in a currency other than the Reference Currency of the respective Sub-Fund/Class will be converted at the mid-market conversion rate between the Reference Currency and the currency of denomination.
- (j) All other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above subparagraphs would not be possible or practicable, or would not be representative of their probable realisation value, will be valued at probable realisation value, as determined with care and in good faith pursuant to procedures established by the Company.

#### **14. PRICE ADJUSTMENT POLICY**

14.1 The basis on which the assets of each Sub-Fund are valued for the purposes of calculating the Net Asset Value per Shares is set out in Section 13 of the General Section. The actual cost of purchasing or selling assets and investments for a Sub-Fund may however deviate from the latest available price or Net Asset Value used, as appropriate, in calculating the Net Asset Value per Shares due to duties and charges and spreads from buying and selling prices of the underlying investments. These costs have an adverse effect on the value of a Sub-Fund and are known as "dilution". To mitigate the effects of dilution, the Company may, at its discretion, make a dilution adjustment to the Net Asset Value per Shares.

14.2 Shares will in principle be issued and redeemed on the basis of a single price, i.e., the Net Asset Value per Share. However – to mitigate the effect of dilution – the Net Asset Value per Share may be adjusted on any Transaction Day in the manner set out below depending on whether or not a Sub-Fund is in a net subscription position or in a net redemption position on such Transaction Day to arrive at the applicable Adjusted Price. Where there is no dealing on a Sub-Fund or Class of a Sub-Fund on any Transaction Day, the applicable price will be the unadjusted Net Asset Value per Share. The Company will retain the discretion in relation to the circumstances under which to make such a dilution adjustment. As a general rule, the requirement to make a dilution adjustment will depend upon the volume of subscriptions or redemptions of Shares in the relevant Sub-Fund. The Company may make a dilution adjustment if, in their opinion, the existing Shareholders (in case of subscriptions) or remaining Shareholders (in case of redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be made where, for example but without limitation:

- (a) a Sub-Fund is in continual decline (i.e. is experiencing a net outflow of redemptions);

- (b) a Sub-Fund is experiencing large levels of net subscriptions relevant to its size;
  - (c) a Sub-Fund is experiencing a net subscription position or a net redemption position on any Transaction Day; and
  - (d) in any other case where the Company is of the opinion that the interests of Shareholders require the imposition of a dilution adjustment.
- 14.3 The dilution adjustment will involve adding to, when the Sub-Fund is in a net subscription position, and deducting from, when the Sub-Fund is in a net redemption position, the Net Asset Value per Units such figure as the Board considers represents an appropriate figure to meet duties and charges and spreads. In particular, the Net Asset Value of the relevant Sub-Fund will be adjusted (upwards or downwards) by an amount which reflects (i) the estimated fiscal charges, (ii) dealing costs that may be incurred by the Sub-Fund and (iii) the estimated bid/offer spread of the assets in which the Sub-Fund invests. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows than for net outflows. Adjustments will however be limited to a maximum of 2% of the then applicable Net Asset Value per Share.
- 14.4 The Adjusted Price of each Class in the Sub-Fund will be calculated separately but any dilution adjustment will in percentage terms affect the Adjusted Price of each Class in an identical manner. On the occasions when the dilution adjustment is not made there may be an adverse impact on the total assets of a Sub-Fund.
- 15. SUSPENSION OF DETERMINATION OF NET ASSET VALUE, ISSUE, REDEMPTION AND CONVERSION OF SHARES**
- 15.1 The Company may at any time and from time to time suspend the determination of the Net Asset Value of Shares of any Sub-Fund or Class and/or the issue of the Shares of such Sub-Fund or Class to subscribers and/or the redemption of the Shares of such Sub-Fund or Class from its Shareholders as well as conversions of Shares of any Class in a Sub-Fund:
- (a) when one or more stock exchanges or markets, which provide the basis for valuing a substantial portion of the assets of the relevant Sub-Fund, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the relevant Sub-Fund are denominated, are closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;
  - (b) when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Board, disposal of the assets of the relevant Sub-Fund or Class is not reasonably or normally practicable without being seriously detrimental to the interests of the Shareholders;
  - (c) in the case of a breakdown in the normal means of communication used for the valuation of any investment of the relevant Sub-Fund or Class or if, for any reason beyond the responsibility of the Board, the value of any asset of the relevant Sub-Fund or Class may not be determined as rapidly and accurately as required;
  - (d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Company are rendered impracticable or if purchases and sales of the Sub-Fund's assets cannot be effected at normal rates of exchange;

- (e) when the Board so decides, provided that all Shareholders are treated on an equal footing and all relevant laws and regulations are applied (i) upon publication of a notice convening a general meeting of Shareholders of the Company or of a Sub-Fund for the purpose of deciding on the liquidation, dissolution, the merger or absorption of the Company or the relevant Sub-Fund and (ii) when the Board is empowered to decide on this matter, upon their decision to liquidate, dissolve, merge or absorb the relevant Sub-Fund;
  - (f) in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-Fund or a Class; and
  - (g) where, in the opinion of the Board, circumstances which are beyond the control of the Board make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares.
- 15.2 In case of Master-Feeder structures, when a Class or a Sub-Fund is a Feeder of another UCITS, the latter may temporarily suspend the issue, redemption and conversion of Shares, if the said Master UCITS or sub-fund or class of shares suspends itself the issue, redemption and conversion of shares.
- 15.3 Any such suspension may be notified by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Company will notify Shareholders requesting redemption or conversion of their Shares of such suspension.
- 15.4 Such suspension as to any Sub-Fund will have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-Fund.
- 15.5 Any request for subscription, redemption and conversion will be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share in the relevant Sub-Fund. Withdrawal of a subscription or of an application for redemption or conversion will only be effective if written notification (by electronic mail, regular mail, courier or fax) is received by the Administrative Agent before termination of the period of suspension, failing which subscription, redemption applications not withdrawn will be processed on the first Transaction Day following the end of the suspension period, on the basis of the Net Asset Value per Share determined for such Transaction Day.

## **16. FISCAL YEAR AND REPORTING – SHAREHOLDERS' MEETING**

### ***Fiscal Year - Reporting***

- 16.1 The Fiscal Year will begin on 1 January and terminate on 31 December of each year, except for the first Fiscal Year which began on incorporation date and will end on 31 December 2016.
- 16.2 Audited annual reports of the end of each Fiscal Year will be established as at 31 December of each year, and, for the first time as at 31 December 2016. The first audited annual report for the first financial year shall be issued as at 31 December 2016. The Company will also issue an unaudited report as at 30 June of each year. The first unaudited report shall be issued as at 30 June 2016. Those financial reports will provide for information on each of the Sub-Fund's assets as well as the consolidated accounts of the Company and be made available to the Shareholders free of charge at the registered office of the Company and of the Administrative Agent.
- 16.3 The financial statements of each Sub-Fund will be established in the Reference Currency of the Sub-Fund but the consolidated accounts will be in EUR.

- 16.4 Audited annual reports will be published within 4 months following the end of the accounting year. Unaudited reports will be published within 2 months following the end of period to which they refer.
- 16.5 The Net Asset Value per Share and Adjusted Price of each Class within in each Sub-Fund will be made public at the offices of the Company, the Management Company and Administrative Agent on each NAV Calculation Day.
- 16.6 Documents available for inspection by Shareholders free of charge, during usual business hours at the offices of the Company, the Management Company and Administrative Agent in Luxembourg (copies of these documents may also be delivered without cost to Shareholders at their request):
- (a) the Articles;
  - (b) the Management Company Agreement;
  - (c) the Depositary Agreement;
  - (d) the Administration Agreement;
  - (e) the most recent annual financial statements of the Company;
- 16.7 The above agreements may be amended from time to time by all the parties involved.
- 16.8 A copy of the Prospectus, key investor information document(s), the most recent financial statements and the Articles may be obtained free of charge upon request at the registered office of the Company.
- 16.9 Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

***General Meeting of Shareholders***

- 16.10 The annual general meeting of the Shareholders in the Company shall be held at the registered office of the Company or on the place specified in the convening notice on the third Thursday of April of each year at 12:00 and, for the first time on April 2017.
- 16.11 Notice of any general meeting of Shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-Fund) will be mailed to each registered Shareholder at least eight days prior to the meeting and will be published to the extent required by Luxembourg law in the *Recueil Electronique des Sociétés et Associations* and in any Luxembourg and other newspaper(s) that the Board may determine.
- 16.12 Such notices shall contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they shall refer to the applicable quorum and majority requirements. The meetings of Shareholders of Shares of a particular Sub-Fund may decide on matters which are relevant only for the Sub-Fund concerned.

**17. FEES AND EXPENSES**

***Fees and expenses payable directly by the Company***

*Operation and administration expenses*

- 17.1 The Company will pay out of the assets of the relevant Sub-Fund all expenses incurred by it, which will include but not be limited to: all taxes which may be due on the assets and the income of the Company; the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage

expenses) incurred by the Depositary Bank and any custody charges of banks and financial institutions to whom custody of assets of the Company is entrusted; usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Company (such fees to be included in the acquisition price and to be deducted from the selling price); fees and expenses incurred by the Investment Manager in relation to investment research in compliance with applicable rules (including Council Directive 2014/65/EU dated 15 May 2014 on markets in financial instruments); the fees, expenses and all reasonable out-of-pocket expenses properly incurred by the Company, the Service Providers and any other agent appointed by the Company; legal expenses incurred by the Company or the Service Providers while acting in the interests of the Shareholders; the cost and expenses of preparing and/or filing and printing the Articles and all other documents concerning the Company (in such languages as are necessary), including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Company or the offering of Shares of the Company; the cost of preparing, in such languages as are necessary for the benefit of the Shareholders (including the beneficial holders of the Shares), and distributing annual reports and such other reports or documents as may be required under applicable laws or regulations; the cost of accounting, bookkeeping and calculating the Net Asset Value (and Adjusted Price); the cost of preparing and distributing notices to the Shareholders; a reasonable share of the cost of promoting the Company, as determined in good faith by the Company, including reasonable marketing and advertising expenses; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed (if listed). The Company may accrue in its accounts of administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

- 17.2 The Depositary Bank is entitled to receive from the Company, on a quarterly basis, an annual safekeeping services fee not exceeding 0.07% p.a. of the average Net Asset Value of the relevant Sub-Fund, as determined during the relevant quarter, subject to a minimum of EUR 8,000 p.a..
- 17.3 The Administrative Agent is entitled to receive, out of the assets of each Class within each Sub-Fund, a fee corresponding to a maximum of 0.08% p.a. of the average Net Asset Value of the relevant Sub-Fund, as determined during the relevant quarter subject to a minimum fee of up to EUR 15,000 p.a..

*Management Company Fee and related expenses*

- 17.4 In consideration for all services provided by the Management Company, the Management Company is entitled to an annual Management Company Fee, payable monthly out of the assets of each Sub-Fund at a rate as specified for each Sub-Fund and/or Class in the relevant Special Section.
- 17.5 The Management Company may also be entitled to receive a performance fee out of the assets of a Sub-Fund in accordance with the terms of the relevant Special Section.

*Remuneration of the Investment Manager(s) or Investment Adviser(s)*

- 17.6 If an Investment Manager or Investment Adviser is entitled to receive a remuneration out of the assets of a Sub-Fund, then such remuneration will be disclosed in the relevant Special Section.

### *Performance Fee*

- 17.7 For certain Sub-Funds and Classes, as specified in the Special Section of each of the Sub-Funds, the Investment Manager, the Investment Adviser or the Management Company will also receive a Performance Fee as determined in the Special Section relating to a Sub-Fund.

### *Formation and launching expenses*

- 17.8 The Initial Sub-Funds will bear the formation and launching expenses (including but not limited to legal fees related to the set-up of the Company, travel expenses, etc.) incurred on behalf of, or in connection with, the formation of the Company and the launching of the Initial Sub-Funds. These expenses are estimated at EUR 45,000 and will be written off over a period not exceeding five years.
- 17.9 Expenses incurred in connection with the creation of any additional Sub-Fund may be borne by the relevant Sub-Fund and be written off over a period not exceeding five years. Hence, the additional Sub-Funds will not bear a pro rata proportion of the formation and launching expenses incurred on behalf of, or in connection with, the formation of the Company and the launching of the Initial Sub-Funds.

### *Annual subscription tax (Taxe d'abonnement)*

- 17.10 The Company's assets are subject to tax (*taxe d'abonnement*) in Luxembourg at a rate of 0.05% p.a. on net assets (except for Sub-Funds or Classes which are reserved to Institutional Investors which are subject to a tax at a reduced rate of 0.01% p.a. on net assets), payable quarterly. In case some Sub-Funds are invested in other Luxembourg UCIs, which in turn are subject to the subscription tax provided for by the 2010 Act, no subscription tax is due from the Company on the portion of assets invested therein.

## **18. DIVIDEND POLICY**

- 18.1 Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-Fund, on the use of the balance of the year's net income of the investments. A dividend may be distributed, either in cash or Shares. Further, dividends may include a capital distribution, provided that after distribution the net assets of the Company total more than EUR 1,250,000.
- 18.2 Over and above the distributions mentioned in the preceding paragraph, the Board may decide the payment of interim dividends in the form and under the conditions provided by law.
- 18.3 The Company may issue Accumulation Classes and Distribution Classes within the Classes of each Sub-Fund, as indicated in the Special Section. Accumulation Classes capitalise their entire earnings whereas Distribution Classes pay dividends.
- 18.4 For Distribution Classes, dividends, if any, will be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Company within the conditions set forth by law, as further described in the relevant Special Section.
- 18.5 Payments will be made in the Reference Currency of the relevant Sub-Fund. With regard to Shares held through Euroclear or Clearstream (or their successors), dividends shall be paid by bank transfer to the relevant bank. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-Fund.
- 18.6 Unless otherwise stated for a particular Sub-Fund in the relevant Special Section, the Company is authorised to make in-kind distributions/payments of securities or other

assets with the consent of the relevant Shareholder(s). Any such distributions/payments in kind will be valued in a report established by an auditor qualifying as a *réviseur d'entreprises agréé* drawn up in accordance with the requirements of Luxembourg Law, the costs of which report will be borne by the relevant Shareholder.

## **19. LIQUIDATION AND MERGER OF SUB-FUNDS OR CLASSES**

### ***Dissolution of the Company***

- 19.1 The duration of the Company is not limited by the Articles. The Company may be wound up by decision of an extraordinary general meeting of Shareholders. If the total net assets of the Company falls below two-thirds of the minimum capital prescribed by law (i.e. EUR 1,250,000), the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed and which shall pass resolutions by simple majority of the Shares represented at the meeting.
- 19.2 If the total net assets of the Company fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed. A resolution dissolving the Company may be passed by Shareholders holding one-fourth of the Shares represented at the meeting.
- 19.3 The meeting must be convened so that it is held within a period of forty days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.
- 19.4 If the Company is dissolved, the liquidation shall be carried out by one or several liquidators appointed in accordance with the provisions of the 2010 Act. The decision to dissolve the Company will be published in the *Recueil Electronique des Sociétés et Associations* and two newspapers with adequate circulation, one of which must be a Luxembourg newspaper. The liquidator(s) will realise each Sub-Fund's assets in the best interests of the Shareholders and apportion the proceeds of the liquidation, after deduction of liquidation costs, amongst the Shareholders of the relevant Sub-Fund according to their respective *pro rata*. Any amounts unclaimed by the Shareholders at the closing of the liquidation of the Company will be deposited with the *Caisse de Consignation* in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they shall be forfeited.
- 19.5 As soon as the decision to wind up the Company is made, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited and shall be deemed void.
- 19.6 The Company shall have the right, if the Board so determines, to satisfy payment of the liquidation proceeds to the Shareholders in kind by allocating to the Shareholders investments from the pool of assets set up in connection with such Sub-Fund or Class. Payments in kind will be the subject of a report drawn up by the Auditor and are only possible provided that (i) equal treatment is afforded to Shareholders, that (ii) the relevant Shareholders have agreed to receive liquidation proceeds in kind and (iii) that the nature and type of assets to be transferred are determined on a fair and reasonable basis and without prejudicing the interests of the other holders of Shares of the relevant Sub-Fund or Class. Any costs resulting from such liquidation in kind shall be borne by the relevant Sub-Fund or Class.

### ***Liquidation of Sub-Funds or Classes – Merger***

- 19.7 If, for any reason, the value of the total net assets in any Sub-Fund or Class has decreased to, or has not reached, an amount determined by the Company to be the minimum level for such Sub-Fund or Class to be operated in an economically efficient

manner (i.e. below the Minimum Net Asset Value), or in the event of a substantial change in the economic or political environment of the relevant Sub-Fund or Class that may have material adverse consequences on the Sub-Fund or Class's investments, or if an economic rationalisation so requires, the Board may decide on a compulsory redemption of all Shares outstanding in such Sub-Fund or Class on the basis of the Net Asset Value per Share (after taking account of current realisation prices of the investments as well as realisation expenses), calculated on the NAV Calculation Day at which such decision shall take effect. The Company will serve a notice to the holders of the relevant Shares prior to the effective date for the compulsory redemption, which will indicate the reasons of and the procedure for the redemption operations. Registered Shareholders will be notified in writing. Unless the Board decides otherwise in the interests of, or in order to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge. However, the liquidation costs will be taken into account in the Redemption and Conversion Fee.

- 19.8 Notwithstanding the powers granted to the Board as described in the previous paragraph, a general meeting of Shareholders of a Sub-Fund or Class may, upon proposal of the Board, decide to repurchase all the Shares in such Sub-Fund or Class and to reimburse the Shareholders on the basis of the Net Asset Value of their Shares (taking account of current realisation prices of the investments as well as realisation expenses) calculated as of the NAV Calculation Day on which such decision shall become effective. No quorum shall be required at this general meeting and resolutions shall be passed by a simple majority of the Shareholders present or represented, provided that the decision does not result in the liquidation of the Company.
- 19.9 All the Shares redeemed will be cancelled.
- 19.10 Under the same circumstances as provided by Section 18.6, the Board may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company or to another Luxembourg UCITS or to another Sub-Fund within such other Luxembourg UCITS (the new Sub-Fund) and to redesignate the Shares of the Class or Classes concerned as Shares of another Class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified in the same manner as described above and, in addition, the notification will contain information in relation to the new Sub-Fund or the other Luxembourg UCITS. Such publication will be made not less than one month before the date on which the merger or contribution becomes effective in order to enable Shareholders to request redemption of their Shares, free of redemption charge, before the contribution becomes effective. Shareholders will receive shares of the surviving Luxembourg UCITS or Sub-Fund except in those situations when the Company or Sub-Fund or Class is the surviving entity. Any new share received in such transaction will have the same value as any Shares relinquished in the transaction.
- 19.11 Notwithstanding the powers granted to the Board in the above paragraph, a contribution of the assets and liabilities of a Sub-Fund or Class to another Sub-Fund or Class of the Company may be decided by the general meeting of Shareholders of the contributing Sub-Fund or Class. No quorum shall be required and a decision on such contribution shall be taken by a resolution passed by the majority of the Shareholders present or represented, provided that this contribution does not result in the liquidation of the Company.

- 19.12 A contribution of the assets and liabilities attributable to a class to another UCITS may be decided by a general meeting of Shareholders of the contributing Sub-Fund or Class by a resolution of the Shareholders of the Class or Classes issued in the Sub-Fund concerned taken with a 50% quorum requirement of the Shares in issue and adopted at a 2/3 majority of the Shares present or represented and voting. The Board may also, under the same circumstances as provided above, decide to merge one Sub-Fund by a contribution into another UCITS.
- 19.13 For the interest of the Shareholders of the relevant Sub-Fund or in the event that a substantial change in the economic or political situation relating to a Sub-Fund so justifies, the Board may proceed to the reorganisation of such Sub-Fund by means of a division into two or more Sub-Funds. Such decision will be notified in the same manner as described above. Information concerning the new Sub-Fund(s) will be provided to the relevant Shareholders. Such notification will be made one month prior to the effectiveness of the reorganisation in order to permit Shareholders to request redemption of their Shares free of charge during such one month prior period.

## **20. TAXATION**

- 20.1 The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular Shareholder or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### ***Taxation of the Company***

- 20.2 The Company is not subject to taxation in Luxembourg on its income, profits or gains.
- 20.3 The Company is not subject to net wealth tax in Luxembourg.
- 20.4 A EUR 75.- registration tax is to be paid upon incorporation and each time the Articles are amended. No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares.
- 20.5 The Company is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its Net Asset Value at the end of the relevant quarter, calculated and paid quarterly.
- 20.6 A reduced subscription tax rate of 0.01% per annum is applicable to Luxembourg UCITS whose exclusive object is the collective investment in Money Market Instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to UCITS individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more Institutional Investors.
- 20.7 Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCIs, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to the part II of the 2010 Act qualifying as exchange traded funds, and

(v) UCIs and individual compartments thereof with multiple compartments whose main objective is the investment in microfinance institutions.

#### ***Withholding tax***

- 20.8 Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.
- 20.9 Distributions made by the Company are not subject to withholding tax in Luxembourg.

#### ***Taxation of the Shareholders***

##### *Luxembourg resident individuals*

- 20.10 Capital gains realised on the sale of the Shares by Luxembourg resident individuals Shareholders who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:
1. the Shares are sold within (6) six months from their subscription or purchase; or
  2. if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the company.
- 20.11 Distributions made by the Company will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 43.6%. An additional temporary income tax of 0.5% (*impôt d'équilibrage budgétaire temporaire*) will be due by Luxembourg individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

##### *Luxembourg resident corporate*

- 20.12 Luxembourg resident corporate Shareholders will be subject to corporate taxation at the rate of 29.22% (in 2016 for entities having the registered office in Luxembourg-City) on capital gains realised upon disposal of Shares and on the distributions received from the Company.
- 20.13 Luxembourg corporate resident Shareholders who benefit from a special tax regime, such as, for example, (i) an UCI subject to the 2010 Act, (ii) specialised investment funds subject to the amended law of 13 February 2007 on specialised investment funds, or (iii) family wealth management companies subject to the amended law of 11 May 2007 related to family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.
- 20.14 The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Shareholders except if the holder of the Shares is (i) an UCI subject to the 2010 Act, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund

subject to the amended law of 13 February 2007 on specialised investment funds or (v) a family wealth management company subject to the amended law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

*Non-Luxembourg residents*

- 20.15 Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Shares nor on the distribution received from the Company and the Shares will not be subject to net wealth tax. An additional temporary income tax of 0.5% (*impôt d'équilibre budgétaire temporaire*) will be due by individual subject to the Luxembourg State social security scheme in relation to their professional and capital income.

***Automatic Exchange of Information***

- 20.16 The OECD has developed a common reporting standard (CRS) to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the Euro-CRS Directive) was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. EU Savings Directive will apply one year longer.
- 20.17 The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (CRS Law). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.
- 20.18 Accordingly, the Company may require the Shareholders to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a Shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Company shall communicate any information to the Shareholder according to which (i) the Company is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the Shareholder has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).
- 20.19 Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the EU Member States for the data relating to the calendar year 2016.

- 20.20 In addition, Luxembourg signed the OECD's multilateral competent authority agreement (Multilateral Agreement) to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.
- 20.21 The Company reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.
- 20.22 Shareholders should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

#### **FATCA**

- 20.23 FATCA, a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US (foreign financial institutions or FFIs) to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service (IRS) on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand-Duchy of Luxembourg entered into the Lux IGA with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such the Lux IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the FATCA Law) in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes (FATCA reportable accounts). Any such information on FATCA reportable accounts provided to the SICAV will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Company intends to comply with the provisions of the FATCA Law and the Lux IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the SICAV. The Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.
- 20.24 To ensure the Company's compliance with FATCA, the FATCA Law and the Lux IGA in accordance with the foregoing, the Company, may:
- a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
  - b) report information concerning a Shareholder and his account holding in the Company to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Lux IGA;
  - c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution;

- d) deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Company in accordance with FATCA, the FATCA Law and the Lux IGA; and
  - e) divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.
- 20.25 The Company shall communicate any information to the Shareholder according to which (i) the Company is responsible for the treatment of the personal data provided for in the FATCA Law; (ii) the personal data will only be used for the purposes of the FATCA Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to FATCA-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the Shareholder has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).
- 20.26 The Company reserves the right to refuse any application for Shares if the information provided by a potential Shareholder does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

## **21. RISK FACTORS**

- 21.1 Before making an investment decision with respect to Shares of any Class in any Sub-Fund, prospective investors should carefully consider all of the information set out in this Prospectus and the relevant Special Section, as well as their own personal circumstances. Prospective investors should have particular regard to, among other matters, the considerations set out in this Section and under the Sections "Risk Factors" (if any) and "Profile of Typical Investor" in the relevant Special Section. The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Shares of any Sub-Fund and could result in the loss of all or a proportion of a Shareholder's investment in the Shares of any Sub-Fund. The price of the Shares of any Sub-Fund can go down as well as up and their value is not guaranteed. Shareholders may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.
- 21.2 The risks may include or relate to equity markets, bond markets, foreign exchange rates, interest rates, credit risk, the use of derivatives, counterparty risk, market volatility and political risks. The risk factors set out in this Prospectus and the relevant Special Section are not exhaustive. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.
- 21.3 An investment in the Shares of any Sub-Fund is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
- 21.4 Before making any investment decision with respect to the Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, solicitor, accountant and/or financial adviser and carefully review and consider such an investment decision in the light of the foregoing and the prospective investor's personal circumstances.
- 21.5 The Company is intended to be a medium to long-term investment vehicle (depending on the Investment Policy of the relevant Sub-Funds). Shares may however be redeemed on each Transaction Day. Substantial redemptions of Shares by

Shareholders within a limited period of time could cause the Company to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Net Asset Value per Share could make it more difficult for the Company to generate trading profits or recover losses.

***General economic conditions***

- 21.6 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.

***Indemnities***

- 21.7 Certain Service Providers of a Sub-Fund and their directors, managers, officers and employees may benefit from an indemnification under the relevant Service Agreement and could therefore, in certain circumstances, be indemnified out of the relevant Sub-Fund's assets against liabilities, costs, expenses (including, e.g., legal expenses) incurred by reason of such person or entity providing services to the relevant Sub-Fund. In principle, however, indemnification clauses will generally contain carve outs in relation to acts or omissions that incur, e.g., gross negligence, fraud, wilful default or reckless disregard.

***Key Persons***

- 21.8 The success of the Company or of its Sub-Funds will largely depend on the experience, relationships and expertise of the key persons within the Board, the Management Company or the Investment Manager, if any, which have long term experience in the respective area of investment. The performance of the Company or any Sub-Fund may be negatively affected if any of the key persons involved in the management or investment process of the Company or particular Sub-Fund would for any reason cease to be involved. Furthermore, the key persons might be involved in other businesses, including in similar projects or investment structures, and not be able to devote all of their time to the Company or the respective Sub-Fund. In addition the involvement in similar projects or investment structures may create a source for potential conflicts of interest.

***Exchange rates***

- 21.9 Investors in the Shares should be aware that an investment in the Shares may involve exchange rate risks. For example (i) a Sub-Fund may have direct or indirect exposure to a number of different currencies of emerging market or developed countries; (ii) a Sub-Fund may invest in securities or other eligible assets denominated in currencies other than the Sub-Fund's Reference Currency; (iii) the Shares may be denominated in a currency other than the currency of the investor's home jurisdiction; and/or (iv) the Shares may be denominated in a currency other than the currency in which an investor wishes to receive his monies. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Shares.

### ***Interest rate***

- 21.10 Investors in the Shares should be aware that an investment in the Shares may involve interest rate risk in that there may be fluctuations in the currency of denomination of securities or other eligible assets in which a Sub-Fund invests the Shares.
- 21.11 Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. Fluctuations in interest rates of the currency in which the Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the securities or other eligible assets in which a Sub-Fund invests are denominated may affect the value of the Shares.

### ***Market volatility***

- 21.12 Market volatility reflects the degree of instability and expected instability of the securities or other eligible assets in which a Sub-Fund invests, the performance of the Shares, or the techniques used to link the net proceeds of any issue of Shares to OTC Derivatives underlying asset(s), where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

### ***Credit risk***

- 21.13 Investors in the Shares should be aware that such an investment may involve credit risk. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share.

### ***Legal risk***

- 21.14 There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in tax or accounting laws. In such circumstances, a Sub-Fund may be required to cover any losses incurred.
- 21.15 Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.

### ***Operational risk***

- 21.16 The Company's operations (including investment management) are carried out by the service providers mentioned in this Prospectus. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example,

delays in the processing of subscriptions, conversions and redemption of Shares) or other disruptions.

***Custody risk***

- 21.17 The Company's assets are held in custody by the Depositary Bank, which exposes the Company to custodian risk. This means that the Company is exposed to the risk of loss of assets placed in custody as a result of insolvency, negligence or fraudulent trading by the Depositary Bank.

***Investments in emerging markets***

- 21.18 In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-Funds.
- 21.19 Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.
- 21.20 Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in emerging market securities.
- 21.21 The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Sub-Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.
- 21.22 There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of

securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

- 21.23 In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.
- 21.24 Furthermore, investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depositary Bank). No certificates representing ownership of Russian companies will be held by the Depositary Bank or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of the effective state regulation and enforcement, the Company could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight. In addition, Russian securities have an increased custodial risk associated with them as such securities are, in accordance with market practice, held in custody with Russian institutions which may not have adequate insurance coverage to cover loss due to theft, destruction or default whilst such assets are in its custody.
- 21.25 Some Sub-Funds may invest a significant portion of their net assets in securities or corporate bonds issued by companies domiciled, established or operating in Russia as well as, as the case may be, in debt securities issued by the Russian government as more fully described for each relevant Sub-Fund in its Investment Policy.

***Risks in transactions in currencies***

- 21.26 In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Management Company, the Investment Manager and the Investment Adviser's expectations may produce significant losses to a Sub-Fund, particularly in the case of transactions entered into pursuant to non-directional strategies.

***Use of financial derivative instruments***

- 21.27 While the prudent use of financial derivative instruments can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Sub-Fund.

***Market risk***

- 21.28 This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to a Sub-Fund's interests.

### *Control and monitoring*

- 21.29 Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and debt securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Sub-Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

### *Liquidity risk*

- 21.30 Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC Derivatives if it is allowed to liquidate such transactions at any time at fair value).

### *Counterparty risk*

- 21.31 The Sub-Funds may enter into transactions in OTC markets, which will expose the Sub-Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Sub-Funds may enter into swap arrangements or other derivative techniques as specified in the relevant Special Sections, each of which expose the Sub-Funds to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However this risk is limited in view of the Investment Restrictions laid down in the Section 3 of the General Section.
- 21.32 Certain markets in which the Sub-Funds held by the Sub-Funds may effect their transactions are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Sub-Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Sub-Fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Sub-Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. In addition, in the case of a default, the respective Sub-Fund could become subject to adverse market

movements while replacement transactions are executed. The Sub-Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Sub-Funds have no internal credit function which evaluates the creditworthiness of their counterparties. The ability of the Sub-Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a Regulated Market to facilitate settlement may increase the potential for losses by the Sub-Funds.

*Lack of availability*

- 21.33 Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Management Company may wish to retain the respective Sub-Fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that the Sub-Funds will engage in derivatives transactions at any time or from time to time. The Sub-Funds' ability to use derivatives may also be limited by certain regulatory and tax considerations.

*Different maturity*

- 21.34 The Company will enter into derivative contracts with a maturity date which may be different from the Maturity Date of the Sub-Fund. There can be no assurance that any new derivative contracts entered into will have terms similar to those previously entered into.

*Synthetic Short Selling*

- 21.35 Sub-Funds may utilise synthetic short exposures through the use of cash settled derivatives such as swaps, futures and forwards in order to enhance their overall performance. A synthetic short sale position replicates the economic effect of a transaction in which a fund sells a security it does not own but has borrowed, in anticipation that the market price of that security will decline. When a Sub-Fund initiates such a synthetic short position in a security that it does not own, it enters into a derivative-based transaction with a counterparty or broker-dealer and closes that transaction on or before its expiry date through the receipt or payment of any gains or losses resulting from the transaction. A Sub-Fund may be required to pay a fee to synthetically short particular securities and is often obligated to pay over any payments received on such securities. Each Sub-Fund maintains sufficiently liquid long positions in order to cover any obligations arising from its short positions. If the price of the security on which the synthetic short position is written increases between the time of the initiation of the synthetic short position and the time at which the position is closed, the Sub-Fund will incur a loss; conversely, if the price declines, the Sub-Fund will realise a short-term capital gain. Any gain will be decreased and any loss increased by the transactional costs described above. Although a Sub-Fund's gain is limited to the price at which it opened the synthetic short position, its potential loss is theoretically unlimited. Stop loss policies are typically employed to limit actual losses, which would otherwise have to be covered by closing long positions.

*Synthetic Leverage*

- 21.36 A Sub-Fund's portfolio may be leveraged by using derivative instruments (including OTC Derivatives) i.e. as a result of its transactions in the futures, options and swaps markets. A low margin deposit is required in futures trading and the low cost of carrying cash positions permit a degree of leverage, which may result in exaggerated

profits or losses to an investor. A relatively small price movement in a futures position or the underlying instrument may result in substantial losses to the Sub-Fund resulting in a similar decline to the Net Asset Value per Share. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract or security underlying the option which the writer must purchase or deliver upon exercise of the option. Contracts for differences and swaps may also be used to provide synthetic short exposure to a stock – the risks associated with using swaps and contract for differences are more fully disclosed in Section 21.40 below.

#### *Control and Monitoring*

- 21.37 Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and debt securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Sub-Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

#### *Securities lending and repurchase transactions*

- 21.38 In relation to repurchase agreement transactions, Shareholders must notably be aware that a) in the event of the failure of the counterparty with which cash of a Sub-fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that c) repurchase agreement transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of this Prospectus.
- 21.39 In relation to securities lending, Shareholders must notably be aware that a) if the borrower of securities lent by a Sub-fund fails to return these, there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that b) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund, or (iii) yield a sum less than the amount of collateral to be returned; and that c) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales.
- 21.40 When a Sub-Fund reinvests cash collateral it receives, the assets in which the cash collateral is reinvested are subject to the same risks (market risks, interest rates risks etc...) as if they were directly held in the portfolio. As a consequence, there is a risk that the value on return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty. In this circumstance the Sub-Fund would be required to cover the shortfall.

### *Use of specific derivative contracts*

21.41 The following only represents a limited choice of risk associated with derivatives the Sub-Funds may elect to invest in. The Sub-Funds are substantially unrestricted in their use of derivatives and may decide to use various other derivatives contracts associated with much higher or different risks, as the case may be.

#### (a) Swap agreements

Sub-Funds may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Sub-Funds' exposure to long-term or short-term interest rates, different currency values, corporate borrowing rates, or other factors such as without limitation security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Sub-Funds are not limited to any particular form of swap agreement if consistent with the respective Sub-Fund's Investment Objective and policies. Swap agreements tend to shift the respective Sub-Fund's investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Sub-Funds' portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Sub-Funds.

*Inter alia*, in order to seek to reduce the interest rate risk inherent in the Sub-Funds underlying investments especially associated with bonds and other debt investments, the Sub-Funds may employ interest rate swaps or option transactions. Interest rate swaps involve the Sub-Funds' agreement with the swap counterparty to pay a variable rate payment on a notional amount in exchange for the counterparty paying the Sub-Funds a fixed rate payment on a notional amount that is intended to approximate the Sub-Funds income on variable interest rates.

The use of interest rate swaps and options is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on the state of interest rates, the respective Sub-Fund's use of interest rate instruments could enhance or harm the overall performance on the Shares in the respective Sub-Fund. To the extent there is an increase in interest rates, the value of the interest rate swap or option could go down, and could result in a decline in the Net Asset Value of the Shares. If interest rates are higher than the respective Sub-Fund's fixed rate of payment on the interest rate swap, the swap will reduce the net earnings. If, on the other hand, interest rates are lower than the fixed rate of payment on the interest rate swap, the swap will enhance net earnings.

Interest rate swaps and options generally do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps or options is limited to the net amount of interest payments that the Sub-Funds are contractually obligated to make.

In addition, at the time the interest rate swap or option transaction reaches its scheduled termination date, there is a risk that the Sub-Funds will not be able to

obtain a replacement transaction or that the terms of the replacement will not be as favourable as the terms of the expiring transactions. If this occurs, it could have a negative impact on the performance of the Shares in the respective Sub-Fund.

(b) Call options

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by the gain by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

(c) Put options

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option that is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged put option assumes the risk of a decline in the market price of the underlying security to zero.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

(d) Forward trading

Each Sub-Fund may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges, and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. For example, there are no requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank

traded instruments rely on the fulfilment by the dealer or counterparty of its contract. As a result, trading in unregulated exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the respective Sub-Fund has forward contracts. Although the Board seeks to trade with responsible counterparties, failure by a counterparty to fulfil its contractual obligation could expose the Company to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Sub-Funds due to unusually high or low trading volume, political intervention or other factors. The imposition of credit controls by government authorities might also limit such forward trading to less than that which the Management Company would otherwise recommend, to the possible detriment of the Sub-Funds.

- (e) Performance swaps, interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions.

The Company, the Management Company or the Investment Manager may, as a part of the investment strategy of a Sub-Fund, enter into performance swaps, interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions agreements. Interest rate swaps involve the exchange by a Sub-Fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments.

Where a Sub-Fund enters into interest rate swaps or total return swaps on a net basis, the two payment streams are netted out, with each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate swaps or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Sub-Fund is contractually obligated to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate swap or total return swap defaults, in normal circumstances the Sub-Fund's risk of loss consists of the net amount of interest or total return payments that the Sub-Fund is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency.

Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

A Sub-Fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterparty (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 (such as bankruptcy or insolvency) occurs or receive a cash settlement based on the difference between the market price and such reference price.

A Sub-Fund 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, a Sub-Fund may buy protection under credit default swaps without holding the underlying assets.

A Sub-Fund may also sell protection under credit default swaps in order to acquire a specific credit exposure.

A Sub-Fund may also purchase a receiver or payer interest rate swaption contract. Swaptions are options on interest rate swaps. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a preset interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.

The use of interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Board, the Management Company or the Investment Manager is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Sub-Fund would be less favourable than it would have been if these investment techniques were not used.

(f) Contracts for differences

The Sub-Funds may have an exposure in Contracts For Difference (**CFD's**). CFD's are synthetic instruments which mirror the profit (or loss) effect of holding (or selling) equities directly without buying the actual securities themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and the share price when the contract is closed. Accordingly, under such an instrument the relevant Sub-Fund will make a profit if it has a purchase position and the price of the underlying security rises (and make a loss if the price of the underlying security falls). Conversely if the Sub-Fund has a sale position, it will make a profit if the price of the underlying security falls (and make a loss if the price of the underlying security rises). As part of the normal market terms of trade the Company must comply with market participants terms and conditions and in particular initial

margin has to be paid to cover potential losses (on set up) and variation margin on adverse price movements (during the term of the CFD). In addition it should be noted the relevant Sub-Fund could suffer losses in event of the CFD issuer's default or insolvency.

(g) Other derivative instruments.

The Sub-Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the Investment Objective of the Sub-Funds and legally permissible. Special risks may apply to instruments that are invested in by the Company in the future that cannot be determined at this time or until such instruments are developed or invested in by the Sub-Funds. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

*Risks of contagion*

In addition, the use of financial derivative instruments for the hedging of hedged Classes means that the Company enters into financial derivative contracts, on behalf of the relevant Sub-Fund, which may generate payment/delivery obligations at the level of the Sub-Fund that it should be able to meet. Due to the lack of asset segregation between Classes, the financial derivatives used become part of the common pool of assets of the relevant Sub-Fund. This introduces potential counterparty and operational risk for all investors in the relevant Sub-Fund. This could lead to a risk of contagion to the other Classes of the Sub-Fund. This risk could disadvantage investors in those Classes where no hedging is undertaken as well as those participating in the hedged classes.

*Risks linked to the use of Additional Tier 1 Securities (referred thereafter as "Contingent Convertible Bonds" or "AT1 Securities")*

- 21.42 Some convertible securities are issued where the conversion of the bond into equity occurs at stated conversion rate if a pre-specified trigger event occurs. This type of convertible became popular following the 2008-2009 financial crisis as a way of triggering conversion of debt to equity in the event of deteriorating financial condition to avoid bankruptcy. As such, issuers of such bonds may tend to be those that are vulnerable to weakness in the financial markets. Because conversion occurs after a specified event, conversion may occur when the share price of the underlying equity is less than when the bond was issued or purchased, resulting in greater potential compared to conventional convertible securities for capital loss.
- 21.43 The investments in AT1 Securities may also entail the following risks (non-exhaustive list):
- Coupon cancellation: for some AT1 Securities, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.
  - Yield: investors have been drawn to the instruments as a result of the AT1 Securities often attractive yield which may be viewed as a complexity premium.

- Valuation and write-down risks: the value of AT1 Securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Company may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.
- Call extension risk: some AT1 Securities are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.
- Capital structure inversion risk: contrary to classical capital hierarchy, AT1 Securities' investors may suffer a loss of capital when equity holders do not.
- Conversion risk: it might be difficult for the Investment Manager to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might be forced to sell these new equity shares since the investment policy of the relevant Sub-Fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.
- Unknown risk: the structure of AT1 Securities is innovative yet untested.
- Industry concentration risk: investment in AT1 Securities may lead to an increased industry concentration risk as such securities are issued by a limited number of banks.
- Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager to anticipate the triggering events that would require the debt to convert into equity.
- Liquidity risk. in certain circumstances finding a ready buyer for AT1 Securities may be difficult and the seller may have to accept a significant discount to the expected value of the AT1 Security in order to sell it.

*Risks of options trading*

- 21.44 In seeking to enhance performance or hedge assets, the Sub-Fund may use options. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

*Investing in futures is volatile and involves a high degree of leverage*

- 21.45 Futures markets are highly volatile markets. The profitability of the Sub-Fund will partially depend on the ability of the Board, the Management Company or the Investment Manager to make a correct analysis of the market trends, influenced by governmental policies and plans, international political and economical events, changing supply and demand relationships, acts of governments and changes in interest rates. In addition, governments may from time to time intervene on certain markets, particularly currency markets. Such interventions may directly or indirectly influence the market. Given that only a small amount of margin is required to trade on futures markets, the operations of the managed futures portion of the Sub-Fund shall be characterised by a high degree of leverage. As a consequence, a relatively small variation of the price of a futures contract may result in substantial losses for the Sub-

Fund and a correlated reduction of the Net Asset Value of the Shares of the Sub-Fund.

*Futures markets may be illiquid*

- 21.46 Most futures markets limit fluctuation in futures contracts prices during a single day. When the price of a futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless the Board, the Management Company or the Investment Manager are willing to trade at or within the limit. In the past futures contracts prices have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Sub-Fund from promptly liquidating unfavourable positions and thus subject the Sub-Fund to substantial losses. In addition, even if the prices do not get close to such limits, the Sub-Fund may be in a position not to obtain satisfying prices if the volumes traded on the market are insufficient to meet liquidation requests. It is also possible that a stock exchange, the Commodity Futures Trading Commission in the United States or another similar institution in another country suspends the listing of a particular contract, instructs the immediate liquidation of the contract or limits transactions on a contract to the sole transactions against delivery.

*Options on futures*

- 21.47 The Company, the Management Company or the Investment Manager may engage in the management of options, in particular options on futures contracts. Such management carries risks similar to the risks inherent to the uncovered management of futures contracts on commodities as far as such options are volatile and imply a high degree of leverage. The specific movements of the commodities and futures contracts markets, which represent the underlying assets of the options may not be predicted with precision. The buyer of an option may lose the entire purchase price of the option. The seller of an option may lose the difference between the premium received for the option and the price of the commodity or of the futures contract underlying the option that the seller must buy or deliver, upon the exercise of the option.

*Other risks*

- 21.48 Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC Derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Sub-Fund. However, this risk is limited as the valuation method used to value OTC Derivatives must be verifiable by an independent auditor.
- 21.49 Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a Sub-Fund's Investment Objective.

***Fixed-interest securities***

- 21.50 Investment in securities of issuers from different countries and denominated in different currencies offer potential benefits not available from investments solely in securities of issuers from a single country, but also involve certain significant risks that are not typically associated with investing in the securities of issuers located in a

single country. Among the risks involved are fluctuations in currency exchange rates and the possible imposition of exchange control regulations or other laws or restrictions applicable to such investments. A decline in the value of a particular currency in comparison with the reference currency of the Company would reduce the value of certain portfolio securities that are denominated in the former currency. The following risks may also be associated with fixed-interest securities:

- 21.51 Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, volatility of prices and liquidity of issuers may differ between the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies differs from one country to another. The laws of some countries may limit the Company's ability to invest in securities of certain issuers.
- 21.52 Different markets also have different clearing and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-Fund is uninvested and no return is earned thereon. The inability of the Company to make intended security purchases due to settlement problems could cause a Sub-Fund to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if a Sub-Fund has entered into a contract to sell the security, could result in possible liability to the purchaser.
- 21.53 An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may fluctuate independently of each other.

#### ***High-yield securities***

- 21.54 Sub-Funds may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, each Sub-Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments (neither Sub-Fund is required to hedge, and may choose not to do so). High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

#### ***Equities***

- 21.55 The risks associated with investments in equity (and equity-type) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to debt paper issued by the same company.

Potential investors should also consider the risk attached to fluctuations in exchange rates, possible imposition of exchange controls and other restrictions.

***Use of structured finance securities***

- 21.56 Structured finance securities include, without limitation, securitised credit and portfolio credit-linked notes.
- 21.57 Securitised credit is securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Securitised credit can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the securitised credit.
- 21.58 Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets ("reference credits"). Upon the occurrence of a credit-related trigger event ("credit event") with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).
- 21.59 Securitised credit and portfolio credit-linked notes are usually issued in different tranches: Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.
- 21.60 Accordingly, in the event that (a) in relation to securitised credit, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Share, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.
- 21.61 Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign bonds which may affect their realisation value.

### ***Financial failure of intermediaries***

- 21.62 There is always the possibility that the institutions, including brokerage firms and banks, with which the Sub-Funds do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Company.

### ***Specific restrictions in connection with the Shares***

- 21.63 Shareholders who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, Shareholders should be aware that tax regulations and their application or interpretation by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

### ***Change of law***

- 21.64 Investors should note that there may be restrictions in connection with the subscription, holding and trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as a Minimum Initial Subscription Amount or due to the fact that certain Sub-Funds may be closed to additional subscriptions after the Initial Offering Period or Initial Offering Date.

### ***Taxation***

- 21.65 Shareholders should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a Sub-Fund, capital gains within a Sub-Fund, whether or not realised, income received or accrued or deemed received within a Sub-Fund etc., and this will be according to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and in the country of residence or nationality of the Shareholder.
- 21.66 Shareholders should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Sub-Fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in a Sub-Fund in relation to their direct investments, whereas the performance of a Sub-Fund, and subsequently the return Shareholders receive after redemption of the Shares, might partially or fully depend on the performance of underlying assets. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.
- 21.67 The Company must comply with regulatory constraints, such as a change in the laws affecting the Investment Restrictions and limits applicable to UCITS, which might require a change in the Investment Policy and Investment Objective followed by a Sub-Fund.

### ***Performance allocation and fees***

- 21.68 Certain Sub-Funds may provide for the right of the Management Company or the Investment Manager to receive a performance fee or similar remuneration schemes. The fact that the performance of the relevant Sub-Fund may create an incentive for the Management Company or the relevant Service Provider to cause the Sub-Fund to make Investments that are more speculative than would be the case in the absence of performance-based compensation. However, such incentive may be tempered somewhat by the fact that losses will reduce the Sub-Fund's performance and thus

the Management Company or Investment Manager's performance fee or similar remuneration scheme.

**Political factors**

- 21.69 The performance of the Shares or the possibility to purchase, sell, or redeem may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements.

**22. SOFT COMMISSIONS**

- 22.1 The Management Company (or its delegates, including, e.g., Investment Managers) may enter into soft commissions with brokers under which certain business services are obtained from third parties and are paid for by the brokers out of the commissions they receive from transactions of the Company. Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Management Company (or its delegates) to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers. The entering into soft commission arrangements is subject to the following conditions: (i) the Management Company (and its delegates) will act at all times in the best interest of the Company; (ii) the services provided will be in direct relationship to the activities of the Management Company (or its delegates) and will assist the Management Company (or its delegates) in providing a better service to the Company; (iii) brokerage commissions on portfolio transactions for the Company will be directed by the Management Company (or its delegates) to broker-dealers that are entities and not to individuals; (iv) any Investment Manager will provide reports to the Management Company (and the Management Company will in turn provide reports to the Company) with respect to soft commissions including the nature of the services it receives; and (v) information concerning the soft commission arrangements will be disclosed in the financial statements of the Company.
- 22.2 For greater clarity, the following are specifically excluded from the goods and services that can be received in relation to soft commission arrangements: travel, costs, entertainment, current goods and services connected with the management (except such goods and services as consultancy and research, information technology material associated with specialist software, performance methods and instruments for setting prices), the offices, the office equipment except the equipment related to research or brokerage services, staff costs, clerical salaries and other costs determined to be overhead expenses (such as electric bills, water bills, carpeting etc.).
- 22.3 The Management Company (or its delegates) or anyone connected to it will not personally benefit from any financial return on the commissions collected by brokers or dealers. Any rebate, profit or financial payment received by the Management Company (or its delegates) or anyone connected to it, due on these brokerage commissions or transactions in relation to past orders for the Company, will be exclusively paid into the relevant Sub-Fund.

**23. CONFLICTS OF INTERESTS**

- 23.1 The Directors, the Management Company, the Sub-Distributor(s), the Investment Manager(s), the Investment Adviser(s), the Depositary Bank and the Administrative Agent may, in the course of their business, have potential conflicts of interests with the Company. Each of the Directors, the Management Company, the Sub-Distributor(s), the Investment Manager(s), the Investment Adviser(s), the Depositary Bank and the Administrative Agent will have regard to their respective duties to the

Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or shall be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

***Interested dealings***

- 23.2 The Directors, the Management Company, the Sub-Distributor(s), the Investment Manager(s), the Investment Adviser(s), the Depositary Bank and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the Interested Parties and, each, an Interested Party) may:
- contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-Fund, or be interested in any such contracts or transactions;
  - invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and
  - deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Management Company, the Investment Manager or the Depositary Bank or any subsidiary, affiliate, associate, agent or delegate thereof.
- 23.3 Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).
- 23.4 There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.
- 23.5 Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.
- 23.6 Notwithstanding anything to the contrary herein and unless otherwise provided for in a Special Section for a particular Sub-Fund, the Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) and their respective Affiliates may actively engage in transactions on behalf of other investment funds and accounts which involve the same securities and instruments in which the Sub-Funds will invest. The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) and their respective Affiliates may provide investment management/advisory services to other investment funds and accounts that have investment objectives similar or dissimilar to those of the Sub-Funds and/or which may or may not follow investment programs similar to the Sub-Funds, and in which the Sub-Funds will have no interest. The portfolio strategies of the Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) and their respective Affiliates used for other investment funds or accounts could conflict with the transactions and strategies advised by the Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) in managing a Sub-Fund and

affect the prices and availability of the securities and instruments in which such Sub-Fund invests.

- 23.7 The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) and their respective Affiliates may give advice or take action with respect to any of their other clients which may differ from the advice given or the timing or nature of any action taken with respect to investments of a Sub-Fund. The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) have no obligation to advise any investment opportunities to a Sub-Fund which they may advise to other clients.
- 23.8 The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) will devote as much of their time to the activities of a Sub-Fund as they deem necessary and appropriate. The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (if any) and their respective Affiliates are not restricted from forming additional investment funds, from entering into other investment advisory/management relationships, or from engaging in other business activities, even though such activities may be in competition with a Sub-Fund. These activities will not qualify as creating a conflict of interest.
- 23.9 Additional considerations relating to conflicts of interest may be applicable, as the case may be, for a specific Sub-Fund as further laid down in the relevant Special Section.

## SPECIAL SECTION I

### RENTA 4 - MILA

This Special Section must be read in conjunction with the General Section of the Prospectus.  
This Special Section refers only to Renta 4 - Mila (**Mila**).

<b>Investment Objective</b>	<p>The Investment Objective of Mila is to offer to its Shareholders the possibility to invest in a diversified portfolio.</p> <p>Mila will seek to achieve long term returns by investing <i>inter alia</i> in the liquid companies of the Pacific Alliance Region. The Pacific Alliance Region has currently 4 Member States (Chile, Colombia, Peru and Mexico), but its composition can change in the future.</p>
<b>Investment Policy</b>	<p>Mila invests at least 75% of its net assets in equities and equity related securities (such as ADR, GDR) of companies which are domiciled, headquartered or exercise the predominant part of their economic activity in the Pacific Alliance Region.</p> <p>Mila intends to invest in the companies that are part of the index S&amp;P Mila Pacific Alliance Select which is designed to measure the performance of the largest most liquid companies of the Pacific Alliance Region.</p> <p>Except the geographical exposure, the choice of investments will neither be limited by an economic sector, nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.</p> <p>Mila may invest up to 25% of its net assets in any other type of eligible assets, such as equities other than those above-mentioned, debt securities including Money Market Instruments, structured products, undertakings for collective investment within the meaning of article 41(1)e) of the 2010 Act and cash. Investments in such other units of UCITS and/or other UCIs shall be limited to 10% of Mila's net assets.</p> <p>Mila may invest in investment grade bonds and high yield bonds.</p> <p>However, Mila may invest up to 10% of its net assets in units of UCITS and/or other UCIs.</p> <p>Mila may enter into or invest in futures, interest rate futures and forwards foreign exchange contracts.</p> <p>If the Investment Manager considers this to be in the best interest of the Shareholders, on a temporary basis and for defensive purposes, Mila may also, hold, up to 100% of its net assets, liquidities as among others cash deposits, money market funds (within the above-mentioned 10% limit) and Money Market Instruments.</p>

<p><b>Use of financial derivative instruments</b></p>	<p>Mila may ensure that its total commitment arising from financial derivative instruments, for purposes other than hedging, does not exceed 100% of its net assets.</p> <p>The use of certain financial derivatives instruments may be carried out through entities of the group of companies of the Management Company.</p>
<p><b>Use of techniques and instruments relating to transferable securities and Money Market Instruments</b></p>	<p>Mila may use certain techniques and instruments relating to transferable securities and Money Market Instruments.</p>
<p><b>Securities financing transactions and total return swaps</b></p>	<p>Mila will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of Mila's net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of Mila's net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of Mila's net assets.</p> <p>The expected level of exposure to repurchase agreement transactions amounts to 20% of Mila's net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>Mila will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<p><b>Risk measurement</b></p>	<p>Mila applies the commitment approach method to calculate its global exposure.</p>
<p><b>Investment Manager</b></p>	<p>Renta 4 Gestora SGIIC S.A.</p>
<p><b>Transaction Day</b></p>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December, a list of the days which are not to be considered as Transaction Day.</p>

<b>Subscription and Redemption Order Cut-off Time</b>	Daily 2 p.m. (Luxembourg time), one day prior to the Transaction Day.
<b>Subscription and Redemption Price</b>	The subscription and redemption price per Share shall be the NAV of the Transaction Day adding any Redemption or Subscription Fee.
<b>Price Adjustment</b>	With respect of subscriptions and redemptions of Shares of Mila, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price in accordance with Section 14 of the General Section.
<b>Classes of Shares</b>	There are four Classes of Shares in Mila: <ul style="list-style-type: none"> <li>▪ Class I EUR Shares - Accumulation Class reserved to Institutional Investors;</li> <li>▪ Class R EUR Shares - Accumulation Class reserved to retail and private banking investors;</li> <li>▪ Class I USD (H) Shares - Accumulation Class reserved to Institutional Investors;</li> <li>▪ Class R USD (H) Shares - Accumulation Class reserved to retail and private banking investors.</li> </ul>
<b>Minimum Initial Subscription Amount</b>	Class I EUR Shares: EUR 100,000 Class R EUR Shares: EUR 1,000 Class I USD (H) Shares: USD 100,000 Class R USD (H) Shares: USD 1,000
<b>Minimum Subsequent Subscription Amount</b>	Class I EUR Shares: EUR 500 Class R EUR Shares: EUR 100 Class I USD (H) Shares: USD 500 Class R USD (H) Shares: USD 100
<b>Subscription Fee</b>	There is no Subscription Fee in Mila.
<b>Redemption Fee</b>	There is no Redemption Fee for Mila.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of Mila shall be calculated on a daily basis, each Luxembourg Banking Day following a Transaction Day on the basis of the prices as of that Transaction Day.
<b>Management Company Fee</b>	The Management Company will be entitled to receive a Management Company Fee out of the assets of Mila as described below:

	<ol style="list-style-type: none"> <li>1. Up to 0.75% p.a. of the average Net Asset Value of the Class I EUR Shares and the Class I USD (H) Shares; and</li> <li>2. Up to 1.5% p.a. of the average Net Asset Value of the Class R EUR Shares and the Class R USD (H) Shares.</li> </ol> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>
<p><b>Performance Fee</b></p>	<p>The Management Company will be entitled to receive a performance fee out of the assets of Mila. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.</p> <p>The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis and will be equal to 9% of the NAV above the High Water Mark for Class I EUR Shares, Class R EUR Shares, Class I USD (H) Shares and Class R USD (H) Shares.</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the High Water Mark for the calculation period in question.</p> <p>The High Water Mark will be decreased by the dividends paid to Shareholders.</p> <p>Provision will be made for this performance fee on each valuation point. If the NAV decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the High Water Mark at</p>

	<p>the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 20 Business Days following the closing of the yearly accounts.</p> <p>The formula for the calculation of the performance fee is as follows:</p> <p>F = 0 If <math>(B / E - 1) \leq 0</math></p> <p>F = <math>(B / E - 1) * E * C * A</math> If <math>(B / E - 1) &gt; 0</math></p> <p>The new High Water Mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of Shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (9% for A Shares = C and B Shares)</p> <p>NAV per share after performance = D</p> <p>High Water Mark = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1352125717 for the Class I EUR Shares</p> <p>LU1352125808 for the Class R EUR Shares</p> <p>LU1352125980 for the Class I USD (H) Shares</p> <p>LU1352126012 for the Class R USD (H) Shares</p>
<b>Taxe d'Abonnement</b>	<p>0.01% of the Net Asset Value for the Class I EUR Shares</p> <p>0.05% of the Net Asset Value for the Class R EUR Shares</p> <p>0.01% of the Net Asset Value for the Class I USD (H) Shares</p> <p>0.05% of the Net Asset Value for the Class R USD (H) Shares</p>
<b>Initial Subscription Price</b>	<p>EUR 100 for Class I EUR Shares and Class R EUR Shares</p> <p>USD 100 for Class I USD (H) Shares and Class R USD (H) Shares</p>
<b>Reference Currency and Class hedging</b>	<p>The Reference Currency of Mila is the EUR.</p> <p>The Reference Currency of each Class is designated in its name.</p>

	<p>In relation to Classes that are denominated in a currency other than the Reference Currency of Mila, the Management Company and the Investment Manager will employ techniques and instruments intended to provide protection against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of Mila. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency hedging. Those Classes will have the suffix (H) in their name. The Management Company will ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.</p>
<p><b>Specific Risk Factors</b></p>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in Mila.</p> <p>Mila is subject to major volatility associated with variable income instruments, interest rate, currency rate exchange, investments in emerging countries, geographical and sectorial concentration.</p> <p>In addition, Investors should carefully review the following risk factors that are specific to Mila:</p> <p><u>Credit risk</u>: Mila invests in debt instruments, with no predetermination in terms of credit quality if the issuer of the fixed securities defaults in the payment of the principal or the interests.</p> <p><u>High-yield bonds</u>: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 Mila is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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 portfolio may also invest in obligations 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. Any investment involves risk and there can be no guarantee that Mila will achieve its Investment Objective.</p> <p><u>Liquidity risk</u>: investments in securities with low capitalisation and/or in small markets with low volume of trading may limit the liquidity of the investments made or negatively influenced them.</p> <p><u>Financial derivative instruments</u>: Mila uses certain financial derivative</p>

	instruments and is subject to the risks inherent to the use of such instruments.
<b>Profile of Typical Investor</b>	<p>Mila is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>Mila's portfolio will be subject to normal market risks and no insurance can be given that the Investment Objectives of Mila will be achieved.</p>

## SPECIAL SECTION II

### RENTA 4 – VALOR EUROPA

This Special Section must be read in conjunction with the General Section of the Prospectus.  
This Special Section refers only to Renta 4 – Valor Europa (**Valor Europa**).

<b>Investment Objective</b>	<p>The Investment Objective of Valor Europa is to offer to its Shareholders the possibility to invest in a diversified portfolio of equities.</p>
<b>Investment Policy</b>	<p>Valor Europa invests at least 75% of its net assets in equities.</p> <p>At least 60% of the net assets of Valor Europa will be issued by companies based in the Eurozone, and up to 40% may be invested in equities issued by companies based in the rest of Europe (outside the Eurozone) and the USA. Investments will be in large, mid and small capitalization companies.</p> <p>Valor Europa may also invest in corporate or governmental debt securities issued by entities established in EU Member States. Issues will be of high quality, minimum rating A,- and medium quality, between BBB+ and BBB-, as rated by ECRA. However, up to 30% of the debt securities exposure may be invested in non-investment grade securities or non-rated, as determined by ECRA.</p> <p>Valor Europa will have a maximum of 30% exposure to currency risk.</p> <p>Valor Europa may use derivatives traded on regulated derivative markets (including options and futures) for hedging and investment purposes.</p> <p>Up to 25% of Valor Europa's net assets may be invested in securities issued or guaranteed by one single EU Member State or its local authorities, by another OECD Member State, or by public international organisations in which one or more EU Member States are members.</p>
<b>Use of financial derivative instruments</b>	<p>Valor Europa may ensure that its total commitment arising from financial derivative instruments does not exceed 100% of its net assets.</p> <p>The use of certain financial derivative instruments may be carried out through entities of the group of companies of the Management Company.</p>
<b>Securities financing transactions and total return swaps</b>	<p>Valor Europa will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of Valor Europa's net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of Valor Europa's net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of Valor Europa's net assets.</p>

	<p>The expected level of exposure to repurchase agreement transactions amounts to 20% of Valor Europa's net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>Valor Europa will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<b>Risk measurement</b>	Valor Europa applies the commitment approach method to calculate its global exposure.
<b>Investment Manager</b>	Renta 4 Gestora SGIIC S.A.
<b>Transaction Day</b>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December a list of the days where the banks are not open for business in Spain on the following year.</p>
<b>Subscription and Redemption Order Cut-off Time</b>	Daily 2 p.m. (Luxembourg time) on the Transaction Day.
<b>Subscription and Redemption Price</b>	The Subscription and Redemption price per Share shall be the NAV of the date of such a request adding any Subscription and Redemption Fees.
<b>Price Adjustment</b>	With respect of subscriptions and redemptions of Shares of Valor Europa, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price or as per the dilution levy mechanism in accordance with Section 14 of the General Section.
<b>Classes of Shares</b>	<p>There are three Classes of Shares in Valor Europa:</p> <ul style="list-style-type: none"> <li>i. Class I EUR Shares – Accumulation Class, reserved to Institutional Investors;</li> <li>ii. Class R EUR Shares – Accumulation Class, reserved to retail and private banking investors; and</li> <li>iii. Class I USD (H) Shares – Accumulation Class, reserved to Institutional Investors.</li> </ul>

<b>Minimum Initial Subscription Amount</b>	<p>Class I EUR Shares: EUR 150,000</p> <p>Class R EUR Shares: EUR 1,000</p> <p>Class I USD (H) Shares: USD 150,000</p>
<b>Minimum Subsequent Subscription Amount</b>	<p>Class I EUR Shares: EUR 500</p> <p>Class R EUR Shares: EUR 100</p> <p>Class I USD (H) Shares: USD 500</p>
<b>Subscription Fee</b>	There is no Subscription Fee for Valor Europa.
<b>Redemption Fee</b>	There is no Redemption Fee for Valor Europa.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of Valor Europa shall be calculated on a daily basis, each Luxembourg Banking Day following a Transaction Day on the basis of the prices as of that Transaction Day.
<b>Management Company Fee</b>	<p>The Management Company will be entitled to receive a Management Company Fee out of the assets of Valor Europa as described below:</p> <ol style="list-style-type: none"> <li>1. Up to 0.75% p.a. of the average Net Asset Value of the Class I EUR Shares;</li> <li>2. Up to 1.35% p.a. of the average Net Asset Value of the Class R EUR Shares; and</li> <li>3. Up to 1% p.a. of the average Net Asset Value of the Class I USD (H) Shares.</li> </ol> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>
<b>Performance Fee</b>	<p>The Management Company will be entitled to receive a performance fee out of the assets of Valor Europa. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.</p> <p>The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis and will be equal to:</p> <ol style="list-style-type: none"> <li>(i) 10% of the performance of the NAV above the High Water Mark for Class I EUR Shares;</li> <li>(ii) 9% of the performance of the NAV above the High Water Mark for Class R EUR Shares; and</li> <li>(iii) 10% of the performance of the NAV above the High Water Mark for Class I USD (H) Shares.</li> </ol> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not</p>

performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark will be decreased by the dividends paid to Shareholders.

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

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

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

Calculation period shall correspond to each calendar year.

Performance fees are payable within 20 Business Days following the closing of the yearly accounts.

The formula for the calculation of the performance fee is as follows:

$$F = 0 \quad \text{If } (B / E - 1) \leq 0$$

$$F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$$

$$\text{The new High Water Mark} = \text{if } F > 0; D$$

$$\text{If } F = 0; E$$

$$\text{Number of shares outstanding} = A$$

$$\text{NAV per share before performance} = B$$

	<p>Performance fee rate (9% for A shares = C and 10% for B shares) NAV per share after performance = D</p> <p>High Water Mark = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1475740293 for the Class I EUR Shares LU1475740376 for the Class R EUR Shares LU1475740459 for the Class I USD (H) Shares</p>
<b>Taxe d'Abonnement</b>	<p>0.01% of the Net Asset Value for the Class I EUR Shares 0.05% of the Net Asset Value for the Class R EUR Shares 0.01% of the Net Asset Value for the Class I USD (H) Shares</p>
<b>Initial Subscription Price</b>	<p>EUR 100 USD 100</p>
<b>Reference Currency and Class hedging</b>	<p>The Reference Currency of Valor Europa is the EUR. The Reference Currency of each Class is designated in its name.</p> <p>In relation to Classes that are denominated in a currency other than the Reference Currency of Valor Europa, the Management Company and the Investment Manager will employ techniques and instruments intended to provide protection against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of Valor Europa. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency hedging. Those Classes will have the suffix (H) in their name. The Management Company will ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.</p>
<b>Specific Risk Factors</b>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in Valor Europa.</p> <p>Valor Europa is subject to major volatility associated with variable income instruments, interest rate, currency rate exchange, geographical and sectorial concentration.</p> <p>In addition, Investors should carefully review the following risk factors</p>

	<p>that are specific to Valor Europa:</p> <p><u>Credit risk</u>: Valor Europa may invest a part of its debt securities exposure in high-yield bonds: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 Valor Europa is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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. Any investment involves risk and there can be no guarantee that Valor Europa will achieve its Investment Objective.</p> <p><u>Emerging markets</u>: The compartment may invest in obligations placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.</p> <p><u>Liquidity risk</u>: investments in equities with small capitalisation may limit the liquidity of the investments made or negatively influenced them.</p> <p><u>Financial derivative instruments</u>: Valor Europa uses certain financial derivative instruments and is subject to the risks inherent to the use of such instruments.</p>
<p><b>Profile of Typical Investor</b></p>	<p>Valor Europa is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>Valor Europa's portfolio will be subject to normal market risks and no insurance can be given that the Investment Objectives of Valor Europa will be achieved.</p>

### SPECIAL SECTION III

#### RENTA 4 - NEXUS

This Special Section must be read in conjunction with the General Section. This Special Section refers only to Renta 4 - Nexus (**Nexus**).

<b>Investment Objective</b>	<p>The Investment Objective of Nexus is to offer to its Shareholders the possibility to invest in a diversified portfolio.</p> <p>Nexus will seek to achieve long term returns by investing <i>inter alia</i> in equities and debt securities, deposits and Money Market Instruments.</p>
<b>Investment Policy</b>	<p>Nexus will mainly invest in the two following asset classes:</p> <ul style="list-style-type: none"><li>- equities and equity related securities; and</li><li>- debt securities of any type (government and corporate) including Money Market Instruments.</li></ul> <p>The choice of investments will neither be limited by geographical area (including emerging markets), economic sector, credit ratings, nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector and/or in only one of the two above mentioned asset classes.</p> <p>The tactical allocation shall be based on market indicators developed by the Investment Manager (calculation of equity market risk premiums, indicators of momentum between equities and bonds, etc.). Positions in individual equities and debt securities issued by private issuers are actively managed using a bottom-up approach defined by the Investment Manager. This method of selecting individual securities is based on the evaluation of enterprise value and free cash flows.</p> <p>Nexus may invest in investment grade bonds and high yield bonds.</p> <p>Nexus may invest in Contingent Convertible Bonds / Additional Tier 1 ("AT1") securities issued by EU credit institutions (up to 10% of its net assets).</p> <p>On an ancillary basis, Nexus may invest in any other type of eligible assets, such as structured products, units of UCITS and/or other UCIs and cash. Investments in such units of UCITS and/or other UCIs shall be limited to 10% of Nexus' net assets.</p> <p>With regard to exposure to debt securities, there is no predetermined objective or maximum limits in terms of issue/issuer rating (including the issues/issuers not rated). Nexus may invest more than 35% of its assets in securities issued or guaranteed by one single EU Member State or its local</p>

	<p>authorities, by another OECD Member State, or by public international organisations in which one or more EU Member States are members.</p> <p>Nexus may use derivatives traded on regulated derivative markets (including options and futures) for hedging and investment purposes.</p> <p>If the Investment Manager considers this to be in the best interest of the Shareholders, on a temporary basis and for defensive purposes, Nexus may also, hold, up to 100% of its net assets, liquidities as among others cash deposits, money market funds (within the above-mentioned 10% limit) and Money Market Instruments.</p>
<b>Use of financial derivative instruments</b>	<p>Nexus may ensure that its total commitment arising from financial derivative instruments, for purposes other than hedging, does not exceed 100% of its net assets.</p> <p>The use of certain financial derivative instruments may be carried out through entities of the group of companies of the Management Company.</p>
<b>Securities financing transactions and total return swaps</b>	<p>Nexus will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of Nexus net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of Nexus' net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of Nexus' net assets.</p> <p>The expected level of exposure to repurchase agreement transactions amounts to 20% of Nexus' net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>Nexus will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<b>Risk measurement</b>	<p>Nexus applies the commitment approach method to calculate its global exposure.</p>
<b>Investment Manager</b>	<p>Renta 4 Gestora SGIIC S.A.</p>

<b>Transaction Day</b>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December, a list of the days where the banks are not open for business in Spain on the following year.</p>
<b>Subscription and Redemption Order Cut-off Time</b>	Daily, 2 p.m. (Luxembourg time) on the Transaction Day.
<b>Subscription and Redemption Price</b>	The subscription and redemption price per Share shall be the NAV of the date of such a request adding any Redemption or Subscription Fee.
<b>Price Adjustment</b>	With respect of subscriptions and redemptions of Shares of Nexus, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price in accordance with Section 14 of the General Section.
<b>Classes of Shares</b>	<p>There are two Classes of Shares in Nexus:</p> <ul style="list-style-type: none"> <li>i. Class I EUR Shares – Accumulation Class, reserved to Institutional Investors; and</li> <li>ii. Class R EUR Shares – Accumulation Class, reserved to retail and private banking investors.</li> </ul>
<b>Minimum Initial Subscription Amount</b>	<p>Class I EUR Shares: EUR 150,000</p> <p>Class R EUR Shares: EUR 1,000</p>
<b>Minimum Subsequent Subscription Amount</b>	<p>Class I EUR Shares: EUR 500</p> <p>Class R EUR Shares: EUR 100</p>
<b>Subscription Fee</b>	There is no Subscription Fee for Nexus.
<b>Redemption Fee</b>	There is no Redemption Fee for Nexus.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of Nexus shall be calculated on a daily basis, each Luxembourg Banking Day following a Transaction Day on the basis of the prices as of that Transaction Day.

<p><b>Management Company Fee</b></p>	<p>The Management Company will be entitled to receive a Management Company Fee out of the assets of Nexus as described below:</p> <ol style="list-style-type: none"> <li>1. Up to 0.75% p.a. of the average Net Asset Value of the Class I EUR Shares; and</li> <li>2. Up to 1% p.a. of the average Net Asset Value of the Class R EUR Shares.</li> </ol> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>
<p><b>Performance Fee</b></p>	<p>The Management Company will be entitled to receive a performance fee out of the assets of Nexus. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.</p> <p>The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis and will be equal to:</p> <ol style="list-style-type: none"> <li>(i) 10% of the NAV above the High Water Mark for Class I EUR Shares; and</li> <li>(ii) 9% of the NAV above the High Water Mark for Class R EUR Shares.</li> </ol> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the High Water Mark for the calculation period in question.</p> <p>The High Water Mark will be decreased by the dividends paid to Shareholders.</p> <p>Provision will be made for this performance fee on each valuation point. If the NAV decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for</p>

	<p>performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 20 Business Days following the closing of the yearly accounts.</p> <p>The formula for the calculation of the performance fee is as follows:</p> <p>F = 0 If <math>(B / E - 1) \leq 0</math></p> <p>F = <math>(B / E - 1) * E * C * A</math> If <math>(B / E - 1) &gt; 0</math></p> <p>The new High Water Mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (9% for A shares = C and 10% for B shares)</p> <p>NAV per share after performance = D</p> <p>High Water Mark = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1352125550 for the Class I EUR Shares</p> <p>LU1352125634 for the Class R EUR Shares</p>

<b>Taxe d'Abonnement</b>	0.01% of the Net Asset Value for the Class I EUR Shares 0.05% of the Net Asset Value for the Class R EUR Shares
<b>Initial Subscription Price</b>	EUR 100
<b>Reference Currency and Class hedging</b>	The Reference Currency of Nexus is the EUR. The Reference Currency of each Class is designated in its name.
<b>Specific Risk Factors</b>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in Nexus.</p> <p>Nexus is subject to major volatility associated with variable income instruments, interest rate, currency rate exchange, investments in emerging countries, geographical and sectorial concentration.</p> <p>In addition, Investors should carefully review the following risk factors that are specific to Nexus:</p> <p><u>Credit risk</u>: Nexus invests in debt instruments, with no predetermination in terms of credit quality if the issuer of the fixed securities defaults in the payment of the principal or the interests.</p> <p><u>High-yield bonds</u>: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 Nexus is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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. Any investment involves risk and there can be no guarantee that Nexus will achieve its Investment Objective.</p> <p><u>AT1 Securities (Contingent Convertible Bonds)</u>: The compartment may be exposed to the deterioration of the financial soundness of credit institutions through investments in AT1 Securities. In case of financial distress, as signaled by accounting triggers (e.g. decrease in equity), market triggers (e.g. drop in market capitalisation) or discretionary decision of the regulatory authorities (e.g. recapitalisation), those bonds may be transformed into equity shares or written down. In such case, the relevant risks mentioned in the main part of the present Prospectus are relevant (i.e. coupon cancellation, yield, valuation and write down risk, call extension risk, capital structure risk, capital structure inversion risk, capital structure inversion risk, conversion risk, unknown risk, industry concentration risk, trigger level risk and liquidity risk).</p>

	<p><u>Liquidity risk</u>: investments in securities with low capitalisation and/or in small markets with low volume of trading may limit the liquidity of the investments made or negatively influenced them.</p> <p><u>Financial derivative instruments</u>: Nexus uses certain financial derivative instruments and is subject to the risks inherent to the use of such instruments.</p>
<p><b>Profile of Typical Investor</b></p>	<p>Nexus is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>Nexus's portfolio will be subject to normal market risks and no insurance can be given that the Investment Objectives of Nexus will be achieved.</p>

## SPECIAL SECTION IV

### RENTA 4 – RENTA FIJA INTERNACIONAL

This Special Section must be read in conjunction with the General Section of the Prospectus. This Special Section refers only to Renta 4 – Renta Fija Internacional (**Renta Fija Internacional**).

<b>Investment Objective</b>	The Investment Objective of Renta Fija Internacional is to offer to its Shareholders the maximum return by investing in a diversified portfolio of debt securities, through income and changes in interest and currency rates environment.
<b>Investment Policy</b>	<p>Renta Fija Internacional will be exposed directly, and indirectly through other UCITS or UCIs up to 10% of its net assets, to public and corporate debt securities issued and traded worldwide including emerging markets, Exposure to currency risk may reach 100% of its net assets.</p> <p>At least 50% of its net asset will be invested in debt securities with medium credit ratings (between BBB+ and BBB-) or higher. Other debt securities may have lower or even no credit rating. The ratings referred to above relate to those assigned by ECRA.</p> <p>The duration of the portfolio will be adjusted depending on the economic situation or market view, and may be either short- or long-term.</p> <p>Renta Fija Internacional may invest in Contingent Convertible Bonds / Additional Tier 1 ("AT1") securities issued by EU credit institutions (up to 10% of its net assets).</p> <p>Up to 100% of Renta Fija Internacional net assets may be invested in securities issued or guaranteed by one single EU Member State or its local authorities, by another OECD Member State, or by public international organisations in which one or more EU Member States are members.</p> <p>Assets and markets will be selected in order to seek investment opportunities or diversification possibilities without being able to predetermined type of assets or locations.</p> <p>Renta Fija Internacional may make use of exchange traded financial derivative instruments for hedging and investment purposes.</p> <p>Renta Fija Internacional will not invest in distressed securities.</p>
<b>Use of financial derivative instruments</b>	<p>Renta Fija Internacional may ensure that its total commitment arising from financial derivative instruments does not exceed 100% of its net assets.</p> <p>The use of certain financial derivative instruments may be carried out through entities of the group of companies of the Management Company.</p>

<p><b>Securities financing transactions and total return swaps</b></p>	<p>Renta Fija Internacional will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of Renta Fija Internacional's net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of Renta Fija Internacional's net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of Renta Fija Internacional's net assets.</p> <p>The expected level of exposure to repurchase agreement transactions amounts to 20% of Renta Fija Internacional's net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>Renta Fija Internacional will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<p><b>Risk measurement</b></p>	<p>Renta Fija Internacional applies the commitment approach method to calculate its global exposure.</p>
<p><b>Investment Manager</b></p>	<p>Renta 4 Gestora SGIIC S.A.</p>
<p><b>Transaction Day</b></p>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December a list of the days where the banks are not open for business in Spain on the following year.</p>
<p><b>Subscription and Redemption Order Cut-off Time</b></p>	<p>Daily, 2 p.m. (Luxembourg time) on the Transaction Day.</p>
<p><b>Subscription and Redemption Price</b></p>	<p>The Subscription and Redemption price per Share shall be the NAV of the date of such a request adding any Subscription and Redemption Fees.</p>
<p><b>Price Adjustment</b></p>	<p>With respect of subscriptions and redemptions of Shares of Renta Fija Internacional, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price or as per the dilution levy mechanism in accordance with Section 14 of the General Section.</p>

<b>Classes of Shares</b>	<p>There are four Classes of Shares in Renta Fija Internacional:</p> <ol style="list-style-type: none"> <li>i. Class I EUR (H) Shares – Accumulation Class, reserved to Institutional Investors;</li> <li>ii. Class R EUR (H) Shares – Accumulation Class, reserved to retail and private banking investors;</li> <li>iii. Class I USD Shares – Accumulation Class, reserved to Institutional Investors; and</li> <li>iv. Class R USD Shares – Accumulation Class, reserved to retail and private banking investors.</li> </ol>
<b>Minimum Initial Subscription Amount</b>	<p>Class I EUR (H) Shares: EUR 150,000  Class R EUR (H) Shares: EUR 1,000  Class I USD Shares: USD 150,000  Class R USD Shares : USD 1,000</p>
<b>Minimum Subsequent Subscription Amount</b>	<p>Class I EUR (H) Shares: EUR 500  Class R EUR (H) Shares: EUR 100  Class I USD Shares: USD 500  Class R USD Shares : USD 100</p>
<b>Subscription Fee</b>	There is no Subscription Fee for Renta Fija Internacional.
<b>Redemption Fee</b>	There is no Redemption Fee for Renta Fija Internacional.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of Renta Fija Internacional shall be calculated on a daily basis, each Luxembourg Banking Day following a Transaction Day on the basis of the prices as of that Transaction Day.
<b>Management Company Fee</b>	<p>The Management Company will be entitled to receive a Management Company Fee out of the assets of Renta Fija Internacional as described below:</p> <ol style="list-style-type: none"> <li>1. Up to 0.75% p.a. of the average Net Asset Value of the Class I EUR (H) Shares;</li> <li>2. Up to 0.90% p.a. of the average Net Asset Value of the Class R EUR (H) Shares;</li> <li>3. Up to 0.75% p.a. of the average Net Asset Value of the Class I USD Shares; and</li> <li>4. Up to 0.90% p.a. of the average Net Asset Value of the Class R USD Shares.</li> </ol> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>

**Performance Fee**

The Management Company will be entitled to receive a performance fee out of the assets of Renta Fija Internacional. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.

The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis and will be equal to:

- (i) 9% of the performance of the NAV above the High Water Mark for Class I EUR (H) Shares;
- (ii) 9% of the performance of the NAV above the High Water Mark for Class R EUR (H) Shares;
- (iii) 9% of the performance of the NAV above the High Water Mark for Class I USD Shares; and
- (iv) 9% of the performance of the NAV above the High Water Mark for Class R USD Shares.

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

The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark will be decreased by the dividends paid to Shareholders.

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

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

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV against the High Water Mark until the subscription date is not taken into

	<p>account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period. Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 20 Business Days following the closing of the yearly accounts.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>The new High Water Mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (9% for A shares = C and 10% for B shares)</p> <p>NAV per share after performance = D</p> <p>High Water Mark = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1475744105 for the Class I EUR (H) Shares</p> <p>LU1475744287 for the Class R EUR (H) Shares</p> <p>LU1475744360 for the Class I USD Shares</p> <p>LU1475744444 for the Class R USD Shares</p>
<b>Taxe d'Abonnement</b>	<p>0.01% of the Net Asset Value for the Class I EUR (H) Shares</p> <p>0.05% of the Net Asset Value for the Class R EUR (H) Shares</p> <p>0.01% of the Net Asset Value for the Class I USD Shares</p> <p>0.05% of the Net Asset Value for the Class R USD Shares</p>
<b>Initial Subscription Price</b>	<p>EUR 100 for Class I EUR (H) Shares</p> <p>EUR 100 for Class R EUR (H) Shares</p>

	<p>USD 100 for Class I USD Shares</p> <p>USD 100 for Class R USD Shares</p>
<b>Reference Currency and Class hedging</b>	<p>The Reference Currency of Renta Fija Internacional is the USD. The Reference Currency of each Class is designated in its name.</p> <p>In relation to Classes that are denominated in a currency other than the Reference Currency of Renta Fija Internacional, the Management Company and the Investment Manager will employ techniques and instruments intended to provide protection against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of Renta Fija Internacional. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency hedging. Those Classes will have the suffix (H) in their name. The Management Company will ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.</p>
<b>Specific Risk Factors</b>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in Renta Fija Internacional.</p> <p>Renta Fija Internacional is subject to major volatility associated with interest rate, credit spreads and especially currency rate exchange.</p> <p>In addition, Investors should carefully review the following risk factors that are specific to Renta Fija Internacional:</p> <p><u>High-yield bonds</u>: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 Renta Fija Internacional is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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. Any investment involves risk and there can be no guarantee that Renta Fija Internacional will achieve its Investment Objective.</p> <p><u>AT1 Securities</u> (Contingent Convertible Bonds): The compartment may be exposed to the deterioration of the financial soundness of credit institutions through investments in AT1 Securities. In case of financial distress, as signaled by accounting triggers (e.g. decrease in equity), market triggers (e.g. drop in market capitalisation) or discretionary decision of the regulatory authorities (e.g. recapitalisation), those bonds may be transformed into equity shares or written down. In such case,</p>

	<p>the relevant risks mentioned in the main part of the present Prospectus are relevant (i.e. coupon cancellation, yield, valuation and write down risk, call extension risk, capital structure risk, capital structure inversion risk, capital structure inversion risk, conversion risk, unknown risk, industry concentration risk, trigger level risk and liquidity risk.</p> <p><u>Emerging markets:</u> The compartment may invest in obligations placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.</p> <p><u>Financial derivative instruments:</u> Renta Fija Internacional uses certain financial derivative instruments and is subject to the risks inherent to the use of such instruments.</p>
<p><b>Profile of Typical Investor</b></p>	<p>Renta Fija Internacional is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>Renta Fija Internacional's portfolio will be subject to normal market risks and no insurance can be given that the Investment objectives of Renta Fija Internacional will be achieved.</p>

## SPECIAL SECTION V

### RENTA 4 – R4 ACTIVA ADAGIO

This Special Section must be read in conjunction with the General Section of the Prospectus.  
This Special Section refers only to Renta 4 – R4 Activa Adagio (**R4 Activa Adagio**).

<b>Investment Objective</b>	<p>The Investment Objective of R4 Activa Adagio is to offer its Shareholders the possibility to invest in a diversified portfolio of shares or units of investment funds qualifying as UCITS (including exchange traded funds) and other UCIs (the "Underlying Funds").</p> <p>Underlying Funds in which R4 Activa Adagio invests are managed with an active asset allocation policy to international equities and debt instruments.</p>
<b>Investment Policy</b>	<p>Investment in units or shares of Underlying Funds and the allocation among different asset classes will depend on market conditions and opportunities for portfolio diversification.</p> <p>The selection of Underlying Funds will be determined by the Investment Manager based on their historical behaviour as well as volatility and qualitative evaluation criteria. R4 Activa Adagio may, through Underlying Funds, be exposed to up to 40% of its assets to equities traded in the Eurozone and / or in international markets.</p> <p>R4 Activa Adagio may also, through Underlying Funds, be exposed to debt securities whose rating is below investment grade and to emerging market debt securities. The Investment Manager will consider the duration, the maturity and the issuer quality (corporate or governmental) to allocate the debt securities exposure of R4 Activa Adagio.</p> <p>In addition, R4 Activa Adagio may be exposed, through Underlying Funds, to up to 10% of its assets to commodities through UCITS eligible assets (i.e. transferable securities, eligible financial indices and certificates).</p> <p>The Investment Manager may invest in Underlying Funds may use relative value strategies between different instruments, including the following strategies:</p> <ul style="list-style-type: none"><li>- "long/short equity": relative value in equity markets;</li><li>- "debt securities arbitrage": relative value in different sections of the curve of interest rates, credit rating, etc.; and</li><li>- "long/short currencies": strategies based on currency pairs.</li></ul> <p>R4 Activa Adagio can invest directly up to 30% of its assets in equities and in debt instruments as described above.</p> <p>In addition, the Investment Manager can operate with derivative financial instruments traded in derivative markets with the purpose of hedging and generate additional capital or income in line with R4 Activa Adagio's risk profile. This action carries risks for the possibility that the</p>

	coverage is not perfect and for the leverage involved.
<b>Use of financial derivative instruments</b>	<p>R4 Activa Adagio may ensure that its total commitment arising from financial derivative instruments does not exceed 100% of its net assets.</p> <p>The use of certain financial derivative instruments may be carried out through entities of the group of companies of the Management Company.</p>
<b>Securities financing transactions and total return swaps</b>	<p>R4 Activa Adagio will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of R4 Activa Adagio's net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of R4 Activa Adagio's net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of R4 Activa Adagio's net assets.</p> <p>The expected level of exposure to repurchase agreement transactions amounts to 20% of R4 Activa Adagio's net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>R4 Activa Adagio will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<b>Risk measurement</b>	R4 Activa Adagio applies the commitment approach method to calculate its global exposure.
<b>Investment Manager</b>	Renta 4 Gestora SGIIC S.A.
<b>Launch Date</b>	13 February 2017
<b>Initial Offering Period</b>	From 6 February 2017 to 10 February 2017
<b>Transaction Day</b>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December a list of the days where the banks are not open for business in Spain on the following year.</p>
<b>Subscription and Redemption Order</b>	Daily, 4 p.m. (Luxembourg time) one Luxembourg Banking Day before

<b>Cut-off Time</b>	the Transaction Day.
<b>Subscription and Redemption Price</b>	The Subscription and Redemption price per Share shall be the NAV of the Transaction Day adding any Subscription and Redemption Fees.  Subscription and Redemption prices shall be paid within three Business Days following the relevant Transaction Day.
<b>Price Adjustment</b>	With respect of subscriptions and redemptions of Shares of R4 Activa Adagio, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price or as per the dilution levy mechanism in accordance with Section 14 of the General Section.
<b>Classes of Shares</b>	There are four Classes of Shares in R4 Activa Adagio :  i. Class I EUR Shares – Accumulation Class, reserved to Institutional Investors;  ii. Class R EUR Shares – Accumulation Class, reserved to retail and private banking investors;  iii. Class I USD (H) Shares – Accumulation Class, reserved to Institutional Investors; and  iv. Class R USD (H) Shares – Accumulation Class, reserved to retail and private banking investors.
<b>Minimum Initial Subscription Amount</b>	Class I EUR Shares: EUR 500,000 Class R EUR Shares: EUR 1,000 Class I USD (H) Shares: USD 500,000 Class R USD (H) Shares : USD 1,000
<b>Minimum Subsequent Subscription Amount</b>	EUR 100 USD 100
<b>Subscription Fee</b>	There is no Subscription Fee for R4 Activa Adagio.
<b>Redemption Fee</b>	There is no Redemption Fee for R4 Activa Adagio.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of R4 Activa Adagio shall be calculated on a daily basis, each Luxembourg Banking Day following a Transaction Day on the basis of the prices as of that Transaction Day.
<b>Management Company Fee</b>	The Management Company will be entitled to receive a Management Company Fee out of the assets of Activa Adagio as described below:  1. Up to 0.90% p.a. of the average Net Asset Value of the Class I EUR Shares;  2. Up to 1.35% p.a. of the average Net Asset Value of the Class R EUR Shares;

	<p>3. Up to 0.90% p.a. of the average Net Asset Value of the Class I USD (H) Shares; and</p> <p>4. Up to 1.35% p.a. of the average Net Asset Value of the Class R USD (H) Shares.</p> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>
<p><b>Performance Fee</b></p>	<p>The Management Company will be entitled to receive a performance fee out of the assets of R4 Activa Adagio. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.</p> <p>The performance fee will be equivalent to 10% of the performance of the NAV per Share exceeding the Reference NAV (as defined hereafter).</p> <p>The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis.</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the Reference NAV for the calculation period in question.</p> <p>The Reference NAV is defined as the last NAV per Share of the previous calendar year. The Reference NAV will be decreased by the dividends paid to Shareholders.</p> <p>Provision will be made for this performance fee on each valuation point. If the NAV decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV against the Reference NAV until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is</p>

	<p>equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the Reference NAV at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 20 Business Days following the closing of the yearly accounts.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (10%) = C</p> <p>NAV per share after performance = D</p> <p>Reference NAV = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1545926955 for the Class I EUR Shares</p> <p>LU1545927094 for the Class R EUR Shares</p> <p>LU1545927177 for the Class I USD (H) Shares</p> <p>LU1545927250 for the Class R USD (H) Shares</p>
<b>Taxe d'Abonnement</b>	<p>0.01% of the Net Asset Value for the Class I EUR Shares</p> <p>0.05% of the Net Asset Value for the Class R EUR Shares</p> <p>0.01% of the Net Asset Value for the Class I USD (H) Shares</p> <p>0.05% of the Net Asset Value for the Class R USD (H) Shares</p>
<b>Initial Subscription Price</b>	<p>EUR 100 for Class I EUR Shares</p> <p>EUR 100 for Class R EUR Shares</p> <p>USD 100 for Class I USD (H) Shares</p> <p>USD 100 for Class R USD (H) Shares</p>

<p><b>Reference Currency and Class hedging</b></p>	<p>The Reference Currency of R4 Activa Adagio is the EUR. The Reference Currency of each Class is designated in its name.</p> <p>In relation to Classes that are denominated in a currency other than the Reference Currency of R4 Activa Adagio, the Management Company and the Investment Manager will employ techniques and instruments intended to provide protection against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of R4 Activa Adagio. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency hedging. Those Classes will have the suffix (H) in their name. The Management Company will ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.</p>
<p><b>Specific Risk Factors</b></p>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in R4 Activa Adagio.</p> <p>R4 Activa Adagio is subject to major volatility associated with interest rate, credit spreads and especially currency rate exchange.</p> <p>In addition, Investors should carefully review the following risk factors that are specific to R4 Activa Adagio:</p> <p><u>High-yield bonds</u>: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 R4 Activa Adagio is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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. Any investment involves risk and there can be no guarantee that R4 Activa Adagio will achieve its Investment Objective.</p> <p><u>Emerging markets</u>: The compartment may invest in obligations placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.</p> <p><u>Financial derivative instruments</u>: R4 Activa Adagio uses certain financial derivative instruments and is subject to the risks inherent to the use of such instruments.</p>
<p><b>Profile of Typical</b></p>	<p>R4 Activa Adagio is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such</p>

<b>Investor</b>	<p>an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>R4 Activa Adagio's portfolio will be subject to normal market risks and no insurance can be given that the Investment objectives of R4 Activa Adagio will be achieved.</p>
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## SPECIAL SECTION VI

### RENTA 4 – R4 ACTIVA ANDANTE

This Special Section must be read in conjunction with the General Section of the Prospectus.  
This Special Section refers only to Renta 4 – R4 Activa Andante (**R4 Activa Andante**).

<b>Investment Objective</b>	<p>The Investment Objective of R4 Activa Andante is to offer its Shareholders the possibility to invest in a diversified portfolio of shares or units of investment funds qualifying as UCITS (including exchange traded funds) and other UCIs (the "Underlying Funds").</p> <p>Underlying Funds in which R4 Activa Andante invests are managed with an active asset allocation policy to international equities and debt instruments.</p>
<b>Investment Policy</b>	<p>Investment in units or shares of Underlying Funds and the allocation among different asset classes will depend on market conditions and opportunities for portfolio diversification.</p> <p>The selection of Underlying Funds will be determined by the Investment Manager based on their historical behaviour as well as volatility and qualitative evaluation criteria. R4 Activa Andante may, through Underlying Funds, be exposed to up to 100% of its assets to equities traded in the Eurozone and / or in international markets.</p> <p>R4 Activa Andante may also, through Underlying Funds, be exposed to debt securities whose rating is below investment grade and to emerging market debt securities. The Investment Manager will consider the duration, the maturity and the issuer quality (corporate or governmental) to allocate the debt securities exposure of R4 Activa Andante.</p> <p>In addition, R4 Activa Andante may be exposed, through Underlying Funds, to up to 10% of its assets to commodities through UCITS eligible assets (i.e. transferable securities, eligible financial indices and certificates).</p> <p>The Investment Manager may invest in Underlying Funds may use relative value strategies between different instruments, including the following strategies:</p> <ul style="list-style-type: none"><li>- "long/short equity": relative value in equity markets;</li><li>- "debt securities arbitrage": relative value in different sections of the curve of interest rates, credit rating, etc.; and</li><li>- "long/short currencies": strategies based on currency pairs.</li></ul> <p>R4 Activa Andante can invest directly up to 50% of its assets in equities and in debt instruments as described above.</p> <p>In addition, the Investment Manager can operate with derivative financial instruments traded in derivative markets with the purpose of hedging and generate additional capital or income in line with R4 Activa Andante's risk profile. This action carries risks for the possibility that the</p>

	coverage is not perfect and for the leverage involved.
<b>Use of financial derivative instruments</b>	<p>R4 Activa Andante may ensure that its total commitment arising from financial derivative instruments does not exceed 100% of its net assets.</p> <p>The use of certain financial derivative instruments may be carried out through entities of the group of companies of the Management Company.</p>
<b>Securities financing transactions and total return swaps</b>	<p>R4 Activa Andante will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of R4 Activa Andante's net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of R4 Activa Andante's net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of R4 Activa Andante's net assets.</p> <p>The expected level of exposure to repurchase agreement transactions amounts to 20% of R4 Activa Andante's net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>R4 Activa Andante will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<b>Risk measurement</b>	R4 Activa Andante applies the commitment approach method to calculate its global exposure.
<b>Investment Manager</b>	Renta 4 Gestora SGIIC S.A.
<b>Launch Date</b>	13 February 2017
<b>Initial Offering Period</b>	From 6 February 2017 to 10 February 2017
<b>Transaction Day</b>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December a list of the days where the banks are not open for business in Spain on the following year.</p>
<b>Subscription and</b>	Daily, 4 p.m. (Luxembourg time) one Luxembourg Banking Day before

<b>Redemption Order Cut-off Time</b>	the Transaction Day.
<b>Subscription and Redemption Price</b>	The Subscription and Redemption price per Share shall be the NAV as of the Transaction Day adding any Subscription and Redemption Fees. Subscription and Redemption prices shall be paid within three Business Days following the relevant Transaction Day.
<b>Price Adjustment</b>	With respect of subscriptions and redemptions of Shares of R4 Activa Andante, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price or as per the dilution levy mechanism in accordance with Section 14 of the General Section.
<b>Classes of Shares</b>	There are four Classes of Shares in R4 Activa Andante: i. Class I EUR Shares – Accumulation Class, reserved to Institutional Investors; ii. Class R EUR Shares – Accumulation Class, reserved to retail and private banking investors; iii. Class I USD (H) Shares – Accumulation Class, reserved to Institutional Investors; and iv. Class R USD (H) Shares – Accumulation Class, reserved to retail and private banking investors.
<b>Minimum Initial Subscription Amount</b>	Class I EUR Shares: EUR 500,000 Class R EUR Shares: EUR 1,000 Class I USD (H) Shares: USD 500,000 Class R USD (H) Shares : USD 1,000
<b>Minimum Subsequent Subscription Amount</b>	EUR 100 USD 100
<b>Subscription Fee</b>	There is no Subscription Fee for R4 Activa Andante.
<b>Redemption Fee</b>	There is no Redemption Fee for R4 Activa Andante.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of R4 Activa Andante shall be calculated on a daily basis, each Luxembourg Banking Day following each Transaction Day on the basis of the prices as of that Transaction Day.
<b>Management Company Fee</b>	The Management Company will be entitled to receive a Management Company Fee out of the assets of R4 Activa Andante as described below: 1. Up to 0.90% p.a. of the average Net Asset Value of the Class I EUR Shares;

	<ol style="list-style-type: none"> <li>2. Up to 1.35% p.a. of the average Net Asset Value of the Class R EUR Shares;</li> <li>3. Up to 0.90% p.a. of the average Net Asset Value of the Class I USD (H) Shares; and</li> <li>4. Up to 1.35% p.a. of the average Net Asset Value of the Class R USD (H) Shares.</li> </ol> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>
<p><b>Performance Fee</b></p>	<p>The Management Company will be entitled to receive a performance fee out of the assets of R4 Activa Andante. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.</p> <p>The performance fee will be equivalent to 10% of the performance of the NAV per Share exceeding the Reference NAV (as defined hereafter).</p> <p>The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis.</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the Reference NAV for the calculation period in question.</p> <p>The Reference NAV is defined as the last NAV per Share of the previous calendar year. The Reference NAV will be decreased by the dividends paid to Shareholders.</p> <p>Provision will be made for this performance fee on each valuation point. If the NAV decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee</p>

	<p>accruals. To perform this adjustment, the performance of the NAV against the Reference NAV until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the Reference NAV at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 20 Business Days following the closing of the yearly accounts.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (10%) = C</p> <p>NAV per share after performance = D</p> <p>Reference NAV = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1545927334 for the Class I EUR Shares</p> <p>LU1545927417 for the Class R EUR Shares</p> <p>LU1545927508 for the Class I USD (H) Shares</p> <p>LU1545927680 for the Class R USD (H) Shares</p>
<b>Taxe d'Abonnement</b>	<p>0.01% of the Net Asset Value for the Class I EUR Shares</p> <p>0.05% of the Net Asset Value for the Class R EUR Shares</p> <p>0.01% of the Net Asset Value for the Class I USD (H) Shares</p> <p>0.05% of the Net Asset Value for the Class R USD (H) Shares</p>
<b>Initial Subscription Price</b>	<p>EUR 100 for Class I EUR Shares</p> <p>EUR 100 for Class R EUR Shares</p> <p>USD 100 for Class I USD (H) Shares</p> <p>USD 100 for Class R USD (H) Shares</p>

<p><b>Reference Currency and Class hedging</b></p>	<p>The Reference Currency of R4 Activa Andante is the EUR. The Reference Currency of each Class is designated in its name.</p> <p>In relation to Classes that are denominated in a currency other than the Reference Currency of R4 Activa Andante, the Management Company and the Investment Manager will employ techniques and instruments intended to provide protection against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of R4 Activa Andante. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency hedging. Those Classes will have the suffix (H) in their name. The Management Company will ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.</p>
<p><b>Specific Risk Factors</b></p>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in R4 Activa Andante.</p> <p>R4 Activa Andante is subject to major volatility associated with interest rate, credit spreads and especially currency rate exchange.</p> <p>In addition, Investors should carefully review the following risk factors that are specific to R4 Activa Andante:</p> <p><u>High-yield bonds</u>: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 R4 Activa Andante is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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. Any investment involves risk and there can be no guarantee that R4 Activa Andante will achieve its Investment Objective.</p> <p><u>Emerging markets</u>: The compartment may invest in obligations placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.</p> <p><u>Financial derivative instruments</u>: R4 Activa Andante uses certain financial derivative instruments and is subject to the risks inherent to the use of such instruments.</p>

<b>Profile of Typical Investor</b>	<p>R4 Activa Andante is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>R4 Activa Andante's portfolio will be subject to normal market risks and no insurance can be given that the Investment objectives of R4 Activa Andante will be achieved.</p>
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## SPECIAL SECTION VII

### RENTA 4 – R4 ACTIVA ALLEGRO

This Special Section must be read in conjunction with the General Section of the Prospectus.  
This Special Section refers only to Renta 4 – R4 Activa Allegro (**R4 Activa Allegro**).

<b>Investment Objective</b>	<p>The Investment Objective of R4 Activa Allegro is to offer its Shareholders the possibility to invest in a diversified portfolio of shares or units of investment funds qualifying as UCITS (including exchange traded funds) and other UCIs (the "Underlying Funds").</p> <p>Underlying Funds in which R4 Activa Allegro invests are managed with an active asset allocation policy to international equities and debt instruments.</p>
<b>Investment Policy</b>	<p>Investment in units or shares of Underlying Funds and the allocation among different asset classes will depend on market conditions and opportunities for portfolio diversification.</p> <p>The selection of Underlying Funds will be determined by the Investment Manager based on their historical behaviour as well as volatility and qualitative evaluation criteria. R4 Activa Allegro may, through Underlying Funds, be exposed to up to 100% of its assets (and minimum 30%) to equities traded in the Eurozone and / or in international markets.</p> <p>R4 Activa Allegro may also, through Underlying Funds, be exposed to debt securities whose rating is below investment grade and to emerging market debt securities. The Investment Manager will consider the duration, the maturity and the issuer quality (corporate or governmental) to allocate the debt securities exposure of R4 Activa Allegro.</p> <p>In addition, R4 Activa Allegro may be exposed, through Underlying Funds, to up to 10% of its assets to commodities through UCITS eligible assets (i.e. transferable securities, eligible financial indices and certificates)</p> <p>The Investment Manager may invest in Underlying Funds may use relative value strategies between different instruments, including the following strategies:</p> <ul style="list-style-type: none"><li>- "long/short equity": relative value in equity markets;</li><li>- "debt securities arbitrage": relative value in different sections of the curve of interest rates, credit rating, etc.; and</li><li>- "long/short currencies": strategies based on currency pairs.</li></ul> <p>R4 Activa Allegro can invest directly up to 50% of its assets in equities and in debt instruments as described above.</p> <p>In addition, the Investment Manager can operate with derivative financial instruments traded in derivative markets with the purpose of hedging and generate additional capital or income in line with R4 Activa Allegro's risk profile. This action carries risks for the possibility that the</p>

	coverage is not perfect and for the leverage involved.
<b>Use of financial derivative instruments</b>	<p>R4 Activa Allegro may ensure that its total commitment arising from financial derivative instruments does not exceed 100% of its net assets.</p> <p>The use of certain financial derivative instruments may be carried out through entities of the group of companies of the Management Company.</p>
<b>Securities financing transactions and total return swaps</b>	<p>R4 Activa Allegro will engage into securities lending and repurchase agreement transactions in order to generate capital or additional income and to reduce costs or risk.</p> <p>The maximum level of exposure to securities lending amounts to 50% of R4 Activa Allegro's net assets.</p> <p>The expected level of exposure to securities lending amounts to 20% of R4 Activa Allegro's net assets.</p> <p>The maximum level of exposure to repurchase agreement transactions amounts to 50% of R4 Activa Allegro's net assets.</p> <p>The expected level of exposure to repurchase agreement transactions amounts to 20% of R4 Activa Allegro's net assets.</p> <p>No more than 50% of the gross revenue arising from securities lending and repurchase agreement transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the annual report of the Company.</p> <p>R4 Activa Allegro will not engage into buy-sell back transaction, margin lending transaction and total return swap.</p>
<b>Risk measurement</b>	R4 Activa Allegro applies the commitment approach method to calculate its global exposure.
<b>Investment Manager</b>	Renta 4 Gestora SGIIC S.A.
<b>Launch Date</b>	13 February 2017
<b>Initial Offering Period</b>	From 6 February 2017 to 10 February 2017
<b>Transaction Day</b>	<p>Means each Luxembourg Banking Day and a day on which banks are generally open for business in Spain (excluding Saturdays and Sundays and public holidays).</p> <p>The board of directors of the Management Company shall send to the Administrative Agent, no later than the second day of December a list of the days where the banks are not open for business in Spain on the following year.</p>

<b>Subscription and Redemption Order Cut-off Time</b>	Daily, 4 p.m. (Luxembourg time) one Luxembourg Banking Day before the Transaction Day.
<b>Subscription and Redemption Price</b>	The Subscription and Redemption price per Share shall be the NAV of the Transaction Day adding any Subscription and Redemption Fees. Subscription and Redemption prices shall be paid within three Business Days following the relevant Transaction Day.
<b>Price Adjustment</b>	With respect of subscriptions and redemptions of Shares of R4 Activa Allegro, the Net Asset Value per Share on the relevant Transaction Day may be adjusted to the Adjusted Price or as per the dilution levy mechanism in accordance with Section 14 of the General Section.
<b>Classes of Shares</b>	There are four Classes of Shares in R4 Activa Allegro: <ul style="list-style-type: none"> <li>i. Class I EUR Shares – Accumulation Class, reserved to Institutional Investors;</li> <li>ii. Class R EUR Shares – Accumulation Class, reserved to retail and private banking investors;</li> <li>iii. Class I USD (H) Shares – Accumulation Class, reserved to Institutional Investors; and</li> <li>iv. Class R USD (H) Shares – Accumulation Class, reserved to retail and private banking investors.</li> </ul>
<b>Minimum Initial Subscription Amount</b>	Class I EUR Shares: EUR 500,000 Class R EUR Shares: EUR 1,000 Class I USD (H) Shares: USD 500,000 Class R USD (H) Shares : USD 1,000
<b>Minimum Subsequent Subscription Amount</b>	EUR 100 USD 100
<b>Subscription Fee</b>	There is no Subscription Fee for R4 Activa Allegro.
<b>Redemption Fee</b>	There is no Redemption Fee for R4 Activa Allegro.
<b>Eligible Investors</b>	Retail, institutional and private banking investors.
<b>NAV Calculation Day</b>	The NAV of R4 Activa Allegro shall be calculated on a daily basis, one Luxembourg Banking Day following each Transaction Day on the basis of the prices as of that Transaction Day.
<b>Management Company Fee</b>	The Management Company will be entitled to receive a Management Company Fee out of the assets of R4 Activa Allegro as described below: <ul style="list-style-type: none"> <li>1. Up to 0.90% p.a. of the average Net Asset Value of the Class I</li> </ul>

	<p>EUR Shares;</p> <ol style="list-style-type: none"> <li>2. Up to 1.35% p.a. of the average Net Asset Value of the Class R EUR Shares;</li> <li>3. Up to 0.90% p.a. of the average Net Asset Value of the Class I USD (H) Shares; and</li> <li>4. Up to 1.35% p.a. of the average Net Asset Value of the Class R USD (H) Shares.</li> </ol> <p>The Management Company may use up to 60% of its Management Company Fee to pay the Global Distributor and up to 60% of its Management Company Fee to pay the Investment Manager.</p>
<p><b>Performance Fee</b></p>	<p>The Management Company will be entitled to receive a performance fee out of the assets of R4 Activa Allegro. The Investment Manager shall be entitled to receive from the Management Company up to 75% of the performance fee in accordance with market practice.</p> <p>The performance fee will be equivalent to 10% of the performance of the NAV per Share exceeding the Reference NAV (as defined hereafter).</p> <p>The performance fee will be calculated and accrued daily and will be paid to the Management Company on a yearly basis.</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV multiplied by the number of Shares in circulation during the calculation period. No performance fee will be due if the NAV before performance fee turns out to be below the Benchmark for the calculation period in question.</p> <p>The Reference NAV is defined as the last NAV per Share of the previous calendar year. The Reference NAV will be decreased by the dividends paid to Shareholders.</p> <p>Provision will be made for this performance fee on each valuation point. If the NAV decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee</p>

	<p>accruals. To perform this adjustment, the performance of the NAV against the Reference NAV until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the Reference NAV at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 20 Business Days following the closing of the yearly accounts.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (10%) = C</p> <p>NAV per share after performance = D</p> <p>Reference NAV = E</p> <p>Performance fees = F</p>
<b>ISIN</b>	<p>LU1533829302 for the Class I EUR Shares</p> <p>LU1533829484 for the Class R EUR Shares</p> <p>LU1533829567 for the Class I USD (H) Shares</p> <p>LU1533829641 for the Class R USD (H) Shares</p>
<b>Taxe d'Abonnement</b>	<p>0.01% of the Net Asset Value for the Class I EUR Shares</p> <p>0.05% of the Net Asset Value for the Class R EUR Shares</p> <p>0.01% of the Net Asset Value for the Class I USD (H) Shares</p> <p>0.05% of the Net Asset Value for the Class R USD (H) Shares</p>
<b>Initial Subscription Price</b>	<p>EUR 100 for Class I EUR Shares</p> <p>EUR 100 for Class R EUR Shares</p> <p>USD 100 for Class I USD (H) Shares</p> <p>USD 100 for Class R USD (H) Shares</p>

<p><b>Reference Currency and Class hedging</b></p>	<p>The Reference Currency of R4 Activa Allegro is the EUR. The Reference Currency of each Class is designated in its name.</p> <p>In relation to Classes that are denominated in a currency other than the Reference Currency of R4 Activa Allegro, the Management Company and the Investment Manager will employ techniques and instruments intended to provide protection against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of R4 Activa Allegro. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency hedging. Those Classes will have the suffix (H) in their name. The Management Company will ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Management Company.</p>
<p><b>Specific Risk Factors</b></p>	<p>Investors should carefully review the risk factors set out in Section 21 of the General Section before investing in R4 Activa Allegro.</p> <p>R4 Activa Allegro is subject to major volatility associated with interest rate, credit spreads and especially currency rate exchange.</p> <p>In addition, Investors should carefully review the following risk factors that are specific to R4 Activa Allegro:</p> <p><u>High-yield bonds</u>: certain high-yielding, non-investment grade debt securities as rated by ECRA 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 R4 Activa Allegro is authorised to make. Compared to higher-rated securities, lower-rated high yielding debt securities 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. Any investment involves risk and there can be no guarantee that R4 Activa Allegro will achieve its Investment Objective.</p> <p><u>Emerging markets</u>: The compartment may invest in obligations placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.</p> <p><u>Financial derivative instruments</u>: R4 Activa Allegro uses certain financial derivative instruments and is subject to the risks inherent to the use of such instruments.</p>
<p><b>Profile of Typical</b></p>	<p>R4 Activa Allegro is suitable for retail, high net worth individuals and institutional investors capable of evaluating the merits and risks of such</p>

<b>Investor</b>	<p>an investment and who have sufficient resources to be able to bear any losses that may result thereon.</p> <p>R4 Activa Allegro's portfolio will be subject to normal market risks and no insurance can be given that the Investment objectives of R4 Activa Allegro will be achieved.</p>
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