



# **GAM Star (Lux)**

Prospectus

An Investment Company with variable capital in transferable securities  
("SICAV" governed by Luxembourg law)

**1 January 2022**

Subscriptions may only be received on the basis of this Prospectus. The last available annual report and additionally the latest half-yearly report are available at the registered office of the Company.

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## Definitions

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

**“1915 Law”** The Luxembourg law of 10 August 1915 on commercial companies and subsequent modifications.

**“2010 Law”** The Luxembourg law of 17 December 2010 on undertakings for collective investment.

**“Accounting Period” and “Financial Year”** each twelve month period from 1 January to 31 December.

**“Administrative Agent”** State Street Bank International GmbH, Luxembourg Branch, Luxembourg 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg (“SSB-LUX”).

**“Articles”** The articles of incorporation of the Company.

**“Business Day”** a day on which banks are generally open for business in Luxembourg and Ireland or such other days as the Administrative Agent may determine.

**“Capitalisation Shares”** Shares which the Company expects to accumulate all receipts and capital gains and will not make distributions in respect of Capitalisation Shares.

**“C Shares”** has the meaning ascribed to it under section “Description of Shares”. C Shares are no longer open for subscriptions.

**“Classes”** Pursuant to the Articles, the Board of Directors may decide to issue, within each Sub-Fund, separate Classes of Shares whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum investment amount, taxation or distribution policy may be applied.

**“Company”** GAM Star (Lux), an investment company organised under Luxembourg law as a société anonyme qualifying as a société d’investissement à capital variable (“SICAV”). It may comprise several Sub-Funds.

**“Commitment Approach”** the methodology which may be used in the risk management process of certain Sub-Funds as disclosed in the relevant Supplement to calculate exposure to derivatives in accordance with the CSSF’s requirements. The Commitment Approach calculates exposure as a result of the use of derivatives by converting the derivatives into the equivalent positions of the underlying assets.

**“Correspondent Bank/Paying Agent/Facilities Agent”** any one or more companies or any successor company appointed as correspondent bank, paying agent or facilities agent for the Company or any of its Sub-Funds.

**“CSSF”** Commission de Surveillance du Secteur Financier – The Luxembourg Supervisory Authority.

**“Data Protection Acts”** means the Coordinated Text of the Law of 2 August 2002 on the Protection of Persons with regard to the Processing of Personal Data (the “Data Protection Act”) and the amendments to the Data Protection Act (the “Amendment”) as may be amended or re-enacted from time to time, including any statutory instruments and regulations that may be made pursuant thereto from time to time, and including any amendments to any of the foregoing and the General Data Protection Regulation (EU 2016/679) (“GDPR”).

**“D Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“Dealing Day”** every Business Day or alternatively such Business Day as stated in the Supplement of the relevant Sub-Fund and/or such other Business Days as determined by the Transfer Agent from time to time with consent from the Management Company. However Dealing Day shall not include (i) a Business Day falling within a period of suspension; and (ii) at the discretion of the Administrative Agent with consent from the Management Company, a Business Day where the Administrative Agent may have difficulties in obtaining reliable prices or liquidating securities such as any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of a Sub-Fund are quoted is closed. For the avoidance of doubt, a Dealing Day shall not at the discretion of the Administrative Agent with consent from the Management Company, include a Business Day immediately preceding any period when any of the principal markets or stock exchanges on which a substantial proportion of the investments of a Sub-Fund are quoted is closed. Any Business Day not deemed to be a Dealing Day at the discretion of the Administrative Agent with consent from the Management Company, shall be notified in advance to Shareholders. A list of such Business Days may also, where appropriate, be obtained in advance from the Administrative Agent.

**“Dealing Notice”** Subscriptions and redemptions of Shares will be effected each Dealing Day provided that notice has been received by the Transfer Agent by the appropriate time on such Business Day as detailed in the relevant Supplement. Requests received outside the Dealing Notice will be held over until the next relevant Dealing Day and such requests will be effected on the next applicable Dealing Day. The Transfer Agent, with consent from the Management Company has the right in its absolute discretion to waive the Dealing Notice, provided always that such requests are received before the relevant Valuation Point of the Sub-Fund.

**“Depository” or “Depository Bank”** The assets of the Sub-Funds are held under the custody or control of State Street Bank International GmbH, Luxembourg Branch, 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, which also acts as the Administrative Agent and Paying Agent of the Company (“SSB-LUX”).

**“Directors”** The Board of Directors of the Company.

**“Distributing Shares”** If the Shares have the addition “a” and “m” in its denomination, it is referred to as distributing and interim Distributing Shares.

**“ESMA”** The European Securities and Markets Authority.

**“ESMA Guidelines 832”** ESMA’s Guidelines on ETFs and other UCITS issues (ESMA/2012/832).

**“Eligible Market”** A Regulated Market in an Eligible State.

**“Eligible State”** Any Member State of the EU or any other state in Eastern and Western Europe, Asia, North and South America, Africa and Oceania.

**“EU”** The European Union.

**“FATF”** Financial Action Task Force (also referred to as Groupe d’Action Financière).

**“FDI/s”** Financial Derivative Instrument/s; also commonly referred to as Derivative/s.

**“Fixed Income Securities”** includes but is not limited to:

debt securities issued by Member, non-Member States, their sub-divisions, agencies or instrumentalities;

corporate debt securities, including convertible securities and corporate commercial paper;

inflation-indexed bonds issued both by governments and corporations;

bank certificates of deposit and bankers’ acceptances; and

debt securities of international agencies or supranational entities.

Fixed Income Securities may have fixed, variable or floating rates of interest, including rates of interest that vary inversely at a multiple of a designated or floating rate, or that vary according to changes in relative values of currencies.

**“I Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“Institutional Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“ISDA”** International Swap & Derivatives Association.

**“Issue of Shares”** The Offering Price per Share of each Class of each Sub-Fund will be the net asset value per Share such Class of such Sub-Fund determined on the

applicable Valuation Day plus the applicable dealing charge. **“Investment Manager”** any Co-Investment Manager(s) and/or any Delegate Investment Manager(s) and/or any other person or persons for the time being duly appointed to provide advice on and management of investments.

**“Listing”** Shares of the launched Sub-Funds may be listed on the Luxembourg Stock Exchange.

**“Management Company”** GAM (LUXEMBOURG) S.A. has been appointed as the Management Company by the Company to be responsible on a day-to-day basis, under supervision of the Directors, for providing administration, marketing and investment management services in respect of all Sub-Funds.

**“Member State”** A Member State of the European Union.

**“Money Market Instruments”** mean instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time. Money Market Instruments are regarded as liquid where they can be repurchased, redeemed or sold at limited cost, in terms of low fees and narrow bid/offer spread, and with very short settlement delay. Money Market Instruments include but are not limited to US Treasury Bills, certificates of deposit, commercial paper and bankers acceptances.

**“Month”** a calendar month.

**“Net Asset Value/NAV”** in respect of the assets of a Sub-Fund the amount determined in accordance with the principles set out under the heading “Determination of Net Asset Value”.

**“Net Asset Value per Share”** the value of a Share in a Class of a Sub-Fund as determined in accordance with the principles set out under the heading “Determination of Net Asset Value”.

**“Non UK RFS Shares”** has the meaning ascribed to it under section “Description of Shares”, which do not seek reporting fund status from the HM Revenue and Customs in the United Kingdom.

**“Paying Agent”** State Street Bank International GmbH, Luxembourg Branch, Luxembourg 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

**“Qualified Investors”** investors who have negotiated separate terms of investment with the GAM Group.

**“R Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“Redemption of Shares”** Shareholders may at any time request redemption of their Shares, at a price equal to the Net Asset Value per Share of the Class of the Sub-Fund

concerned, determined on the applicable Valuation Day less any redemption fee as disclosed in the relevant Sub-Fund Supplements.

“**Register**” the Register of Shareholders.

“**Registrar**” and “**Transfer Agent**” GAM Fund Management Limited or any other person or persons for the time being duly appointed registrar in succession to the said Registrar.

“**Regulated Market**” A market as defined by Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public.

“**Risk-Free Rate (RFR)**” means an interbank interest rate benchmark, which will vary depending on the applicable currency, as listed below. Where appropriate, the rates detailed below are the market accepted LIBOR replacement rates as determined by the relevant jurisdiction or supranational entity. The Company has established robust written plans outlining the measures it would take should the benchmark change significantly or where it is no longer available. The relevant guidelines of the GAM Group are available at [www.gam.com](http://www.gam.com).

- **For USD/USD** Hedged Share classes: Secure Overnight Financing Rate (SOFR). The administrator of SOFR is the Federal Reserve Bank of New York. The administrator of SOFR is a central bank and is exempt from the Regulation (EU) 2016/1011 (“**EU Benchmark Regulation**”).
- **For CHF/CHF** Hedged Share classes: Swiss Average Rate Overnight (SARON). The administrator of SARON is SIX Financial Information AG. SARON is a third country benchmark which has been endorsed under Article 33 of the EU Benchmark Regulation.
- **For EUR/EUR** Hedged Share classes: Euro Short-Term Rate (ESTR). The administrator of ESTR is the European Central Bank. The administrator of ESTR is a central bank and is exempt from the EU Benchmark Regulation.
- **For GBP/GBP** Hedged Share classes: Sterling Overnight Index Average (SONIA). The administrator of SONIA is the Bank of England. The administrator of SONIA is a central bank and is exempt from the EU Benchmark Regulation.
- **For JPY/JPY** Hedged Share classes: Tokyo Overnight Average Rate (TONAR). The administrator of TONAR is the Bank of Japan. The administrator of TONAR is a central bank and is exempt from the EU Benchmark Regulation.
- **For AUD/AUD** Hedged Share classes: Bank Bill Swap Rate (BBSW). The administrator of BBSW

is ASX Benchmarks Limited. BBSW is a third country benchmark which has been granted equivalence under Article 30 of the EU Benchmark Regulation.

- **For DKK/DKK** Hedged Share classes: Copenhagen Interbank Rate (CIBOR). The administrator of CIBOR is the Danish Financial Benchmark Facility ApS. CIBOR is authorised under Article 34 of the EU Benchmark Regulation.
- **For MXN/MXN** Hedged Share classes: Mexican Interbank Interest Equilibrium Rate (TIIE). The administrator of TIIE is the Bank of Mexico. The administrator of TIIE is a central bank and is exempt from the EU Benchmark Regulation.
- **For NOK/NOK** Hedged Share classes: Norwegian Interbank Offered Rate (NIBOR). The administrator of NIBOR is Norske Finansielle Referanser AS. NIBOR is authorised under Article 34 of the EU Benchmark Regulation.
- **For SEK/SEK** Hedged Share classes: Stockholm Interbank Offered Rate (STIBOR). The administrator of STIBOR is the Swedish Financial Benchmark Facility. STIBOR has been recognised as a critical benchmark under Article 20 of the EU Benchmark Regulation.
- **For SGD/SGD** Hedged Share classes: Singapore Interbank Offered Rate (SIBOR). The administrator of SIBOR is the ABS Benchmarks Administration Co PTE. LTD. SIBOR is a third country benchmark which has been granted equivalence under Article 30 of the EU Benchmark Regulation.
- **For HKD/HKD** Hedged Share classes: Hong Kong Interbank Offered Rate (HIBOR). The administrator of HIBOR is the Treasury Markets Association. HIBOR is a third country benchmark which under Article 51 (5) of the EU Benchmark Regulation may continue to be used by EU supervised entities until the end of the third-country transition period.

“**S Shares**” has the meaning ascribed to it under section “Description of Shares”.

“**Shares**” Shares of each Sub-Fund may be offered in registered form only, and all Shares must be fully paid up. Fractions of Shares will be issued up to two (2) decimals. In the absence of a request for Shares to be issued in any particular form, Shareholders will be deemed to have requested that their Shares be held in registered form without certificates.

“**Shareholders**” all holders of Shares or, where the context so admits, the holders of Shares of a given Sub-Fund or of Shares of a given Class of a Sub-Fund.

**“Sub-Funds”** The Company offers investors, within the same investment vehicle, a choice between several Sub-Funds which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the relevant Sub-Fund Supplements.

The Directors of the Company may, at any time, decide the creation of further Sub-Funds. Each Sub-Fund may have one or more Classes of Shares.

**“Subscription Fee”** in respect of a Sub-Fund the charge payable on the subscription for Shares as is specified for the relevant Sub-Fund.

**“Supplement”** means a Supplement to this Prospectus specifying certain information in respect of a Sub-Fund.

**“Transferable Securities”** means (i) Shares in companies and other securities equivalent to Shares in companies; (ii) bonds and other forms of securitised debt; (iii) any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, excluding techniques and instruments used for efficient portfolio management purposes and as stated in article 1(8) of the UCITS Directive.

**“UCI”** means an Undertaking for Collective Investment.

**“UCITS”** means an Undertaking for Collective Investment in Transferable Securities.

**“UCITS Directive”** means the EU Council Directive 2009/65/CE of 13 July 2009 regarding Undertakings for Collective Investment in Transferable Securities.

**“US Person”** For the purposes of this Prospectus, but subject to applicable law and to such changes as may be notified by the Transfer Agent to applicants for Shares and transferees, “US Person” means: (i) any natural person resident of or in the United States; (ii) any partnership, corporation or other entity organised or incorporated under the laws of the United States or which has its principal place of business in the United States, or a pension plan for the employees, officers or principals of such entity; (iii) any estate of which any executor or administrator is a US Person or the income of which is subject to US income tax regardless of source; (iv) any trust of which any trustee is a US Person or the income of which is subject to US income tax regardless of source; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; (viii) any partnership or corporation if (A) organised or incorporated

under the laws of any foreign jurisdiction and (B) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under such Act) who are not natural persons, estates or trusts; and (ix) ) any entity organised principally for passive investment such as a pool, investment company or other similar entity; provided that the units of participation in the entity held by US Persons or persons otherwise not qualifying as “qualified eligible persons” (as defined in Rule 4.7 under the US Commodity Exchange Act) represent in the aggregate 10% or more of the beneficial interest in the entity, and that such entity was formed principally for the purpose of facilitating investment by US Persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 under the US Commodity Exchange Act regulations by virtue of its participants being non-US Persons.

**“V Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“Valuation Day”** means any relevant Dealing Day and the last Business Day of each month and/or the last day of the Accounting Period provided always that each Sub-Fund shall be valued as often as it deals.

The Administrative Agent, with consent from the Management Company, may amend the frequency of the Valuation Day for some or all of the Sub-Funds. In such case the Shareholders of the relevant Sub-Fund will be duly informed and the relevant Supplements to this Prospectus will be updated accordingly.

**“Valuation Point”** the time at which the Net Asset Value per Share of each Sub-Fund is determined on each Valuation Day being 24:00 hours Luxembourg time or such other time as the Administrative Agent, with consent from the Management Company, may determine.

**“Value at Risk/VaR Approach”** the methodology used in the risk management process of certain Sub-Funds as disclosed in the relevant Supplements, in accordance with the CSSF’s requirements, to calculate exposure to derivatives and market risk. VaR is a statistical methodology that predicts, using historical data, the likely maximum daily loss that a Sub-Fund could lose calculated to a 99% confidence level. However there is a 1% statistical chance that the daily VaR number may be exceeded. In accordance with the requirements of the CSSF, VaR may not exceed 20% of the Net Asset Value of a Sub-Fund or twice the daily VaR of a comparable derivative free portfolio or benchmark.

**“X Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“Y Shares”** has the meaning ascribed to it under section “Description of Shares”.

**“Z Shares”** has the meaning ascribed to it under section “Description of Shares”.

Words or expressions used in the Prospectus that are not specifically defined in this Glossary shall have the same meaning as those defined in the 2010 Law.

In this Prospectus references to “AUD” or “Australian dollars” are to the currency of Australia, “€”, “EUR” or “Euro” are to the currency of the European Economic and Monetary Union (EMU), references to “£”, “GBP” or “Sterling” are to the currency of the United Kingdom of Great Britain and Northern Ireland, references to “SEK” or “Swedish Krona” are to the currency of Sweden, references to “\$”, “USD” or “US dollars” are to the currency of the United States, references to “Mex\$”, “MXN” or “Mexican pesos” are to the currency of Mexico, references to “¥”, “JPY” or “Yen” are to the currency of Japan or references “CHF” or “Swiss Franc” are to the currency of Switzerland.

## Introduction

GAM Star (Lux) (the “Company”) qualifies as an undertaking for collective investment in Transferable Securities (UCITS) under Part I of the law of 17 December 2010 on undertakings for collective investment (the “2010 Law”).

It is registered under number O 858 on the official list of UCI subject to the supervision of the CSSF in accordance with the 2010 Law. Registration on this list may not be interpreted as a positive assessment by the supervisory authority of the contents of this Prospectus or of the quality of the securities offered and held by the Company. Any assertion to the contrary would be unauthorised and illegal.

Prospective investors should inform themselves as to (a) the legal requirements within their own jurisdictions for the purchase or holding of Shares, (b) any foreign exchange restrictions which may affect them, and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Shares.

In particular, the Shares being offered hereby have not been approved or recommended by the US Securities and Exchange Commission (the “SEC”) or any governmental authority and neither the SEC nor any such other United States authority has passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence. It is anticipated that the offering and sale will be exempt from registration under the US Securities Act of 1933, as amended (the “1933 Act”) and the various states securities law and that the Company will not be registered as an investment company under the US Investment Company Act of 1940, as amended (the “1940 Act”). Investors will not be entitled to the benefits of either the 1933 Act or 1940 Act. Shares of the Company are being offered only to United States investors who are both “Accredited Investors” within the meaning of Regulation D under the 1933 Act and “Qualified Purchasers” within the meaning of Section 2(a)(51) of the 1940 Act; provided that the Transfer Agent receives evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the US Federal or state securities laws of the United States including, but not limited to, the 1933 Act, that such sale will not require the Company to register under the 1940 Act and, in all events, that there will be no adverse tax consequences to the Company or its Shareholders as a result of such sale.

### ERISA Matters

The Company may in its discretion reject subscriptions from or transfers to (and may require redemptions by) any

benefit plan investor. For this purpose, a “benefit plan investor” means any (i) “employee benefit plan” within the meaning of Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to the provisions of Part 4 of Title I or ERISA, (ii) individual retirement account, Keogh Plan or other plan described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended, (iii) entity whose underlying assets include “plan assets” by reason of 25% or more of any Class of equity interests in the entity being held by plans described in (i) or (ii) above, or (iv) other entity (such as an insurance company separate or general account or a group or common trust) whose underlying assets include “plan assets” by reason of an investment in the entity by plans described in (i) or (ii) above. If the Shares of any Class held by benefit plan investors were to exceed this 25% limit, then the assets of the Company would be considered “plan assets” under ERISA, which could result in adverse consequences to the Company and its Shareholders. No other information will be deemed valid other than that which appears in this Prospectus or in the documents referred to in the Prospectus and available for consultation by the public.

The Directors of the Company assume responsibility for the accuracy of the information contained in this Prospectus on the date of its publication.

This Prospectus is liable to be updated with substantive amendments. Consequently, it is recommended that subscribers contact the Company or the Management Company to inquire as to the possible publication of a more recent Prospectus.

It is recommended that subscribers take advice on the legislation and rules (e.g. on taxation and foreign exchange controls) pertaining to the subscription, purchase, holding and realisation of Shares in their place of origin, residence or domicile.

The valuation currency varies according to each of the Company’s Sub-Funds; the currency of consolidation is the US dollar.

This Prospectus is only valid when accompanied by the last available annual report, and by the latest half-yearly report, if this is more recent than the last annual report.



## Directory

### Company Registered Office

GAM Star (Lux)  
25, Grand-Rue  
L-1661 Luxembourg

### Board of Directors of the Company

#### Chairman

Martin Jufer  
Global Head of Wealth Management  
GAM Investment Management (Switzerland) AG,  
Zurich, Switzerland

#### Directors

Hermann Beythan  
Independent Director  
Partner, Linklaters LLP,  
Luxembourg, Grand Duchy of Luxembourg

Kaspar Böhni  
Head of Global Products & Fund Development  
GAM Investment Management (Switzerland) AG,  
Zurich, Switzerland

Tristan Brenner  
Chief Executive Officer  
GAM Investment Management (Switzerland) AG,  
Zurich, Switzerland

Florian Heeren  
General Counsel Continental Europe  
GAM Investment Management (Switzerland) AG,  
Zurich, Switzerland

### Management Company,

#### Domiciliary Agent/Registered office

GAM (Luxembourg) S.A.  
25, Grand-Rue  
L-1661 Luxembourg

### Administrative Agent and Paying Agent

State Street Bank International GmbH,  
Luxembourg Branch.  
49, avenue J.F. Kennedy  
L-1855 Luxembourg

### Depositary Bank

State Street Bank International GmbH,  
Luxembourg Branch  
49, avenue J.F. Kennedy  
L-1855 Luxembourg

### Registrar and Transfer Agent

GAM Fund Management Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### Directors of the Management Company

#### Chairman

Martin Jufer  
Global Head of Wealth Management,  
GAM Investment Management (Switzerland) AG  
Zurich, Switzerland

#### Directors

Yvon Lauret  
Independent Director  
Luxembourg, Grand Duchy of Luxembourg

Elmar Zumbühl  
Member of the Group Management Board, GAM Group  
Zurich, Switzerland

Samantha Keogh  
Independent Director  
Delgany, Co Wicklow, Ireland

### Conducting Officers of the Management Company

Stefano Canossa, Managing Director  
Luxembourg, Grand Duchy of Luxembourg

Steve Kieffer, Managing Director  
Luxembourg, Grand Duchy of Luxembourg

Sean O'Driscoll, Managing Director,  
Luxembourg, Grand Duchy of Luxembourg

Anna Roehrs, Managing Director  
Luxembourg, Grand Duchy of Luxembourg

### Investment Manager(s)

GAM Investment Management (Switzerland) AG  
Hardstrasse 201  
8037 Zurich  
Switzerland

GAM International Management Limited  
8 Finsbury Circus,  
London ECM 7GB  
Great Britain

GAM USA Inc.  
1 Rockefeller Plaza  
New York, NY 10020  
USA

**Independent Auditor**

PricewaterhouseCoopers, Société cooperative  
2, rue Gerhard Mercator  
L-2182 Luxembourg

**Distributors**

The Company, respectively the Management Company,  
has appointed Distributors and may appoint additional  
Distributors to sell Shares in various legal jurisdictions.

## General Characteristics of the Company

The Company is a public limited company with variable capital (SICAV) governed by Luxembourg law, constituted for an unlimited period in Luxembourg on 24 October 1990. In particular it is governed by provisions of Part I of the 2010 Law on undertakings for collective investment in Transferable Securities, as defined in the UCITS Directive (as amended).

The Company is formed as an umbrella fund, which is composed of a number of Sub-Funds, each containing separate assets and liabilities and each having a distinct investment policy. The assets of a Sub-Fund are exclusively available to satisfy the rights of Shareholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of that Sub-Fund. Each Sub-Fund may offer different Classes of Shares. This structure offers the investor the possibility of being able to choose between different Classes of Shares and therefore having the option of subsequently switching, without additional charge, from one Class of Shares to another.

The Directors of the Company may create, within each Sub-Fund, different Classes of Shares, which differ according to the investor's status (institutional within the meaning of article 174 of the 2010 Law or otherwise) and which have different distribution policies, minimum subscription amounts, commission structures, charges, remunerations and other features.

The Directors may create, merge or liquidate one or several Sub-Funds and/or Classes of Shares according to the terms and conditions explained in the Prospectus.

The current Sub-Funds, the Base Currency of each, the Classes of Shares available and their designated currencies can be obtained from the Management Company.

Additional Sub-Funds with the prior approval of the CSSF and additional Classes (in accordance with the requirements of the CSSF) may be added by the Directors. The name of each Sub-Fund, details of its investment objectives, policies and restrictions and of any applicable fees and expenses shall be set out in a Supplement to this Prospectus. As new Sub-Funds or Classes are added or existing Sub-Funds or Classes are closed, as the case may be, this information can be obtained from the Management Company. In addition, the Directors may close some Sub-Funds, in which case investors will be informed and the Prospectus will be updated.

The Articles of the Company were published in the Mémorial Recueil des Sociétés et Associations, (the "Mémorial") (companies section of the official legal

journal), on 22 December 1990 under its initial name World Invest SICAV. The Articles were last modified on 27 July 2018 and published in Recueil Electronique des Sociétés et Associations ("RESA") of 24 August 2018. The Articles were deposited at the office of the Registre de Commerce et des Sociétés (the "Trade Register") of Luxembourg. These documents may be examined there and copies may be obtained upon payment of a fee.

The Company is registered with the Trade Register in Luxembourg, No. B 35.181. The registered office of the Company is at 25 Grand-Rue, L-1661 Luxembourg.

The Company's share capital is at all times equal to its total net assets and is represented by Shares which are issued without a designated face value and which are fully paid in.

The minimum capital is equivalent in US Dollar to EUR 1,250,000.00.

## Investment Policy and Objectives

The assets of a Sub-Fund will be invested separately in accordance with the investment objectives and policies of that Sub-Fund which are set out in relevant Supplements to this Prospectus.

The investment return to Shareholders of a particular Sub-Fund is related to the Net Asset Value of that Sub-Fund which in turn is primarily determined by the performance of the portfolio of assets held by that Sub-Fund.

The objective of each Sub-Fund is to offer Shareholders easy access to different securities markets, while at the same time ensuring risk diversification. All securities acquired are quoted on an official stock exchange or any other regulated, regularly operating, recognised market which is open to the public.

In addition to the investment policy of each Sub-Fund as described in the relevant Supplement, the Sub-Funds may use on a regular basis techniques and instruments on Transferable Securities and Money Market Instruments as well as those intended to hedge currency risks. More details on such restrictions and the related risks are outlined in the section "Techniques and instruments relating to Transferable Securities and Money Market Instruments."

When market conditions justify so, the Directors, with regards of any one of the Sub-Funds, have the option of deciding investments in assets other than those defined in a given Sub-Fund's investment policy, always provided such investments will not go beyond the investment possibilities and limits defined in Part 1 of the 2010 Law.

## Appropriation of Results

Each year the General Meeting rules on the proposals of the Directors regarding the appropriation of the results.

Where the Directors decide to propose to the General Meeting the payment of a dividend, this shall be calculated in accordance with legal statutory limits established for this purpose.

The Directors consider that the objective of its distribution policy is to propose the capitalisation of income for Capitalisation Shares.

However, it does not rule out proposing to the General Meeting the payment of a dividend, if this is deemed to be more beneficial to shareholders. Besides the net income from investments, this dividend may be comprised of realised and unrealised capital gains, after deducting realised and unrealised capital losses.

Shareholders are paid by cheque, which is sent to their address as it appears in the Register or by bank transfer as per their instructions. Each Shareholder can reinvest his dividend in a round number of shares without incurring any expenses.

Unclaimed dividends become unavailable to the beneficiaries 5 years after their distribution and revert back to the Fund.

The Directors may, where it considers appropriate, pay an interim dividend.

## Financial Instruments

The Company is authorised for each Sub-Fund, according to the terms and conditions detailed in section Techniques and instruments relating to Transferable Securities and Money Market Instruments, to:

utilise securities-based instruments and techniques, subject to these instruments and techniques being consistent with proper portfolio management,

utilise instruments and techniques to hedge exchange rate risks in the course of managing the Sub-Fund's assets.

## Investment Restrictions

The Directors shall, based upon the principle of risk diversification, have the power to determine the investment policy for the investments of the Company in respect of each Sub-Fund subject to the following restrictions:

I (1) The Company, for each Sub-Fund, may invest in:

- a) Transferable Securities and Money Market Instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC or dealt in on another market, which operates regularly and is recognised and open to the public, in a Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, North and South America and Oceania (an "Eligible Market");

b) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;

c) units of UCITS and/or other undertakings for collective investment ("other UCIs"), within the meaning of Article 1, paragraph (2), point a) and b) of the UCITS Directive, whether or not established in a Member State, provided that:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured,
- the level of protection for unit-/shareholders in such other UCI is equivalent to that provided for unit-/shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive,
- the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
- no more than 10% of the assets of the UCITS or of the other UCI, whose acquisition is contemplated, can, according to their management regulations or instruments of incorporation documents, in aggregate be invested in units of other UCITS or other UCIs;

d) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

e) Financial Derivative Instruments (FDI's), including equivalent cash-settled instruments, dealt in on an Eligible Market and/or FDIs dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of instruments covered by this section (I) (1), financial indices, interest

rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;

- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
- 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 Sub-Fund's initiative;

f) Money Market Instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that these instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- issued by an undertaking any securities of which are dealt in on Eligible Markets, or
- issued or guaranteed by a credit institution which has its registered office in a country which is an OECD member state and an FATF State, or
- issued by other bodies belonging to the categories approved by the CSSF 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 directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(2) In addition, the Company may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market

Instruments other than those referred to under I (1) above.

II The Company may hold ancillary liquid assets.

III

a)

- (i) The Company will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities or Money Market Instruments issued by the same body.
- (ii) The Company may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.

b) Moreover, where the Company holds, on behalf of a Sub-Fund, investments in Transferable Securities and Money Market Instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Company may not combine for each Sub-Fund, where this would lead to investment of more than 20% of the Company's assets in a single body, any of the following:

- investments in Transferable Securities or Money Market Instruments issued by that body,
- deposits made with that body, and/or
- exposures arising from OTC derivative transactions undertaken with that body.

c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by a Member State, its public local authorities, or by another state in Eastern and Western Europe, Asia, North and South America and Oceania or by public international bodies of which one or more Member States are members.

d) The limit of 10% laid down in sub-paragraph a) (i) is

increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

- e) The Transferable Securities and Money Market Instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

The limits set out in sub-paragraphs a), b), c) and d) may not be combined and, accordingly, investments in Transferable Securities or Money Market Instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III).

The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

- f) Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk diversification, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States are members, provided that the Sub-Fund's Shareholders benefit from sufficient protection and that that such Sub-Fund holds

securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.

- IV a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. a) to e) are raised to a maximum of 20% for investments in Shares and/or debt securities issued by the same body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or debt security index which is recognised by the CSSF provided that it is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets within the meaning of Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public ("Regulated Markets") where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- V a) The Company may not acquire Shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

- b) The Company, for every Sub-Fund, may acquire no 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 or other UCI within the meaning of Article 2, paragraph (2) of the 2010 Law;
- 10% of the Money Market Instruments of the same issuer.

These limits under the second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

- c) The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international

bodies of which one or more Member States are members.

The provisions of this paragraph V. are also waived with regard to:

Shares held by the Company in the capital of a company incorporated in a non-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 provided that the investment policy of the company from the third country complies with the limits laid down in paragraph III. a) to e), V. a) and b) and VI;

Shares held by one or more investment companies in the capital of subsidiary companies, which carry on only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the repurchase of units at the request of unitholders exclusively on its or their behalf.

- VI a) The Company may invest up to 100% of any of its Sub-Fund's net assets in units or shares of UCITS and/or other UCIs referred to in paragraph I) (1) c), provided that no more than 20% of the Sub-Fund's net assets are invested in the units or shares of a single UCITS or other UCI and subject to the limits set by the 2010 Law. Notwithstanding the above principle, and unless otherwise indicated to the contrary in the relevant Sub-Fund Supplement, hereto, the Sub-Fund shall not invest more than 10% of any of its Sub-Fund's net assets in units or shares of the UCITS and/or other UCIs referred to in paragraph I) (1) c).

For the purpose of the application of this investment limit, each compartment of a UCITS and/or UCI with multiple compartments within the meaning of Article 181 of the 2010 Law is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- b) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under III. a) to e) above.
- c) Sub-Funds that may invest in other existing UCIs and UCITS (target funds) as part of their investment policy can incur charges at the level of both the

target fund and the Sub-Fund. If on behalf of a Sub-Fund, shares of a target fund that are managed directly or indirectly by the Management Company, or by a company to which the latter is linked by common management or control or by a substantial direct or indirect holding ("related target fund"), are acquired, the Company may not debit the investing Sub-Fund for any issue or redemption fees charged by the related target funds in the subscription or redemption of such Shares.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, the management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 3% of the relevant net assets under management. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- d) The Company may acquire no more than 25% of the units or shares of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units or shares in issue cannot be calculated. In case of a UCITS or other UCI with multiple Sub-Funds, this restriction is applicable by reference to all units or shares issued by the UCITS or other UCI concerned, all Sub-Funds combined.
- e) The Company may not, in aggregate, invest more than 30% of any of its Sub-Fund's net assets in units or shares of UCIs other than UCITS.
- VII. The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the total net value of the relevant Sub-Fund.

The exposure is 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. This shall also apply to the following subparagraphs.

If a Sub-Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III. a) to e). When a Sub-Fund invests in index-based FDIs, these investments are not required to be combined with the limits laid down in paragraph III. a) to e).

When a Transferable Security or Money Market

Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII a) The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Sub-Fund may acquire foreign currencies by means of back to back loans;
- b) The Company may not grant loans to or act as guarantor on behalf of third parties.
- This restriction shall not prevent the Company from acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.
- c) The Company may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) c), e) and f).
- d) The Company may only acquire movable or immovable property which is essential for the direct pursuit of its business, provided that such investment does not represent more than 10% of its assets.
- e) Where the Company is authorised to borrow under points a) and d), that borrowing shall not exceed 15% of its assets in total.
- f) The Company may not acquire either precious metals or certificates representing them.
- IX a) The Company needs not comply with the limits laid down in this section when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of its assets. While ensuring observance of the principle of risk diversification, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.
- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a primary objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.
- c) To the extent that an issuer is a legal entity with multiple Sub-Funds where the assets of the Sub-Fund are exclusively reserved to the investors in such Sub-Fund and to those creditors whose claim has arisen in connection with the creation, operation

or liquidation of that Sub-Fund, each such Sub-Fund is to be considered as a separate issuer for the purpose of the application of the risk diversification rules set out in paragraphs III. a) to e), IV. and VI.

### Techniques and Instruments Relating to Transferable Securities and Money Market Instruments

The Company is authorised for each Sub-Fund to use techniques and instruments on Transferable Securities, Money Market Instruments, currencies and other eligible assets for the purpose of hedging or efficient portfolio management. If a Sub-Fund uses such techniques and instruments for investment purposes, detailed information on such techniques and instruments will be disclosed in the investment policy of the relevant Sub-Fund Supplement.

#### Financial Derivative Instruments ("FDI")

Each Sub-Fund is therefore in particular authorised to carry out transactions involving FDIs and other financial techniques and instruments (in particular swaps on indexes, currencies and Transferable Securities and Money Market Instruments, futures and options on securities, currencies or indexes), as will be described in the description of the relevant Sub-Fund.

The success of the strategies employed by the Sub-Funds cannot be guaranteed.

Sub-Funds using these techniques and instruments assume risks and incur costs, they would not have assumed or incurred, if they had not used such techniques.

The use of derivatives will cause a risk due to leverage. The Management Company shall ensure that the global exposure of each Sub-Fund relating to FDIs does not exceed the total net assets of that Sub-Fund when using the Commitment Approach (as defined in the CSSF Circular 11/512 or any amendment or replacement thereof).

In using derivatives, each Sub-Fund may carry out over-the-counter – OTC – transactions with highly-rated banks or brokers specialised in this area acting as counterparties.

#### Other Investment Techniques and Instruments

In addition to investments in FDI, the Company may also make use of other investment techniques and instruments based on transferable securities and other eligible assets, pursuant to the terms of the ESMA Guidelines 832 (as implemented in Luxembourg by CSSF Circular 13/559 and as amended by CSSF Circular 14/592) as well as any other applicable provisions in this regard. Investment techniques and instruments that are used for the purposes of efficient portfolio management, including FDI that are not used for direct investment purposes, shall fulfil the following criteria:



- a) they are economically appropriate in that they are used cost-effectively;
- b) they are used with one or more of the following specific aims:
  - to reduce risk;
  - to cut costs;
  - to generate additional capital or revenue for the Company, associated with a risk that is compatible with the risk profile of the Company and the relevant Sub-Funds of the Company and with the applicable rules on risk diversification;
- c) their risks are appropriately captured by the Company's risk management process; and
- d) they may not result in any change to the Sub-Fund's declared investment objective or be associated with any substantial supplementary risks compared with the general risk strategy as described in the prospectus or the key investor information.

The potential techniques and instruments for efficient portfolio management are detailed below and are subject to the conditions described below.

Moreover, such transactions may be entered into for 100% of the assets held by the Sub-Fund concerned provided that (i) their scope remains appropriate or the Company is entitled to recall the securities that have been lent so that it is always in a position to meet its redemption obligations and (ii) such transactions do not jeopardise the management of the Company's assets in line with the investment policy of the Sub-Fund concerned. Risk monitoring must be carried out in line with the Company's risk management process.

Efficient portfolio management may possibly have a negative impact on the return for Shareholders.

Efficient portfolio management may lead to direct and indirect operational costs that are deducted from the revenue. These costs shall not include hidden charges.

Care shall also be taken to ensure that no conflicts of interest are created to the detriment of investors as a result of efficient portfolio management techniques being applied.

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

At the time of preparation of this Prospectus, none of the Company's Sub-Funds were involved in securities lending, in accordance with Regulation (EU) 2015/2365 on the transparency of securities financing transactions and with Regulation (EU) No 648/2012 in its original and subsequent amended versions. Should this change in future, the Prospectus will be amended accordingly at the

time of the next submission.

#### **Repurchase Agreements**

At the time of preparation of this Prospectus, none of the Company's Sub-Funds were active in repurchase agreements, in accordance with Regulation (EU) 2015/2365 on the transparency of securities financing transactions and with Regulation (EU) No 648/2012 in its original and subsequent amended versions. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

#### **Swap Contracts – General**

The Company may also, in accordance with the provisions set out below, invest in swap contracts.

The Company may enter into equity swap transactions which consist of contractually paying out (or receiving) to (from) the swap counterparty:

- i) a positive or negative performance of one security, a basket of securities, a stock exchange index, a benchmark or a financial index;
- ii) an interest rate, either floating or fixed;
- iii) a foreign exchange rate; or
- iv) a combination of any of the above;

against the payment of an interest rate either floating or fixed. There is no exchange of principal in the equity swap and the Company will not hold any security, but the Company will receive all the economies of owning securities, such as dividend income. The underlying of the swap transactions entered into by the Company will be indicated in the description of the investment policy of each of the relevant Sub-Funds Supplement.

The Company may not enter into equity swap transactions unless:

- i) its counterpart is a financial institution of good reputation specialised in this type of transaction;
- ii) it ensures that the level of its exposure to the equity swap is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions;
- iii) the underlying assets performance referred to under the equity swap agreement is in compliance with the investment policy of the relevant Sub-Fund entering into such transaction.

The total commitment arising from equity swap transactions of a particular Sub-Fund shall be the market value of the underlying assets used for such transactions at inception.

The net exposure of equity swap transactions in

conjunction with all exposures resulting from the use of options, interest rate swaps and financial futures may not in respect of each Sub-Fund exceed at any time the Net Asset Value of such Sub-Fund.

The equity swap transactions to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement. Typically, investments in equity swap transactions will be made in order to adjust regional exposures, limit settlement and Depository Bank risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

#### **Swap Contracts – Credit Default Swaps**

The Company may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer.

The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The ISDA has produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Company may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its Sub-Funds' portfolio(s) by buying protection.

In addition, the Company may, provided it is in the exclusive interest of its Shareholders, buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swap purchased together with the amount of the aggregate of premiums paid relating to the purchase of options on Transferable Securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 15% of the net assets of a relevant Sub-Fund.

Provided it is in the exclusive interest of the Shareholders, the Company may also sell protection under credit default swaps in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such credit default swap sold together with the amount of the commitments relating to the purchase and sale of

futures and option contracts on any kind of financial instruments and the commitments relating to the sale of call and put options on Transferable Securities may not, at any time, exceed the value of the net assets of a relevant Sub-Fund.

The Company will only enter into credit default swap transactions with highly rated financial institutions specialised in this type of transaction and only in accordance with the standard terms laid down by the ISDA. Also, the Company will only accept obligations upon a credit event that are within the investment policy of a relevant Sub-Fund.

The Company will ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from credit default swaps and other techniques and instruments.

The aggregate commitments of all credit default swap transactions will not exceed 20% of the net assets of a Sub-Fund provided that all swaps will be fully funded.

#### **Swap Contracts – Total Return Swaps**

The Sub-Funds may invest in total return swaps or other FDI with comparable properties.

The underlyings of the total return swaps or other FDI with comparable properties include in particular individual equities or bonds, baskets of equities or bonds, or financial indices that are permitted in accordance with paragraphs 48-61 of ESMA Guidelines 832. The components of the financial indices include, among others, equities, bonds, derivatives on commodities. The investment policy of the various Sub-Funds includes further details on the deployment of total return swaps or other FDI with comparable properties, which may have different underlyings and strategies compared with those described above.

The counterparties of such transactions are regulated financial institutions with a good credit rating and that specialise in such transactions.

The failure of a counterparty may have a negative impact on the return for Shareholders. The investment manager intends to minimise counterparty performance risk by only selecting counterparties with a good credit rating and by monitoring any changes in those counterparties' ratings. Additionally, these transactions are only concluded on the basis of standardised framework agreements (ISDA with Credit Support Annex; Deutscher Rahmenvertrag with Besicherungsanhang, or similar). The Credit Support Annex or Besicherungsanhang defines the conditions under which collateral is transferred to or received from the counterparty in order to reduce the default risk associated

with derivative positions and thus the negative impact on the return for Shareholders should a counterparty fail.

The counterparties in the case of total return swaps or other FDI with comparable properties have no discretionary power with regard to how the portfolio of a Sub-Fund is composed or managed or with regard to the underlyings of these financial derivatives. Similarly, the counterparty's consent is not required for the execution of such transaction. Any deviation from this principle is detailed further in the Sub-Fund's investment policy.

Total return swaps or FDI with comparable properties will be included in the calculation of the investment restrictions.

Regulation (EU) 2015 / 2365 on transparency of securities financing transactions and reuse and amending Regulation (EU) No 648 / 2012

At the time of the preparation of this prospectus the following Sub-Funds employed respectively will employed total return swaps (included equity swaps and contracts for difference). The following table sets out the maximum and the expected proportion of the Sub-Funds' assets under management that could be subject to these instruments. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

Sub-Fund	Total Return Swaps (inclusive Equity Swaps and CFD)	
	Maximum value	Expected value
GAM Star (Lux) –		
Merger Arbitrage	200%	100%
Global High Yield	100%	50%

The types of assets that will be subject to total return swaps will be assets which are of a type that is consistent with the investment policy of the relevant Sub-Fund.

All revenues from total return swaps entered into by a Sub-Fund, net of direct and indirect operational costs, will be returned to the relevant Sub-Fund. The identities of the entities to which any direct and indirect costs and fees are paid shall be disclosed in the annual financial statements of the Company and such entities may include the Management Company, the Depositary or entities related to the Depositary. In selecting counterparties to these arrangements, the Investment Manager may take into account whether such costs and fees will be at normal commercial rates.

#### Management of Collateral for OTC Derivatives and

#### Efficient Portfolio Management Techniques

The following provisions are in line with the requirements of the Guidelines of the European Securities and Markets Authority ESMA Guidelines 832, which may be amended in future. Apart from the policy in relation to the reinvestment of cash collateral which will enter into force immediately, the Sub-Funds launched before 18 February 2013 intend implementing the following provisions until 18 February 2014 in accordance with the ESMA Guidelines 832. All Sub-Funds launched after 18 February 2013 shall be required to comply with the following provisions as of their launch date.

1. Collateral received ("collateral") in connection with OTC derivative transactions and efficient portfolio management techniques must at all times fulfil all of the following criteria:
  - (a) Liquidity: Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 48 of the 2010 Law.
  - (b) Valuation: Collateral received should be able to be valued on a daily basis, and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
  - (c) Issuer credit quality: Collateral received should have a high credit rating.
  - (d) Correlation: The collateral must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - (e) Diversification: Collateral should be sufficiently diversified in terms of countries, markets and issuers. The criteria of sufficient diversification in terms of the concentration of the issuers is deemed to be fulfilled when a Sub-Fund receives from the counterparty a collateral basket, in which the maximum exposure towards a particular issuer does not exceed 20% of the net asset value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this limit, a Sub-Fund may be fully collateralised by securities or money market instruments issued or guaranteed by a Member State of the EU, one or more of its local

authorities, a third country, or a public international body to which one or more Member States belong. Such a Sub-Fund must receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's net asset value. As far as a Sub-Fund aims to be fully collateralised by securities described above, this will be disclosed in the Prospectus. Further, each Sub-Fund will disclose in the respective Supplement which Member States or third countries, which local authorities or which public international bodies issue or guarantee the collateral which the Sub-Fund would accept for more than 20% of its net asset value.

- (f) Immediate availability: The Company must be able to realise the collateral at any time without reference to the counterparty or requiring the counterparty's approval.
2. Subject to the above criteria, collateral admissible for any Sub-Fund must meet the following requirements:
    - (a) Liquid assets such as cash or short-term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit or "pay upon first request" suretyships issued by a first-class credit institution that is not linked to the counterparty;
    - (b) Bonds issued or guaranteed by a member state of the OECD;
  3. Where there is a title transfer, the collateral received should be held by the Depositary or its representative. For other types of collateral arrangement, the collateral can be held by a third party custodian that is subject to prudential supervision and unrelated to the provider of the collateral.
  4. The Company has introduced a haircut strategy for each class of assets received as collateral. A haircut is a deduction from the value of collateral to take account of a deterioration in the valuation or in the liquidity profile of the collateral over time. The haircut strategy takes into account the characteristics of the respective assets, including the credit standing of the issuer, price volatility and the outcome of stress tests performed as part of collateral management. Subject to existing transactions with the counterparty concerned, which may include minimum amounts for the transfer of collateral, the Company intends applying a haircut of 5% to collateral received, at least corresponding

to the counterparty risk.

5. Risks and potential conflicts of interest in conjunction with OTC derivatives and efficient portfolio management
  - (a) Specific risks are associated with OTC derivative transactions, efficient portfolio management and the management of collateral. Further information in this regard is provided in this Prospectus in the Section "**Risk Factors**". These risks may expose Shareholders to an elevated risk of loss.
  - (b) The combined counterparty risk arising from a transaction with OTC derivatives or techniques for efficient portfolio management may not exceed 10% of the assets of a Sub-Fund if the counterparty is a credit institution based in the EU or in a country in which, according to the CSSF, the supervisory system is equivalent to that applicable in the EU. In all other cases this limit is 5%.

#### Investments in Financial Indices

The Company may invest in FDI with indices as their underlying and may increase the diversification limits for an index component pursuant to Article 44 of the 2010 Law.

Diversification limits may be increased in exceptional market circumstances if one or more components of an index occupy a dominant position within a given market, sector or segment. A domination position may be created as a result of special economic or market developments or as a result of market, sector or segment-specific restrictions. Further details in this regard are provided where applicable in the relevant Sub-Fund's investment policy.

The Company shall invest in FDI with indices as their underlying that generally include a half-yearly or yearly adjustment of the index composition ("rebalancing frequency"). A distinction should be made between the following cases:

In the case of FDI that are traded on a stock market, the rebalancing merely changes the calculation but has no direct or indirect impact on the costs of the corresponding Sub-Fund.

In the case of OTC derivatives, the counterparty will generally not physically hold the index components but will secure its position primarily using FDI. If transactions take place as a consequence of rebalancing, these should be carried out on very liquid derivative markets so that the impact on the costs of the relevant Sub-Fund is kept low.

In the case of investments in commodity indices, the following rules also apply: Commodity indices contain a representative balance of commodities taken from the entire commodities universe and represented by futures. This representative and balanced selection of commodities reflects the existence of several commodities. The Company should not invest in commodity indices that do not consist of different commodities. Commodity indices are assessed on the basis of the correlation of various different index components.

### **Cross Investment**

Pursuant to Article 181 (8) of the 2010 Law, any Sub-Fund of the Company may, subject to the conditions provided for in the Articles, subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds of the Company without the Company being subject to the requirements of the 1915 law, with respect to the subscription, acquisition and/or the holding by a company of its own Shares, under the conditions however 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 of the target Sub-Funds whose acquisition is contemplated may, pursuant to their investment policy, be invested in aggregate in Shares of other target Sub-Funds of the Company; and
- voting rights, if any, attaching 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 Sub-Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
- there is no duplication of management, subscription or repurchase fees between those at the level of the Sub-Fund of the Sub-Fund having invested in the target Sub-Fund, and this target Sub-Fund.

## **Risk Factors**

**The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Sub-Fund. Potential investors should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

**Potential investors should consult their professional tax and financial advisers before making an investment. In order to understand more fully the consequences of an investment in a Sub-Fund, investors should refer to and read thoroughly the sections of this Prospectus under the headings “Investment Objectives and Policies”, “Determination of Net Asset Value” and “Suspension of Net Asset Value Calculations and the Issuance or Redemption of Shares” and the relevant Supplement in respect of which investment is proposed.**

### **General**

The price of Shares of any of the Sub-Funds and any income from them may fall as well as rise and consequently any Shareholder may not get back the full amount invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates between currencies may also cause the value of investment to diminish or increase. An investor who realises Shares after a short period may, in addition, not realise the amount originally invested in view of the Subscription Fee which may be made on the issue of Shares. The difference at any one time between the sale price (including the Subscription Fee) and the redemption price of Shares means an investment should be viewed as medium to long term.

### **Segregated Liability**

The Company is an umbrella company with segregated liability between Sub-Funds. As a result, as a matter of Luxembourg law, any liability attributable to a particular Sub-Fund may only be discharged out of the assets of that Sub-Fund, and the assets of other Sub-Funds may not be used to satisfy the liability of that Sub-Fund. In addition, any contract entered into by the Company will by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any of the Sub-Funds other than the Sub-Fund in respect of which the contract was entered into. These provisions are binding both on creditors and in any insolvency. In addition, whilst these provisions, are binding in a Luxembourg court which would be the primary venue for an action to enforce a debt against the Company, these provisions have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Sub-Fund in satisfaction of an obligation owed in relation to another Sub-Fund in a jurisdiction which would not recognise the principle of segregation of liability between Sub-Funds.

### **Market Capitalisation Risk**

The securities of small to medium sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than

the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small to medium sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

#### **Market Risk**

The performance of the Sub-Funds depends to a large extent on the correct assessment of price movements of bond, stock, foreign currency and other financial instruments such as derivatives. There can be no assurance that the respective Sub-Fund's Investment Manager/s will be able to correctly predict such prices.

#### **Liquidity Risk**

The Sub-Funds endeavour to acquire only such financial instruments for which a liquid market exists. However, not all securities invested in by the Sub-Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Sub-Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

#### **Redemption Risk**

Large redemptions of Shares in any of the Sub-Funds might result in the Sub-Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets.

#### **Currency Risk**

Assets of a Sub-Fund may be denominated in a currency other than the Base Currency of the Sub-Fund. Changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Sub-Fund's assets as expressed in the Base Currency. The respective Sub-Fund's Investment Manager may or may not try to mitigate this risk by using financial instruments.

Sub-Funds may enter from time to time into currency exchange transactions either on a spot (i.e. cash) basis or by buying currency exchange derivative contracts. Neither spot transactions nor currency exchange derivative contracts eliminate fluctuations in the prices of a Sub-Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Currency derivative transactions shall only be entered into in the currencies in which the respective Sub-Fund normally transacts business.

A Sub-Fund may enter into currency exchange transactions in an attempt to protect against changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. A Sub-Fund may also enter into forward contracts to hedge against a change in such currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the Base Currency of that Sub-Fund. To do this, the Sub-Fund may enter into a forward contract, for example to sell the currency in which the investment is denominated or principally traded in exchange for the Base Currency of the Sub-Fund. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the forward contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Sub-Fund cannot be assured. The use of financial instruments in order to mitigate currency risk at the Sub-Fund level may theoretically have a negative impact on the net asset value of the respective Sub-Fund's various Classes.

Where such strategies as outlined above are not used, the performance of a Sub-Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Sub-Fund may not correspond with securities positions held.

In addition, in the event that a Sub-Fund invests in a currency (i) which ceases to exist or (ii) in which a participant in such currency ceases to be a participant in such currency, it is likely that this would have an adverse impact on a Sub-Fund's liquidity.

#### **Share Currency Designation Risk**

A Class of Shares of a Sub-Fund may be designated in a currency other than the Base Currency of the Sub-Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. Depreciation of that nature may also occur as a result of changes in the exchange rate between the designated currency of a particular Class and the currency of denomination of the assets of the Sub-Fund attributable to that Class. The Sub-Fund's Investment Manager may or may not try to mitigate these risks by using financial

instruments such as those described under the heading “**Currency Risk**”.

Although not the intention, over-hedged or under-hedged positions may arise due to factors outside the control of the Investment Manager. However, hedged positions will be kept under review to ensure that over-hedged positions will not exceed 105% of the Net Asset Value of a given Class of Shares. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Sub-Fund are denominated. In such circumstances, Shareholders of the Class of Shares of the Sub-Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/loss on and the costs of the relevant financial instruments.

Although hedging strategies may not necessarily be used in relation to each Class of Shares within a Sub-Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Sub-Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Sub-Fund. Unless otherwise specified in the relevant Supplement, each Sub-Fund may (but is not obliged to) enter into such currency related transactions in order to hedge the currency exposure of the Classes denominated in a currency other than the Base Currency of the relevant Sub-Fund. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Sub-Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes.

In relation to unhedged currency Share Classes, a currency conversion will take place on subscription, redemption, switching and distributions at prevailing exchange rates where the value of the Share expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency.

#### **Investing in Fixed Income Securities**

Investment in Fixed Income Securities is subject to interest rate, sector, security and credit risks. Lower-rated securities (which may, where specified in the relevant Supplement, include securities which are not of investment grade) will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world’s largest markets, such as the United States. Accordingly, a Sub-Fund’s investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

There can be no assurance that issuers of the Fixed Income Securities in which a Sub-Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments.

#### **Investing in Other UCIs**

A Sub-Fund may purchase Shares of other UCIs to the extent that such investment is consistent with its investment objective, policies and restrictions. In such cases, the relevant Sub-Fund may invest in underlying UCIs which use substantial leverage for their investments. During periods when underlying UCIs are leveraged, any event which may adversely affect the value of any UCI could significantly affect the net assets of the relevant Sub-Fund. The amount of leverage employed in the underlying UCI is monitored through the due diligence processes used by the respective Investment Manager.

The cost of investing in a Sub-Fund which purchases units/shares of other UCIs will generally be higher than the cost of investing in an investment fund that invests directly in individual stocks and bonds. By investing in the relevant Sub-Fund, an investor will indirectly bear fees and expenses charged by the underlying UCIs in addition to the Sub-Fund’s direct fees and expenses. Where a Sub-Fund invests substantially in other UCISs, the risks associated with investing in that Sub-Fund may be closely related to the risks associated with the securities and other investments held by the other UCIs.

Investments in other UCIs shall be valued by the Administrative Agent (i) in the case of UCIs which are listed or traded on a Regulated Market in accordance with the relevant sections as stated within “Determination of Net Asset Value”. However, Sub-Funds investing in other UCIs may be subject to the risk that (i) the valuations of the Sub-Fund may not reflect the true value of the underlying UCIs at a specific time which could result in significant losses or inaccurate pricing for the Sub-Fund and/or (ii) the valuation may not be available as at the relevant Valuation Day for the Sub-Fund. In such circumstances, the Administrative Agent, with the consent of the Management Company, may adjust the value of any such investment or permit such other method of valuation if, in accordance with the criteria set down in the section entitled “Determination of Net Asset

Value” below, the Administrative Agent considers that such adjustment or other method of valuation is required to reflect more fairly the value of the underlying UCI.

#### **Investing in Alternative Investments**

Sub-Funds may in the future take advantage of opportunities with respect to certain other alternative instruments that are not presently contemplated for use by the Sub-Funds or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective and policies of the relevant Sub-Fund and are in accordance with the relevant 2010 Law. Certain alternative 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.

#### **Political and/or Regulatory Risk**

The value of a Sub-Fund’s assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

#### **Market Crises and Governmental Intervention**

Global financial markets may from time to time undergo pervasive and fundamental disruptions which may lead to extensive and unprecedented governmental intervention. Such intervention may in some circumstances be implemented on an “emergency” basis with little or no notice. When circumstances such as these arise, this may subsequently impair some market participants from implementing strategies or managing the risk of their outstanding positions.

#### **Market Disruptions**

Any Sub-Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available in the market from its banks, dealers and other counterparties will typically be reduced in disrupted

markets. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for any Sub-Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the relevant Sub-Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the affected Sub-Fund to close out positions.

#### **Counterparty Risk**

Each Sub-Fund will have credit exposure to counterparties by virtue of investment positions in swaps, options, contracts for difference, repurchase transactions and forward exchange rate and other contracts held by the Sub-Fund. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. This relates to all counterparties with which derivative transactions are entered into. A direct counterparty risk is associated with trading in non-collateralised FDI. The respective Sub-Fund can reduce a large proportion of the counterparty risk arising from derivative transactions by demanding that collateral at least in the amount of the commitment be provided by the respective counterparty. If, however, derivatives are not fully collateralised, the failure of the counterparty may cause the Sub-Fund’s value to fall. New counterparties are subject to a formal review and all of the approved counterparties are subsequently monitored and reviewed on an ongoing basis. The Company ensures that its counterparty risk and collateral management are actively managed.

#### **Custody Risk**

As a Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund which are traded in such markets and which have been entrusted to sub-depository banks, in circumstances where the use of such sub-depository banks is necessary, may be exposed to risks in circumstances whereby the Depository Bank may have limited liability.

Such risks include:

- a non-true delivery versus payment settlement;
- a physical market, and as a consequence the circulation of forged securities;
- poor information in regards to corporate actions;



- registration process that impacts the availability of the securities; and
- lack of appropriate legal/fiscal infrastructure advices lack of compensation/risk fund with the Central Depository.

### **Eurozone Risks**

In addition to specific national concerns, the Eurozone is experiencing a collective debt crisis. Certain countries have received very substantial financial assistance from other members of the European Union, and the question of additional funding is unclear. Investor confidence in other EU member states, as well as European banks exposed to sovereign debt of Eurozone Countries experiencing financial turmoil, has been severely impacted, threatening capital markets throughout the Eurozone. Although the resources of various financial stability mechanisms in the Eurozone continue to be bolstered, there can be no assurance that the level of funds being committed to such facilities will be sufficient to resolve the crisis going forward. It is also unclear whether ultimately a political consensus will emerge in the Eurozone concerning whether and how to restructure sovereign debt. The consequences of any sovereign default would likely be severe and wide-reaching, and could include the withdrawal of one or more Member States from the Eurozone, or even the abolition of the Euro. The withdrawal of one or more Member States from the Eurozone or the abolition of the Euro could result in significant exchange rate volatility and could have an adverse impact on the financial markets, not only within Europe but globally and could have an adverse impact on the value of the investments of the Sub-Funds of the Company.

### **Emerging Market Risk**

For Sub-Funds investing in securities located in countries with emerging securities markets, risks additional to the normal risk inherent in investing in conventional securities may be encountered. These include:

**Currency depreciation:** A Sub-Fund's assets may be invested in securities which are denominated in currencies other than those of developed countries and any income received by the Sub-Fund from those investments will be received in those currencies. Historically, most of the non-developed countries' currencies have experienced significant depreciation against the currencies of developed countries. Some of the emerging market currencies may continue to fall in value against currencies of developed countries. A Sub-Fund may compute its Net Asset Value in a currency different from that of the relevant Class of Shares; consequently there may be a currency exchange risk which may affect the value of the Shares.

**Country risk:** The value of a Sub-Fund's assets may be

affected by uncertainties within each individual emerging market country in which it invests such as changes in government policies, nationalisation of industry, taxation, currency repatriation restrictions and other developments in the law or regulations of the countries in which a Sub-Fund may invest and, in particular, by changes in legislation relating to the level of foreign ownership in companies in some emerging countries.

**Stock market practices:** Many emerging markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stock markets. In addition, market practices in relation to settlement of securities transactions and custody of assets in emerging markets can provide increased risk to a Sub-Fund and may involve delays in obtaining accurate information on the value of securities (which may as a result affect the calculation of the Net Asset Value).

Settlement, clearing and registration of securities transactions in certain emerging market countries are subject to significant risks not normally associated with markets in Western Europe and the United States. Stock exchanges in emerging market countries may not have similar kinds of rules and controls to those in more developed stock exchanges in Western countries. In particular, settlement and payment systems are generally underdeveloped, there may be no approved settlement procedure and bargains may be settled by a free delivery of stock with payment of cash in an uncollateralised manner.

**Liquidity risk:** The stock markets, in general, are less liquid than those of the world's leading stock markets. Purchases and sales of investments may take longer than would otherwise be expected on developed stock markets, and transactions may need to be conducted at unfavourable prices.

**Information quality:** Accounting, auditing and financing reporting standards, practices and disclosure requirements applicable to some companies in emerging markets in which a Sub-Fund may invest may differ from those applicable in developed countries in that less information is available to investors and such information may be out of date or carry a lower level of assurance.

### **Information on Investments in the People's Republic of China ("PRC")**

The Sub-Funds may also acquire to a considerable extent equities or other equity securities of all categories of companies having their registered office or the major part of their business activity in the PRC, including China A, China B and China H shares.

"China A" shares are denominated in renminbi and can be bought through the Shanghai Hong Kong Stock Connect

Programme described below.

“**China B**” shares are quoted on the stock exchanges of Shanghai or Shenzhen and represent equity of companies traded in foreign currency. The face value of China B shares is determined in renminbi. In Shanghai, China B shares are traded in US dollars and in Shenzhen, in Hong Kong dollars.

“**China H**” shares are shares of companies which have their registered office in the PRC, are listed on the Hong Kong Stock Exchange and are denominated in Hong Kong dollars.

The Shanghai and Shenzhen stock exchanges are currently still in a development phase. The Sub-Fund may also invest in securities listed on other Chinese stock exchanges, provided these stock exchanges are established and recognized by the CSSF.

The securities markets of the PRC are developing markets which are growing quickly and are subject to rapid changes. Chinese securities and company law is relatively recent and may be subject to further changes and developments. Such changes can come into force retroactively and may have an adverse impact on the Sub-funds' investments. As a rule, only very small volumes of China B shares are traded, which tends to make them more volatile and less liquid than China A and China H shares.

#### Shanghai-Hong Kong Stock Connect Programme

The Sub-Funds may invest directly in certain permissible China A shares through the Shanghai Hong Kong Stock Connect Programme (the “**Stock Connect Programme**”). The Stock Connect Programme is a securities trading and clearing programme developed by Hong Kong Exchanges and Clearing Limited (“**HKEx**”), the Shanghai Stock Exchange (“**SSE**”) and China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”), whose objective is to provide mutual access to the stock markets of Hong Kong and the PRC.

Under the Stock Connect Programme, foreign investors (including the Sub-Funds) can trade certain China A shares listed on the SSE (the “**SSE securities**”) (known as Northbound Trading), subject to the currently applicable regulations governing the Northbound Trading Link. Conversely, investors in Mainland China have an opportunity to participate through the SSE and clearing houses in Shanghai (Southbound Trading) in trading in selected securities listed on the HKEx.

The SSE securities comprise the scope of all shares contained at the relevant time in the SSE 180 Index and in the SSE 380 Index, as well as all China A shares listed on the SSE. Furthermore, Shareholders' attention is drawn to

the fact that under the applicable ordinances, a security may be removed from the scope of the Stock Connect Programme. This may impair the ability of the Sub-Fund concerned to achieve its investment objective, for example, if the investment manager would like to buy a security that has been removed from the scope of the Stock Connect Programme.

Further information on the Stock Connect Programme can be obtained on the HKEx website.

Apart from risks connected with investments in international markets and emerging countries, and other general investment risks, which are described above and also apply to investments in China, investors should also consider the additional specific risks related to Shanghai-Hong-Kong Stock Connect, which are set out below:

#### Quota Risk

Trading is also subject to a cross-border maximum quota (“**Aggregate Quota**”) and to a daily quota (“**Daily Quota**”). The Aggregate Quota relates to the restriction on the absolute funds flows to Mainland China through the Northbound trading link. The Daily Quota restricts the maximum net buying trades that may be conducted in cross-border trading on a daily basis under the Stock Connect Programme. As soon as the remaining balance of the Northbound Daily Quota reaches zero or is exceeded at the beginning of a session, new buying orders may be rejected.

In addition, there are restrictions on the aggregate holdings of foreign investments that apply to all investors from Hong Kong and abroad, as well as restrictions on the holdings of individual investors from abroad. On account of this quota restriction, impairments may occur if a pending investment in China A shares is not possible through the Stock Connect Programme and, as a result, the investment strategy cannot be efficiently implemented.

#### Restriction of Foreign Share Ownership

The PRC requires that the existing buying restrictions for foreign investors also be applied in conjunction with the Stock Connect Programme. Hong Kong and foreign investors come within the scope of these restrictions on share ownership. The limits may be altered at any time and are currently as follows:

Shareholdings of foreign individual investors (including the Sub-Fund), of each Hong Kong or foreign investor in China A shares, may not exceed 10% of the shares issued.

Shareholdings of all foreign investors, of all Hong Kong and foreign investors in China A shares may not exceed 30% of the shares issued.

### **SSE Price Limit**

SSE securities are subject to a general price limit, which is calculated on the basis of the closing price of the previous day. The price limit for shares and investment funds is currently between +/-10% and for shares under special treatment +/-5%. All orders must be within this price limit, which may change from time to time.

### **Exposure Risk**

Both the Stock Exchange of Hong Kong Limited (“**SEHK**”) and the SSE reserve the right to suspend trading if it is necessary to ensure an orderly and fair market, and to control the risks prudentially. This may have a negative influence on the ability of the Sub-Fund concerned to gain access to the market of the PRC.

### **Different Trading Days**

The Stock Connect Programme is only available when both the markets in the PRC and those in Hong Kong are open for trading, and when the banks in both markets are also open on the settlement days concerned.

It may therefore happen that it is a usual trading day for the market in the PRC, whereas the market in Hong Kong is closed and investors from Hong Kong (such as, for example, the Sub-Funds) cannot trade China A shares. During this period, the Sub-Fund concerned may be exposed to the risk of price fluctuations on China A shares owing to the fact that the Stock Connect Programme is not available for trading.

### **Short Selling**

The legal regulations of the PRC provide that sufficient shares must be available on the account before an investor may sell shares. If this is not the case, the SSE rejects the sales orders concerned. Before trading, the SEHK checks the sales orders of its exchange participants (i.e. share brokers) in relation to China A shares in order to make sure that no short selling is taking place.

### **Processing Models**

Various Stock Connect Models have been developed for order processing. One of these is the “integrated model” in which the Sub-Fund’s local sub-custodian bank and broker belong to the same group. This allows the broker to confirm the availability, without transfer, of the securities, and the local sub-custodian bank to settle the account with a guarantee that the securities will not be transferred until the payment of the trade has been carried out (hence the name “synthetic DvP”). In another model, however, the respective shares are transferred to a broker one day before the planned purchase.

Another model is the “multi-broker model” or “SPSA model”, in which up to 20 brokers can be appointed in addition to a local sub-custodian bank. This model only

became possible in March 2015, when the authorities introduced the Special Segregated Accounts (SPSA) which enables local sub-custodian banks to open a SPSA directly with Hong Kong Securities Clearing Company Limited (“**HKSCC**”). Each investor is identified by a specific ID number. Thereby, the availability of securities can be confirmed, without them having to be transferred to a particular broker in advance. Thus, the SPSA model also takes into account all concerns regarding the beneficial ownership of shares. Once a separate account is opened, the Investment Manager and the name of the Sub-Fund in question will appear on the account belonging to a the beneficial owner of the respective shares held in the account, according to the Hong Kong Stock Exchange (“**HKEx**”). However, under the classic SPSA “multi-broker model”, the settlement process can give rise to the risk that the cash settlement of securities sold by a broker for one of his customers takes place only a few hours after the securities are transferred and credited to the customer.

### **Clearing and Settlement Risks**

The Hong Kong Securities Clearing Company Limited (“**HKSCC**”) and ChinaClear provide the clearing connection by entering into mutual shareholdings in order to facilitate the clearing and settlement of cross-border transactions. As the national central counterparty for the PRC’s securities market, ChinaClear operates a comprehensive network with clearing, settlement and share depository infrastructure. ChinaClear has established a risk management concept and measures that are approved and monitored by the China Securities Regulatory Commission (“**CSRC**”).

In the unlikely event of a payment default by ChinaClear and the latter being unable to meet its payment obligations, HKSCC shall only be liable in its clearing contracts with the market participants of the Northbound trading link to the extent that these market participants will receive support in enforcing their claims against ChinaClear. The HKSCC will attempt in good faith to settle and obtain the outstanding securities and funds through the available legal channels or apply for liquidation of ChinaClear. In this case, the Sub-Funds may only be able to call in their losses resulting from transactions with ChinaClear late or not in their entirety. On the other hand, an omission or a delay on the part of HKSCC in fulfilling its obligations may lead to a settlement failure or the loss of Stock Connect securities or related funds, which may subsequently cause losses to the Sub-Funds and their Shareholders.

### **Nominee Arrangements for the Holding of China A Shares**

If the Sub-Fund concerned acquires SSE securities through the Stock Connect programme, HKSCC is the “nominee holder”. HKSCC for its part holds the Stock

Connect shares of all participants as a single nominee through a collective securities account (single nominee omnibus Securities account), which is held in its name with ChinaClear. HKSCC acts only as the nominee holder, whereas the Sub-Funds remain the beneficial owners of the Stock Connect shares.

The Stock Connect rules laid down by the CSRC expressly provide that investors who acquire SSE securities through the Stock Connect Programme can enforce their rights, which are in accordance with currently applicable Chinese law. However, it is uncertain whether the Chinese courts would recognize the ownership rights of Stock Connect investors and would give them the opportunity to take legal action against Chinese companies, if this were necessary.

Therefore the Sub-Fund concerned and the Depository Bank cannot ensure that the ownership of these securities by the Sub-Fund concerned is guaranteed under all circumstances.

Furthermore, according to the HKSCC Clearing rules for securities listed or traded on the SEHK, HKSCC as the nominee holder is not under any obligation to take legal action or to conduct judicial proceedings to enforce rights for investors in relation to SSE securities in the PRC or elsewhere. Therefore problems or delays may occur for the Sub-Fund concerned in enforcing its rights in relation to China A shares, even if the ownership of the corresponding Sub-Fund is ultimately recognized.

If it is assumed that HKSCC performs custodial functions in relation to assets held through it, it should be noted that the Depository Bank and the Sub-Funds concerned have no legal relationship with HKSCC and have no direct recourse against HKSCC if the Sub-Fund concerned should sustain losses due to the performance or insolvency of HKSCC.

### Trading Costs

In connection with Northbound trades of China A shares through the Stock Connect Programme, in addition to payment of trading taxes and stamp duty, further costs are also incurred such as new portfolio fees, dividend taxes and income taxes from share transfers, which taxes are determined by the competent authorities.

### The Chinese Bond Market

Where indicated in the relevant investment policy, a Sub-Fund may invest in fixed-income securities from the Chinese mainland which are listed on China's stock exchanges or traded on the interbank bond market in mainland China.

The Chinese Bond Market is composed of the interbank bond market and the market for publicly-listed bonds. The Chinese Interbank Bond Market ("CIBM") is an over-the-counter market trading most of the Renminbi Yuan ("CNY")

bonds. It is still in the development phase, whereby the market capitalization and the trading volume may be lower than those of more developed markets. Market volatility and a possible lack of liquidity due to low trading volumes may cause significant fluctuations in the prices of debt securities, which in turn can have an impact on liquidity and volatility. The Sub-Fund may be exposed to the risks associated with settlement procedure and the default of counterparties, as well as to a regulatory risk.

- Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China interbank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments
- To the extent that the Sub-Fund transacts in the China interbank bond market, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.
- Since the relevant filings and account opening for investment in the China interbank bond market have to be carried out via the an onshore settlement agent, the Sub-Fund is subject to the risks of default or errors on the part of the onshore settlement agent.
- The China interbank bond market is also subject to regulatory risks. Participation in mainland China interbank bond market by foreign institutional investors (such as the Sub-Fund) is governed by rules and regulations as promulgated by the mainland Chinese authorities, i.e., the People's Bank of China ("PBOC") and the State Administration of Foreign Exchange ("SAFE"). Such rules and regulations may be amended from time to time and include (but are not limited to):
  - (i) the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告[2016]第3號) on 24 February 2016;
  - (ii) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head

- Office of PBOC on 27 May 2016;
- (iii) the “Circular concerning the Foreign Institutional Investors’ Investment in Interbank bond market in relation to foreign currency control” (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016
  - (iv) any other applicable regulations promulgated by the relevant authorities, and
  - (v) All information for investors regarding the Bond Connect Program can be obtained or viewed on the website <http://www.chinabondconnect.com/en/information-for-investors.htm>.

Under the prevailing regulations in mainland China, foreign institutional investors who wish to invest directly in China interbank bond market may do so via a Chinese onshore settlement agent, who will be responsible for making the relevant filings and opening accounts with the relevant authorities (i.e. CIBM direct) or via the so-called Bond Connect Program. There is no quota limitation with either access type to the Chinese interbank bond market.

In terms of fund remittance, foreign investors (such as the Sub-Fund) may remit investment principal in RMB or foreign currency into mainland China for investing in the China interbank bond market.

#### **CIBM direct**

An investor will need to remit investment principal matching at least 50% of the investment size as indicated in its original filing within nine months after filing with the Shanghai Head Office of PBOC, or else an updated filing will need to be made through the onshore settlement agent. In terms of fund repatriation, foreign investors (such as the Sub-Fund) may repatriate funds in RMB or foreign currency outside of mainland China. However, in PRC authority’s efforts to control exchange arbitrage, the foreign currency to be repatriated is required to be the same foreign currency as originally remitted by the foreign investors, and the ratio of RMB to foreign currency (“**Currency Ratio**”) is required to generally match the original Currency Ratio when the investment principal was remitted into mainland China, with a maximum permissible deviation of 10%. The relevant rules and regulations on investment in the China interbank bond market are new and subject to changes which may have potential retrospective effects. In the event that the relevant Chinese authorities suspend account opening or trading on the China interbank bond market, the Sub-Fund’s ability to invest in the China interbank bond market will be limited

and, after exhausting other trading alternatives, the Sub-Fund may suffer substantial losses as a result.

#### **Bond Connect Program**

##### General

Bond Connect is a new mutual access scheme linking the China Interbank Bond Market (“**CIBM**”) with the rest of the world. It allows institutional investors from Mainland China and overseas to trade in each other’s bond markets through a connection between Mainland China and Hong Kong financial infrastructure. The first phase of the scheme – Northbound Trading – went live on 3 July 2017, facilitating access for foreign institutional investors to the Chinese market via the Hong Kong market.

Bond Connect observes the applicable laws and regulations governing the bond markets in Hong Kong and Mainland China. Foreign investors using Northbound Trading to invest in the CIBM are subject to the CIBM bond market regulations in China. This is similar to the principles that apply to foreign investors who invest in the CIBM using the existing QFII/RQFII regime.

##### Eligible bonds

The scope of eligible bonds for Northbound Trading is that specified in the relevant PBoC announcements, i.e. it covers all bonds tradable on the CIBM, including Chinese government bonds, local government bonds, policy bank bonds, financial institution bonds and corporate debt instruments.

##### Delivery versus payment

Bonds are settled via Shanghai Clearing House (“**SHCH**”) on a delivery versus payment (DvP) basis. In contrast, bonds are settled via China Central Depository & Clearing Co., Ltd (“**CCDC**”) on a gross basis. On each settlement date, CCDC freezes the relevant CIBM bonds in the seller’s account until the buyer transfers the settlement proceeds to the seller. Once buyer and seller have received confirmation of payment, CCDC settles the transaction on a gross basis, by transferring the relevant CIBM bonds to the buyer’s account.

##### Custody and ownership

Under the Northbound Trading link, the Central Moneymarkets Unit (“**CMU**”) of the Hong Kong Monetary Authority (“**HKMA**”) opens omnibus nominee accounts with China Securities Depository & Clearing Corporation Limited and Interbank Clearing Company Limited. All bonds traded by overseas investors are registered in the CMU’s name, which holds these bonds as the nominee owner. As with the Mainland–Hong Kong Stock Connect scheme, Bond Connect recognises overseas investors’ beneficial ownership of bonds.

The ultimate overseas accredited investors are the beneficial owners of the CIBM bonds and they can exercise their rights vis-à-vis the issuer of the bond through the CMU as nominee. The nominee can exercise its rights as creditor and take legal action against the bond issuer before the Chinese courts. In addition, ultimate investors who can prove that they are the beneficial owners of the bonds and have a direct interest in the claim may also take action against the bond issuer directly before the Chinese courts in their own name. Chinese courts will observe the regulations on proof of beneficial ownership applicable in Hong Kong.

#### Risk of default by the representative

In the case of investments via Bond Connect, the relevant notifications, registration with PBOC and account opening must be carried out via an onshore settlement office, offshore custodian, registry or other third party. The relevant Sub-Funds are therefore exposed to the risks of default or failure on the part of these third parties.

#### System failure risks for Bond Connect

Trading via Bond Connect takes place via newly developed trading platforms and operating systems. There is no guarantee that these systems will function properly or will be further adapted to changes and developments in the market. If the relevant systems do not function properly, trading via Bond Connect could be disrupted. The Sub-Fund's ability to trade through Bond Connect (and thus to pursue its investment strategy) may therefore be adversely affected. If the Sub-Fund invests in CIBM through Bond Connect, it may also be subject to delay risks associated with the order placement and/or settlement systems.

#### Rules and regulations

The supervisory authorities for the bond markets in Hong Kong and Mainland China will take all measures necessary to put in place effective mechanisms within Bond Connect to eliminate misconduct promptly in the interests of investor protection. The regulatory authorities for the bond markets in Hong Kong and Mainland China will sign a memorandum of understanding in relation to cooperation between supervisory authorities in order to establish effective supervisory cooperation arrangements and structural links to ensure financial market stability and fair trade. The PBoC's usual powers to take further administrative action remain unaffected, as the investors are contractually bound to abide by the laws and trading rules of the People's Republic of China.

#### Regulatory risk

The Stock Connect Programme and the Bond Connect are new schemes that are subject to the various regulations of the People's Republic of China and Hong Kong.

Furthermore, the implementing directives of the stocks or bonds participating in Stock Connect Programme or Bond Connect, as relevant, are applicable. Since these schemes are new, the regulations have not yet been tried and tested, so that there is not yet any certainty about the way in which they will be applied. The current regulations may be altered at any time. Moreover, there are no commitments with regard to the continued existence of Stock Connect Programme and Bond Connect in the future.

The attention of the shareholders of the Sub-Fund concerned who may invest in the Stock Connect Programme or China Interbank Bond Market through Bond Connect is therefore drawn to the fact that they have to expect change, which may have a detrimental effect.

#### Special risks

- Investments in the PRC are subject to the risks of investments in emerging markets (please see the comments in the respective investment policy of the relevant Sub-Fund) and, in addition, to risks specific to the market in the PRC. The economy in the PRC is in transition from a planned economy to a more market-oriented economy. Investments could react sensitively to changes in laws and regulations, as well as in political, social or economic conditions, including possible government intervention. In exceptional circumstances, due to limited investment opportunities a Sub-Fund may suffer losses or not be able to fully implement or pursue its investment objectives or strategy due to local investment restrictions, the illiquidity of the Chinese market for domestic securities and/or delays or interruptions in the execution and settlement of transactions.
- The CNY is currently not a freely convertible currency, as it is subject to exchange control regulations and repatriation restrictions imposed by the PRC. Future changes to these regulations could have a negative impact on the situation of the Sub-Fund. There is no guarantee that there will not be a devaluation of the CNY, which may negatively impact the value of investments.
- Although the onshore and offshore Renminbi (CNY and CNH) are the same currency, they are traded on several separate markets. CNY and CNH are traded at different prices and sometimes move in different directions. Although more and more Renminbi are held abroad (i.e. outside of China), the CNH cannot be used freely in the local market and is subject to certain restrictions (the same applies conversely). Investors should note that subscriptions and redemptions of the Sub-Fund are made in EUR and/or the alternative unit class currency and are

converted into CNH for investment in local securities. Investors shall bear for the resulting conversion charges and the risk of potential differences in the exchange rate between the CNY and the CNH. The price and liquidity of and the trading in Shares of the relevant Sub-Fund may also be influenced by the exchange rate and the liquidity of the Renminbi in the global market.

### Taxation of Investments in the PRC

Profits from investments in or from the PRC, in particular dividends, interests and capital gains may be subject to a tax (as the case may be, also retroactively), although there are currently no clear guidelines for the way in which it will be imposed. Changes and lack of clarity in tax regulations and practices increase tax risk may reduce the relevant Sub-Fund's after-tax profits and/or the respective capital invested.

It is often not possible for the Company to take advantage of tax breaks due to existing double taxation agreements between Luxembourg and the PR China or because of local regulations in the PRC.

The Sub-Funds investing in securities and deposits in the PRC via the Stock Connect Programme may be subject to a withholding tax and other taxes levied in the PRC, including the following:

- Dividends and interest paid by companies in the PRC are subject to a withholding tax. The company in the PRC paying these dividends and this interest is currently responsible for withholding the tax when the payment is made.
- Gains from the trading of securities in the PRC may be subject to a tax, although there are currently no clear guidelines for the way in which it will be imposed. Gains from the sale of China A shares via the Stock Connect Programme by foreign investors on or after 17 November 2014 are provisionally exempt from taxation, although no termination date for this exemption is currently known. There is no guarantee that this provisional exemption will remain in place in future or that it will not be cancelled, possibly with retroactive effect.

Taxation Policies applying to overseas investors participating in Bond Connect Northbound Trading have been set out in Operational Procedures for Overseas Institutional Investors to Enter China's Inter-bank Bond Market ("CIBM") addressed by the People's Bank of China ("PBoC") as below:

- For investment by overseas institutions such as the Company in Chinese treasury bonds and local

government bonds in the Inter-bank Bond Market, the interest income and capital gain obtained therefrom during the period of pilot replacement of business tax with value-added tax are exempt from value-added tax; the interest income is exempt from income tax; the capital gain is exempt from income tax until a new tax policy is released.

- Except for Chinese treasury bonds and local government bonds, in accordance with relevant regulations, 10% corporate income tax and 6% value-added tax shall be paid for the bond interest income obtained from the investment of overseas institutions in the Inter-bank Bond Market; the capital gain is exempt from the 10% corporate income tax temporarily and exempt from value-added tax during the period of pilot replacement of business tax with value-added tax.

Currently, there is no reliable taxation information available to the Company or the Management Company regarding Chinese bond investments on the market for publicly-listed bonds or via CIBM direct. The Management Company and/or the Company re-serve(s) the right at any time to make provisions for taxes or gains of the relevant Sub-Fund which invests in assets in the PRC; this may affect the valuation of the relevant Sub-Fund.

Given the uncertainty as to whether and how certain income from investments will be taxed in the PRC, and the possibility that the laws and practices in the PRC will change and that taxes may possibly also be levied retroactively, the tax provisions formed for the relevant Sub-fund may turn out to be excessive or insufficient to settle the final tax liabilities in the PRC. Consequently, this may work to the advantage or disadvantage of investors, depending on the final taxation of this income, the actual amount of the provision and the time of the purchase and/or sale of their units in the relevant Sub-Fund. In particular, if the actual provisions are less than the final tax liabilities, and this gap has to be covered by the assets of the relevant Sub-Fund, this would have a negative impact on the value of the assets of the relevant Sub-Fund and, consequently, on the current investors; in any case, the net asset value of the Sub-Fund is not recalculated during the period of the missing, insufficient or excessive provisions.

### Leverage Risk

Certain investment practices such as investment in derivative instruments and use of other investment techniques entail separate and substantial risks. Leverage can be employed in a variety of ways including direct borrowing, the use of futures, warrants, options and other derivative products. Generally, leverage may be used to increase the overall level of investment in a portfolio. Higher investment levels may offer the potential for higher returns. This exposes investors to increased risk as

leverage can increase the portfolio's market exposure and volatility; the risk of leverage in futures contracts and investing in warrants is that small price movements can result in large losses or profits. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. If assumptions made by the Investment Manager are wrong or if the instruments do not work as anticipated, the relevant Sub-Fund could lose more than if the Sub-Fund had not used such investment techniques.

The global exposure relating to FDIs must not exceed a Sub-Fund's total Net Asset Value. Any such exposure will be risk managed using an advanced risk measurement methodology, in accordance with the CSSF's requirements, save where the Commitment Approach is used to calculate exposure, and this is disclosed in the relevant Supplement.

Owing to this leverage, it is possible that the value of a Sub-Fund's net assets will rise faster when the capital gains on the investments acquired with the help of FDI are greater than the associated costs (specifically the premiums on the FDI used). When prices fall, however, this effect is offset by a corresponding rapid decrease in the value of the Sub-Fund's net assets.

#### **Taxation Risks**

Prospective investors' attention is drawn to the taxation risks associated with investing in any Sub-Fund of the Company. Please see Appendix II "Tax Treatment".

#### **Risks Associated with use of Financial Derivative Instruments ("FDI/s")**

If the Investment Manager incorrectly forecasts interest rates, market values or other economic factors in using a derivatives strategy for a Sub-Fund, the Sub-Fund might have been in a better position if it had not entered into the transaction at all. The use of these strategies involves certain special risks, including a possible imperfect correlation, or even no correlation, between price movements of FDIs and price movements of related investments. While some strategies involving FDIs can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in related investments, or due to the possible inability of a Sub-Fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Sub-Fund to sell a portfolio security at a disadvantageous time, and the possible inability of a Sub-Fund to close out or to liquidate its derivatives positions.

The synthetic shorting of FDIs involves the risk of a theoretically unlimited increase in the market price of underlying positions and therefore the risk of unlimited loss.

#### **Swap Agreements and Swaptions**

Whether a Sub-Fund's use of swap agreements and options on swap agreements ("swaptions") will be successful will depend on the Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid investments. Moreover, a Sub-Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Sub-Fund's ability to terminate existing swap agreements or to realise amounts to be received under such agreements.

A Sub-Fund may enter into credit default swap ("CDS") agreements. The "buyer" in a CDS contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. A Sub-Fund may be either the buyer or seller in a CDS transaction. If a Sub-Fund is a buyer and no event of default occurs, the Sub-Fund will lose its investment and recover nothing. However, if an event of default occurs, the Sub-Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, a Sub-Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

#### **Structured Notes**

A structured note is a derivative debt security combining a fixed income instrument with a series of derivative components. As a result, the bond's coupon, average life, and/or redemption values can become exposed to the forward movement in various indices, equity prices, foreign exchange rates, mortgage backed security prepayment speeds, etc.

#### **Contracts for Difference**

The risks inherent in contracts for difference ("CFDs") are dependent on the position that the Sub-Fund takes in the transaction: by utilising CFDs, the Sub-Fund can put itself in a "long" position on the underlying value, in which case the Sub-Fund will profit from any increase in the underlying stock, and suffer from any fall. The risks inherent in a "long" position are identical to the risks inherent in the purchase



of the underlying stock. Conversely, the Sub-Fund can put itself in a “short” position on the underlying stock, in which case the Sub-Fund will profit from any decrease in the underlying stock, and suffer from any increase. The risks inherent in a “short” position are greater than those of a “long” position: while there is a ceiling to a maximum loss in a “long” position if the underlying stock is valued at zero, the maximum loss of a “short” position is that of the increase in the underlying stock, an increase that, in theory, is unlimited.

It should be noted that a “long” or “short” CFD position is based on the Investment Manager’s opinion of the future direction of the underlying security. The position could have a negative impact on the Sub-Fund’s performance. However, there is an additional risk related to the counterparty when CFDs are utilised: the Sub-Fund runs the risk that the counterparty will not be in a position to make a payment to which it has committed. The fund manager will ensure that the counterparties involved in this type of transaction are carefully selected and that the counterparty risk is limited and strictly controlled.

#### **Currency Contracts**

Where disclosed in the relevant Supplement, a Sub-Fund may purchase and sell spot and forward currency options and currency futures contracts, principally to hedge positions in portfolio securities. Currency contracts may be more volatile and carry more risks than investments in securities. The successful use of currency contracts depends upon the Sub-Fund’s ability to predict the direction of the market and political conditions, which requires different skills and techniques than predicting changes in the securities markets. If the Sub-Fund is incorrect in its prediction of the direction of these factors, the investment performance of the Sub-Fund would diminish compared to what it would have been if this investment strategy had not been used.

#### **Options and Futures Contracts**

Where disclosed in the relevant Supplement, a Sub-Fund may purchase and sell options on certain securities and currencies and may also purchase and sell equity, currency and index futures contracts and related options. Although these kinds of investments may be used as a hedge against changes in market conditions, the purchase and sale of such investments may also be speculative.

Futures prices are highly volatile. Price movements of futures contracts are influenced by, amongst other things, changing supply and demand relationships, weather, government, agricultural, trade, fiscal, monetary and exchange control programmes and policies, national and international political and economic events and changes in interest rates. In addition, governments from time to time

intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices.

Participation in the options or futures markets involves investment risks and transaction costs to which a Sub-Fund would not be subject in the absence of using these strategies. If the Investment Manager’s prediction of movements in the direction of the securities markets is inaccurate, the adverse consequences to the Sub-Fund may leave the Sub-Fund in a position worse than that in which it would have been if the strategies had not been used. These transactions are highly leveraged, and gains and losses are, therefore, magnified.

Other risks inherent in the use of options and securities index futures include (i) the dependence on the Sub-Fund’s ability to predict correctly movements in the direction of specific securities being hedged or the movement in the indices; (ii) the imperfect correlation between the price of options and futures and options thereon and movements in the prices of the assets being hedged; (iii) the fact that skills needed to use these strategies are different from those needed to select individual securities; and (iv) the possible absence of a liquid secondary market for any particular instrument at any time.

A Sub-Fund’s use of FDIs involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other more traditional investments. The following provides an indication of important risk factors relating to all FDIs that may be used by the Sub-Funds.

**Management Risk.** FDIs are highly specialised instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a FDI requires an understanding not only of the underlying instrument but also of the FDI itself, without the benefit of observing the performance of the FDI under all possible market conditions.

**Exposure Risk.** FDI transactions may subject Sub-Funds to additional risk exposures. Transactions which give rise or may give rise to a future commitment on behalf of a Sub-Fund will be covered either by the relevant underlying asset or by liquid assets.

**Credit Risk.** The use of a FDI involves the risk that a loss may be sustained as a result of the failure of another party to the contract (usually referred to as a “counterparty”) to make required payments or otherwise comply with the contract’s terms. Additionally, CDS could result in losses if a Sub-Fund does not correctly evaluate the creditworthiness of the company on which the CDS is based.

**Liquidity Risk.** Liquidity risk exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Sub-Fund from liquidating unfavourable positions.

**Forward Trading.** Forward contracts and options thereon, 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. 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. Market illiquidity or disruption could result in major losses to a Sub-Fund.

**Lack of Availability.** Because the markets for certain FDIs 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 portfolio manager may wish to retain the Sub-Fund’s position in the FDI 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 a Sub-Fund will engage in derivatives transactions at any time or from time to time. A Sub-Fund’s ability to use FDIs may also be limited by certain regulatory and tax considerations.

**Market and Other Risks.** Like most other investments, FDIs are subject to the risk that the market value of the instrument will change in a way detrimental to a Sub-Fund’s interest. If a portfolio manager incorrectly forecasts the values of securities, currencies or interest rates or other economic factors in using FDIs for a Sub-Fund, the Sub-Fund might have been in a better position if it had not

entered into the transaction at all. While some strategies involving FDIs can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Sub-Fund investments. A Sub-Fund may also have to buy or sell a security at a disadvantageous time or price because the Sub-Fund is legally required to maintain offsetting positions or asset coverage in connection with certain derivatives transactions and subsequently an Investment Manager may be required to sell positions at a loss.

**Margin.** Certain DFIs entered into by a Sub-Fund may require that Sub-Fund to post collateral with a counterparty in order to secure an obligation to pay for positions entered into. The margin maintained must be marked-to-market daily, requiring additional deposits if the related position reflects a loss which reduces the equity on deposit below the required maintenance level. Conversely, if the position reflects a gain above the required maintenance level, such gain may be released to the Sub-Fund. Counterparties may, at their discretion, increase their minimum margin requirements, particularly in times of significant volatility. This and/or a mark-to-market requirement could suddenly increase very substantially the amount of margin required to be maintained.

**Legal Risks.** OTC derivatives are generally entered into pursuant to contracts based on the standards set by the ISDA for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Sub-Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

**Absence of Regulation; Counterparty Default.**

In general, there is less government regulation and supervision of transactions in the over-the-counter (“OTC”) markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Regulated Markets. In addition, many of the protections afforded to participants on some Regulated Markets, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a Regulated Market and accordingly the bankruptcy or default of a counterparty with which a Sub-Fund trades OTC options could result in substantial losses to the Sub-Fund.

In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or 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. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Sub-Fund's investment restrictions. Regardless of the measures the Sub-Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result.

**Counterparty Valuation Risk.** Where the counterparty valuation of an OTC derivative is approved or verified by an independent unit within the counterparty's group, there is no assurance that complete pricing models and procedures are in place for the purposes of producing an accurate verification of the counterparty valuation or that any such pricing models and procedures will be adhered hereto. In addition, where the independent unit does have pricing models and procedures for the purposes of approving or verifying the counterparty valuation those pricing models and procedures may not be sufficiently different from those employed by the counterparty itself so as to guarantee a wholly independent verification of the counterparty valuation.

Other risks in using FDIs include the risk of mis-pricing or improper valuation of FDIs and the inability of FDIs to correlate perfectly with underlying assets, rates and indexes. Many FDIs, in particular privately negotiated FDIs, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Sub-Fund. Also, the value of FDIs may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track.

#### **Termination Risk**

In the event of the early termination of a Sub-Fund, the Sub-Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to a Sub-Fund that had not yet become fully amortised would be debited

against the Sub-Fund's capital at that time.

The circumstances under which a Sub-Fund may be terminated are set out under the heading "Termination of a Sub-Fund or Share Class" in the Prospectus.

In order to understand fully the consequences of an investment in a Sub-Fund of the Company, investors should also refer to and read thoroughly the sections of this Prospectus under the headings "**Investment Objectives and Policies**", "**Determination of Net Asset Value**" and "**Suspension of Net Asset Value Calculations and the Issuance or Redemption of Shares**".

#### **Risk Management Process**

The Management Company, on behalf of the Company, will employ a risk-management process (the "**RMP**") which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company, on behalf of the Company, will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

As part of the RMP within the meaning of the applicable circular CSSF 11/512 or any amendment or replacement thereof and the CESR Guidelines 10-788, the Management Company will monitor the global exposure of each Sub-Fund on a daily basis despite of NAV frequency. This global exposure, depending on the risk profile of each Sub-Fund, can be calculated either using the Commitment Approach or the Value at Risk Approach (the "**VaR Approach**"), either relative or absolute.

The Commitment Approach is defined as the sum of the absolute value of the individual commitments of financial derivatives instruments, after taking into account possible effects of netting and hedging.

The VaR Approach quantifies the maximum potential loss that a UCITS could suffer within a certain time horizon and a given level of confidence under normal market conditions. The Management Company shall use a one month (20 days) historical VaR with one year of history and a confidence level of 99%.

The approach chosen for each Sub-Fund can be found in the relevant Supplement for the Sub-Fund. In case of a VaR approach, the expected level of leverage as well as the benchmark or the appropriate mix of assets (if managed with a relative VaR approach) will be indicated. The expected level of leverage will be calculated according to either to the commitment approach as detailed in the circular CSSF 11/512 or any amendment or replacement thereof, or the sum of the notionals of the FDIs used and can be found in the relevant Supplement for the Sub-Fund.

## Sustainability

### Sustainable Finance Disclosure Regulation

#### 1. General Information

In accordance with the regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation or SFDR), the Management Company and the Investment Managers of the Sub-funds detailed in the Prospectus, have implemented sustainability risks into their investment processes. For the purposes of this Prospectus, a sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The prospective investors of any Sub-fund shall read this section together with the relevant Supplement and note that a Sub-fund may deviate from these guidelines, with such deviations clarified in the Supplement of the respective sub-fund.

#### 2. Sustainability risks as part of the investment process

Sustainability risk shall be assessed and integrated into the respective investment process of each sub-fund in a manner similar to all other examined risk factors. Investors shall note that the assessment of sustainability risk does not constitute investment into assets considered more sustainable than their respective peers or denote the avoidance of investment into assets considered less sustainable. Such integrated assessment shall consider all other parameters used by the Investment Manager; to highlight an example, fluctuations in market value under sustainability risk may be considered as overreactions, as judged according to the discretion of the Investment Manager. Similarly, a holding in an asset subject to negative material impact does not necessitate the liquidation of the asset. The assessment of sustainability risk shall be conducted for all investments, including those investments considered sustainable in nature, such as 'green bonds'.

Investors should note that if a Sub-fund (a) promotes environmental or social characteristics or a combination thereof, investing in companies that follow good governance practices; or (b) if a Sub-fund has sustainable investment as its objective, such promotion or objective shall be further detailed in the Supplement of the Sub-fund.

##### 2.1. Instrument specific considerations

- (i) Equity and equity-like instruments such as corporate bonds that are bound to the

performance of the company are deemed to be investments that inherently carry the highest level of sustainability risk. The market value of an equity instrument will often be affected by environmental, social or governance events or conditions such as natural disasters, global warming, income inequality, anti-consumerism or malicious governance. The Sub-funds which invest or may invest primarily into equities are considered to have an inherently high level of sustainability risk.

- (ii) The market value of fixed-rate corporate bonds or other bonds which are not bound to the performance of the company, will inherently carry similar sustainability risks. As such instruments are affected by the foreseen solvency of the company, the risks may be somewhat lower than in direct equity instruments and in some cases the longer-term conditions do not affect the solvency to the extent that sudden events do. The Sub-funds which invest primarily into corporate bonds are considered to have an inherently moderate level of sustainability risk.
- (iii) Government and other sovereign bonds are subject to similar sustainability risks as detailed for equities and corporate bonds. While nations and other sovereign issuers are subject to seemingly sudden events, the underlying conditions are often well-known, understood and already priced-in to the market value of such assets. The Sub-funds that invest mostly into government and other sovereign bonds are considered to have an inherently low level of sustainability risk.
- (iv) Currencies, investments into currencies and the currency effect against the base currency of any Sub-fund, regardless if such risk is hedged or not, shall not be subject to assessment of sustainability risk. The market value fluctuations of currencies are deemed not to be affected by actions of any specific entity where a materiality threshold could be exceeded by a single event or condition.
- (v) A sustainability risk assessment is not conducted for investments where the market value is solely bound to commodities. While some commodities may inherently be subject to various sustainability risks, it is likely that the sustainability risks are either effectively priced-into the market value of a commodity or there is a lack of generally approved sustainability risk metrics.

- (vi) Investment decisions in bank deposits and ancillary liquid assets will be subject to an assessment of governance events: an inherent part of the analysis for instruments where the market value of the asset is largely bound to a counterparty risk were the counterparty fails to fulfil its usually contractually or otherwise predetermined obligations.
- (vii) Investment into diversified indices, other UCIs or diversified structured products are generally understood to be investments into instruments where any event or condition in one underlying asset is not likely to have a material impact on the investment due to the underlying diversification. The sustainability risks of such instruments are generally only assessed on a high level; for example, where such an instrument primarily holds underlying assets that would be subject to the same conditions or events.
- (viii) Sustainability risks derived from financial derivative instruments, including but not limited to futures, forwards, options and swaps, will be assessed on the basis of the assets underlying the derivative. Investors shall note that for the purposes of this section, sustainability risk is only assessed from the point of view of negative material impact; material positive impact will not be assessed. Consequently, this means that any derivative instruments (even where not used solely for hedging purposes) which have a negative correlation to their underlying asset e.g. short selling will not be subject to a risk assessment where due to negative correlation a negative impact on the value of the underlying asset would not create a negative impact on the market value of the asset.

Notwithstanding anything set out above, investments intended for hedging purposes will not be subject to additional assessment of sustainability risks. The purpose of hedging is to either fully or partially hedge against existing risks in the portfolio of the Sub-fund and should not add to sustainability-related risks.

## 2.2. Sustainability related data

The Company has chosen not to compel the investment managers of the Sub-funds to use any specific metrics, data or data providers for the integration of sustainability risk into their respective investment processes. Investors shall note that while sustainable finance is among the most important recent themes in the field of investment

management globally, and companies around the world have largely adopted different feasible, defensible and verifiable practices in order to create public data and control mechanisms in order to verify such data, the quality and availability of the data may still not be comparable with the general quality of more standardised and traditional financial data, including but not limited to the data presented in annual financial statements or other financial reports.

More information about the policies on integration of sustainability risks in the investment decision-process and information on adverse sustainability impacts is available on the website [funds.gam.com](https://www.funds.gam.com)

## 3. Exclusion Policy

The Investment Manager's exclusion criteria are detailed in the Investment Manager's proprietary exclusion policy, published and available on <https://www.gam.com/corporate-responsibility/responsible-investing>.

The exclusion policy is actively monitored to ensure it remains current and that the ESG preferences of investors are effectively integrated.

## Directors and Management

### Company

The Directors are responsible for the overall management and control of the Company. They will review the operations of the Company and the Management Company.

### Management Company

The Directors of the Company have appointed GAM (Luxembourg) S.A. as the Management Company to be responsible on a day-to-day basis, under supervision of the Directors, for providing administration, marketing and investment management services in respect of all Sub-Funds. The Management Company has delegated its investment management services to the Investment Managers described below.

The Management Company has delegated certain administration functions to the Administrative Agent and Transfer Agent and Registrar.

The Management Company is subject to the provisions of Chapter 15 of the 2010 Law. It was established on 18 January 2002 for an unlimited period. The corporate capital amounts to EUR 5'000'000. It is registered under the number B-85.427 in the Luxembourg trade and companies' register, where copies of its articles of association are available for inspection and can be received on request. The articles of association were last amended on 31 December 2015, as published in the Mémorial in Luxembourg on 16 January 2016.

The Management Company's registered office is at 25, Grand-Rue, L-1661 Luxembourg.

The Management Company shall also ensure the compliance of the Company with the investment restrictions and oversee the implementation of the relevant Sub-Fund's investment policy.

The Management Company shall also send reports to the Directors of the Company on a regular basis and inform each board member without delay of any non-compliance of the Company with the investment restrictions.

The Management Company will receive periodic reports from the relevant Investment Manager detailing the relevant Sub-Fund's performance and analysing its investment portfolio and from the Company's other service providers in relation to the services which they provide.

The conducting officers are also responsible for conducting the daily business of the Management Company.

### Investment Managers

The Management Company and the Company may delegate, under their supervision and ultimate responsibility, the portfolio management of part or all of the

Sub-Funds to one or several investments managers, subject to the prior approval of the CSSF. The Investment Managers are listed under section "Directory" at the beginning of this Prospectus. Where the Sub-Funds are managed by several Investment Managers, the Investment Managers will coordinate and jointly make investment decisions in favour of the Sub-Fund. Currently, the following Investment Managers have been appointed:

Sub-Fund		GAM Investment Management (Switzerland) AG	GAM International Management Limited	GAM USA Inc.
Merger Arbitrage		X	X	
Global High Yield		X	X	X

Each Investment Manager has agreed to provide investment management services under an investment management agreement concluded with the Management Company and the Company, in accordance with the requirements of the CSSF and as may be amended from time to time. The relevant Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Managers are required to ensure that the assets of a Sub-Fund are invested in a manner consistent with the Company's and the relevant Sub-Fund's investment restrictions and that cash belonging to the relevant Sub-Fund is invested in accordance with the guidelines laid down by the Directors and the Management Company. Each Investment Manager acts subject to the overall supervision and responsibility of the Management Company.

### Conflicts of Interest

The Investment Managers and the Management Company may from time to time act as investment managers or as management company to other investment funds/clients and may act in other capacities in respect of such other investment funds or clients. It is therefore possible that the Investment Managers or the Management Company may, in the course of their business, have potential conflicts of interest with the Company.

The Directors of the Company, the Management Company and/or the Investment Managers will (in the event that any conflict of interest actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the Company and the Sub-Funds' Shareholders.

The Company may also invest in other investment funds which are managed by the Management Company or the Investment Managers or any of their affiliated entities.

The Directors of the Management Company may also be directors of other UCIs, and the interest of such UCIs and of the Company could result in conflicts. Generally, there may be conflicts between the best interests of the Company and the interests of affiliates of the Management Company in connection with the fees, commissions and other revenues derived from the Company or other UCIs. In the event where such a conflict arises, the directors of the Management Company will endeavour to ensure that it is resolved in a fair manner and in the best interests of the Company and the Sub-Funds' Shareholders.

### Remuneration Policy

In accordance with Directive 2009/65/EC, as amended by Directive 2014/91/EU (together the "UCITS Directive"), the Management Company has implemented a remuneration policy pursuant to the principles laid down in Article 14(b) of the UCITS Directive. This remuneration policy shall be consistent with and shall promote sound and effective risk management and shall focus on the control of risk-taking behaviour of senior management, risk takers, employees with control functions and employees receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company and the Sub-Funds.

In line with the provisions of the UCITS Directive and the guidelines issued by ESMA, each of which may be amended from time to time, the Management Company applies its remuneration policy and practices in a manner which is proportionate to its size and that of the Company, its internal organisation and the nature, scope and complexity of its activities.

Entities to which investment management activities have been delegated in accordance with Article 13 of the UCITS Directive are also subject to the requirements on remuneration under the relevant ESMA guidelines unless such entities and their relevant staff are subject to regulatory requirements on remuneration that are equally as effective as those imposed under the relevant ESMA guidelines.

This remuneration system is established in a remuneration policy, which fulfils following requirements:

- a) The remuneration policy is consistent with and promotes sound and effective risk management and discourages risk-taking behaviour.
- b) The remuneration policy is in line with the Company's strategy, objectives, values and interests of the GAM Group (including the Management Company and the UCITS which it manages, as well as the UCITS' investors) and it comprises measures to prevent conflicts of interest.

- c) The assessment of performance is set in a multi-year framework.
- d) Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Further details relating to the current remuneration policy of the Management Company are available on [www.gam.com](http://www.gam.com). This includes a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits as well as the identification of the members of the remuneration committee. A paper copy will be made available upon request and free of charge by the Management Company.

### Depositary Bank

The Company has appointed State Street Bank International GmbH, Luxembourg Branch, Luxembourg as the Depositary Bank of the Company with responsibility for:

- a) Custody of the assets,
- b) Monitoring duties,
- c) Cash flow monitoring

in accordance with applicable Luxembourg law, the relevant CSSF circular and other applicable mandatory provisions of the Regulation (hereinafter referred to as the "**Luxembourg Regulation**" in the respective current version) and the Custodian Agreement.

State Street Bank International GmbH, Luxembourg Branch, is supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank and has been authorised to act as depositary and central administration agent by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg.

### On a) Custody of the assets:

In accordance with the Luxembourg Regulation and the Custodian Agreement, the Depositary Bank is responsible for the safekeeping of the financial instruments that can be held in safekeeping and for the accounting and verification of ownership of the other assets.

### Delegation

Furthermore, the Depositary Bank is authorized to delegate its custodian obligations under the Luxembourg Regulation to sub-custodians and to open accounts with sub-custodians, provided that (i) such delegation complies with

the conditions laid down by the Luxembourg Regulation and that these conditions are observed; and (ii) the Depositary will exercise all customary and appropriate care and expertise with regard to the selection, appointment, regular monitoring and control of its sub-custodians.

**On b) Monitoring duties:**

In accordance with the Luxembourg Regulation and the Articles of the Company, as well as with the Custodian Agreement, the Depositary Bank will:

- (i) ensure that the sale, issue, redemption, switching and cancellation of the Company's shares are conducted in accordance with the Luxembourg Regulation and the Articles;
- (ii) ensure that the value of the Company's Shares is calculated in accordance with the Luxembourg Regulation;
- (iii) execute the Management Company's instructions, provided they do not conflict with the Luxembourg Regulation and the Articles;
- (iv) ensure that in transactions concerning the Company's assets, any remuneration is remitted/forwarded to the Company within the customary time limits;
- (v) ensure that the Company's income is recorded in the accounts in accordance with the Luxembourg Regulation and the Articles.

**On c) Cash flow monitoring:**

The Depositary Bank is obliged to perform certain monitoring duties with regard to cash flows as follows:

- (i) reconcile all cash flows and conduct such reconciliation on a daily basis;
- (ii) identify cash flows which in its professional judgment are significant and in particular those which may possibly not be in keeping with the Company's transactions. The Depositary will conduct its verification on the basis of the previous day's transaction statements;
- (iii) ensure that all bank accounts within the Company's structure have been opened in the name of the Company;
- (iv) ensure that the relevant banks are EU or comparable banking institutions;
- (v) ensure that the monies that have been paid by the Shareholders have been received and recorded on bank accounts of the Company.

Current information on the Depositary Bank, its duties, potential conflicts, a description of all depositary functions

delegated by the Depositary Bank, a list of delegates and sub-delegates and the disclosure of all conflicts of interest that may arise in connection with the delegation of duties are made available to the Shareholders, upon request, by the Depositary Bank. Furthermore, a list of delegates and sub-delegates is available at the following internet site:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>

**Conflicts of interest**

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

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

In connection with the above activities, the Depositary Bank or its affiliates:

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



which it may exercise.

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

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

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

In consideration of the services rendered, the Company pays the Depositary a fee based on the net asset value of each Sub-Fund at the end of each month, payable monthly in arrears. In addition, the Depositary is entitled to payment to recover expenses and the fees charged, in turn, by other correspondent banks.

State Street Bank International GmbH, Luxembourg Branch is part of a company operating globally. In connection with the settlement of subscriptions and redemptions and the fostering of business relations, data and information about customers, their business relationship with State Street Bank International GmbH, Luxembourg Branch (including information about the beneficial owner) as well as, to the extent legally permissible, information about business transactions may be transmitted to affiliated entities or groups of companies of State Street Bank International GmbH, Luxembourg Branch abroad, to its representatives abroad or to the management company or the company. These service providers and the management company or society are required to keep the information confidential and use it only for the purposes for which they have been made available to them. The data protection laws in foreign countries may differ from the Privacy Policy in Luxembourg and provide a lower standard of protection.

#### **Transfer Agent and Registrar**

GAM Fund Management Limited, Dublin has been appointed to provide services as the Company's Transfer Agent and Registrar.

The Transfer Agent and Registrar was incorporated in Ireland on 27 March 1990 and is a company limited by

Shares. Its sole business is the management and administration of unit trusts and of investment companies. The issued and paid-up Share capital of the Transfer Agent and Registrar is EUR 126,974 divided into 100,000 Shares of EUR 1.2697381 each. It is a wholly-owned subsidiary of GAM Group AG which together with its subsidiaries, affiliates and associated companies are hereinafter referred to as the "GAM Group".

GAM Group AG, the parent company of the GAM Group, is owned by GAM Holding AG.

#### **Administrative and principal Paying Agent**

State Street Bank International GmbH, Luxembourg Branch has been appointed to provide services as the Administrative Agent and principal Paying Agent.

The Administrative Agent will carry out all administrative duties related to the administration of the Company, including the calculation of the Net Asset Value of the Shares and the provision of accounting services to the Company.

In connection with the calculation of the Net Asset Value, the Administrative Agent may rely on information supplied by third parties (such as valuation agents or managers of underlying funds), by the Board of Directors or by the Management Company. In the absence of manifest error, the Administrative Agent shall not be liable for the accuracy of the relevant information received or for any errors in the Net Asset Value calculation resulting from the inaccuracy of the relevant information received by the Administrative Agent. In relation to assets which are not listed, the Administrative Agent may completely rely on the valuations provided by the Board of Directors, the Management Company or by any third party authorized to that effect by the Board of Directors.

The Administrative Agent is not responsible for any investment decisions of the Company or the effect of such investment decisions on the performance of the Company.

#### **Distributors**

The Company and the Management Company may, in accordance with the applicable laws, appoint distributors ("**Distributors**") responsible for the offering and selling of Shares of various Sub-Funds in all countries in which the offering and selling of such Shares is permitted. The Distributors are authorised to retain a selling fee (as mentioned in the respective supplement) for the Shares they market, or else to waive all or part of the selling fee. Distributors have been appointed, and further Distributors may be appointed.

The Distributors and SSB-LUX must at all times comply with the provisions of the Luxembourg law on the prevention of money laundering, and in particular the law of

7 July 1989 amending the law of 19 February 1973 on the sale of medicinal substances and the fight against drug addiction, the law of 12 November 2004 on the fight against money laundering and the financing of terrorism and the law of 5 April 1993 on the financial sector, as amended, as well as other relevant regulations of the government of Luxembourg or of supervisory authorities.

Applicants for Shares must, inter alia, prove their identity to the Distributor and/or SSB-LUX or the Company, whichever accepts their application request. The Distributor and/or SSB-LUX or the Company must request from applicants the following identity papers: in the case of natural persons, a certified copy of the passport/identity card (certified by the Distributor or sales agent or the local administrative authority); in the case of companies or other legal entities, a certified copy of the certificate of incorporation, a certified copy of the extract from the commercial register, a copy of the latest published annual accounts and the full names of the beneficial owners.

The Distributor must ensure that the aforementioned identification procedure is strictly complied with. The Company and the Management Company may at any time require confirmation of compliance from the Distributor or SSB-LUX. SSB-LUX shall check compliance with the aforementioned provisions in all subscription/redemption applications which it receives from Distributors in countries with non-equivalent money laundering regulations. SSB-LUX is entitled, without incurring any costs, to suspend or reject subscription/redemption applications for the aforementioned reasons in case of doubt as to the identity of the subscription/redemption applicant due to inadequate, inaccurate or missing identification. In addition, Distributors shall also comply with all anti-money laundering regulations in force in their respective countries.

#### **Correspondent Banks/Paying Agents/Facilities Agents**

Local laws/regulations in member states of the European Economic Area may require the appointment of Correspondent Banks/Paying Agents/Facilities Agents and maintenance of accounts by such agents through which subscription and redemption monies may be paid. Investors who choose or are obliged under local regulations to pay or receive subscription or redemption monies via an intermediate entity (e.g. a sub-distributor or agent in the local jurisdiction) rather than directly to the Depositary Bank of the Company bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary Bank for the account of the relevant Sub-Fund and (b) redemption monies payable by such intermediate entity to the relevant investor.

Fees and expenses of Correspondent Banks/Paying Agents/Facilities Agents which will be at normal

commercial rates will be borne by the relevant Sub-Fund. Fees payable to the Correspondent Banks/Paying Agents/Facilities Agents which are based on Net Asset Value will be payable only from the Net Asset Value of the relevant Sub-Fund attributable to the Class(es) of Shares, all Shareholders of which are entitled to avail of the services of the agents.

Correspondent Banks, Paying Agents or Facilities Agents may be appointed in one or more countries. Details of the Correspondent Banks, Paying Agents or Facilities Agents appointed in different countries shall be set out in the relevant country supplements to this Prospectus.

## **Investing in the Company**

### **Description of Shares**

Within the meaning of Article 181 of the 2010 Law, the Company may issue within each Sub-Fund one or more Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the Sub-Fund concerned but may differ, inter alia, in respect of specific sales and redemption charge structure, management charge structure, distribution policy, hedging policy or any other features as the Directors shall from time to time determine in respect of each Sub-Fund. The Directors may issue more than one Class of Shares in a Sub-Fund having different levels of fees and expenses, minimum initial subscription, currency designation or other features as may be determined by the Directors at the time of creation of the Class. Where there are Shares of a different Class in a Sub-Fund, the Net Asset Value per Share amongst such Classes may differ to reflect the fact that income has been accumulated or been distributed or that there are differing charges of fees and expenses or that they are designated in different currencies or that the gains/losses on and costs of different financial instruments employed for currency hedging between a Base Currency and a designated currency are attributed to them.

All references to Shares include a fraction of a Share calculated to the nearest one-hundredth (i.e. 2 decimal places).

Save as provided herein, all Shares of each Class within a Sub-Fund will rank *pari passu*.

Shares must be fully paid in and are issued without any mention of their value. There is no limitation on the number of Shares issued.

The rights assigned to the Shares are set out under the 1915 law providing there is no derogation under the 2010 Law.

During the initial offering period, Shares, with the exception of the X Classes (as applicable, also Distributing Shares with the addition of the letter "a" and "m"), are being offered

to investors at an initial offering price of AUD 100 for Shares denominated in Australian dollar, €100 for Shares denominated in Euro, £100 for Shares denominated in sterling, CHF 100 for Shares denominated in Swiss francs, \$100 for Shares denominated in US dollars, SEK 1000 for Shares denominated in Swedish Krona, JPY 10,000 for Shares denominated in yen and MXN 2,000 for Shares denominated in Mexican pesos unless otherwise determined by the Directors and disclosed in the relevant Supplement.

X Shares (as applicable, also Distributing Shares with the addition of the letter “a” and “m”) are being offered to investors at an initial offering price of AUD 10,000 for Shares denominated in Australian dollar, CHF 10’000 for Shares denominated in Swiss Francs, €10,000 for Shares denominated in Euro, £10,000 for Shares denominated in sterling, \$10,000 for Shares denominated in US dollars, MXN 200,000 for Shares denominated in Mexican pesos, SEK 100,000 for Shares denominated in Swedish Krona, and JPY 1,000,000 for Shares denominated in yen. Thereafter, Shares will be issued at a price equal to the Net Asset Value per Share plus any dilution levy applicable to the relevant Sub-Fund (as described below at the section below entitled “Dilution Levy”) calculated at 24:00 hours Luxembourg time or such other time or times as the Transfer Agent may determine on the relevant Dealing Day.

For all Sub-funds it is provided to offer Shares both in the currency of the Sub-fund as well as, if differing, in USD, EUR, CHF, GBP, JPY, SEK, AUD and MXN.

When Shares denominated in various currencies are offered in a Sub-Fund whose base currency is different, these Shares are hedged against the foreign exchange risk.

**Any pay-out of a dividend can be decided by a General Meeting of Shareholders. Capitalisation Shares**

C Shares, D Shares, I Shares, Institutional T Shares, Non UK RFS Shares, R Shares, S Shares, V Shares, X Shares and Z Shares comprise Capitalisation Shares (Shares which accumulate all receipts and capital gains and will not make distributions).

**Distributing Shares**

If the Shares have the addition “a” and “m” in its denomination, it is referred to as distributing and interim Distributing Shares (as described below at the section “Dividends”).

**Series of Shares**

The Company, in respect of the Y Class, issues Shares in separate series of such Class and as such, only Shares of the same series will be issued on each applicable Dealing

Day of the relevant Y Class.

The different series serve to ensure an equitable allocation of dividends on a half yearly basis. Each series will normally go “ex-dividend” on the first Dealing Day of January and of July in each year and the distribution for the relevant series Sub-Fund will normally be paid to Shareholders on or before 31 January and 31 August in each year.

Each outstanding series of a Class participates proportionately with all other outstanding series of the same class in the assets and earnings of the Company. A separate NAV will be calculated for each series of Y Shares.

In order to keep the number of different series outstanding at any one time to a minimum, all series which declare a dividend may be consolidated into a new series on the first business day following the dividend declaration.

Investors holding Shares in a series that is being consolidated will thereafter hold Shares of the newly issued consolidated Series of Y Shares. Any series which does not declare a dividend at the end of the half year of the Company will not be consolidated.

For the avoidance of doubt only Y Class Shares shall be issued in separate series by the Company.

**Eligible Investors**

**R Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”): are available for specified intermediaries only who are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits (except for minor non-monetary benefits) paid or provided by any third party or a person acting on behalf of a third party, be this (i) due to legal requirements or (ii) due to the fact that they have concluded contractual agreement (e.g. individual discretionary portfolio management or advisory agreements with separate fee arrangements or other agreements) with their customers which exclude such payments.

Regarding the distribution, offering or holding of R Classes, the Company shall not pay any fees, commissions or any monetary or non-monetary benefits (except for minor non-monetary benefits) to the intermediaries for distribution or intermediary services.

**C, D and Non UK RFS Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”): available to all types of investors.

C Shares are no longer open for subscriptions. Investors are requested to subscribe in D or Non UK RFS Shares instead, which have the same characteristics and the same fees applied as the C Shares.

**S Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”): available to investors who have entered into a discretionary investment management agreement or other agreement with the GAM Group.

**I, X and Y Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”): available to Qualified Investors.

**V Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”): available to distributors who have entered into arrangements with the GAM Group.

**Z Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”): available to investors who have entered into a discretionary investment management agreement or other agreement with the GAM Group, provided that the investor complies with the prerequisites as institutional investor according to Article 174ff of the 2010 Law, as well as with certain limiting circumstances, such as companies or pension funds of a company, insurance companies, registered charitable and/or non-profit organisations holding these Shares either as part of their own business assets or under contract on behalf of institutional investors as defined above, which ultimately fall under the discretionary authority of the Management Company. For entities incorporated in the EU, the definition of “institutional investors” includes, but not limited to, all eligible counterparties and all clients considered per se to be professionals, pursuant to Directive 2014/65/EU on markets in financial instruments (“MIFID-Directive”), who have not requested non-professional treatment.

**Institutional T Classes** (as applicable, also Distributing Shares with the addition of the letter “a” and “m”) of Shares may only be purchased by institutional investors within the meaning of Articles 174ff of the 2010 Law. Investors must demonstrate that they qualify as institutional investors by providing the Company and the Transfer Agent with sufficient evidence of their status. On application of Institutional T Class Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application. For entities incorporated in the EU, the definition of “institutional investors” includes, but not limited to, all eligible counterparties and all clients considered per se to be professionals, pursuant to Directive 2014/65/EU on markets in financial instruments (“MIFID-Directive”), who have not requested non-professional treatment.

It is contemplated that the Company may accept applications for Shares from a number of “US Persons” that

qualify as “Accredited Investors” within the meaning of Rule 501(a) under the 1933 Act and “Qualified Purchasers” within the meaning of Section 2(a)(51) of the 1940 Act provided that (i) the Transfer Agent receives evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the US Federal or state securities laws of the United States including, but not limited to, the 1933 Act, (ii) that such sale will not require the Company to register under the 1940 Act and, (iii) in all events, that there will be no adverse tax consequences to the Company or its Shareholders as a result of such sale.

Except as approved by the Management Company and where such offer/sale falls within a relevant exemption, the Shares may not, directly or indirectly, be offered, sold, transferred, assigned or delivered to, or held by, any US Person or to any person in circumstances which might result in the Company (i) incurring any liability to taxation or suffering any other pecuniary disadvantages which the Company might not otherwise incur or suffer, or (ii) being required to register under the 1940 Act or (iii) any member of the Management Company or affiliated companies being required to register under the United States Commodity Exchange Act, as amended, or other regulatory body, law or regulation. Shares may not be offered, sold, transferred, assigned or delivered to, or held by, any person whose holding may be in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations.

The Company reserves, and intends to exercise, the right at its sole discretion to compulsorily redeem any Shares offered, sold, transferred, assigned, delivered to or held in contravention of these prohibitions.

An applicant for Shares or a transferee of Shares may also be required to produce evidence of his identity satisfactory to the Transfer Agent.

#### **Issue of Instructions to the Company**

Each investor confirms that he/she accepts the risks related to the submission of applications and requests for the sale or redemption of Shares or instructions to switch in writing by post, facsimile, by e-mail or by telephone and will ensure that any instruction is properly sent or given. Each investor accepts that neither the Management Company, nor the Transfer Agent nor the Company shall be held responsible for any loss resulting from non-receipt of any instructions. Each investor accepts that he/she shall be solely responsible for and indemnify the Management Company, Transfer Agent and the Company against any claim arising from any loss caused by any delay or non-receipt of instructions or confirmation of instructions.

Applications accepted after the times specified in the relevant Supplement will be effected on the following

Dealing Day. If applying by facsimile, e-mail or telephone to buy Shares in the Company for the first time, such requests must be subsequently confirmed in writing and the original subscription form (and supporting documentation in relation to money laundering checks) must be received promptly thereafter. Applications to buy, sell or switch Shares by telephone (where the applicant is an existing investor) will be treated as definite orders even if not subsequently confirmed in writing. Subscription requests made under the terms of a savings plan will also be treated as definite orders.

In relation to applications to buy, redeem or switch Shares by facsimile and e-mail, the Transfer Agent reserves the right to contact the applicant and/or agent to confirm any of the information therein before processing the instructions. A request to buy Shares or an instruction to redeem or switch Shares once given shall be irrevocable unless the Management Company or Administrative Agent shall otherwise agree, save during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended in a manner described under the heading "Suspension of Net Asset Value Calculations and the Issuance or Redemption of Shares".

## How to Buy Shares

### Application Procedures

If applying to buy C Shares, D Shares, I Shares, Institutional T Shares, Non UK RFS Shares, R Shares, X Shares, V Shares, S Shares, Y Shares or Z Shares (as applicable, also Distributing Shares with the addition of the letter "a" and "m") in the Company for the first time, please contact the Transfer Agent for a numbered application form. Qualifying US investors, as approved by the Transfer Agent as Eligible Investors (see Eligible Investors section), wishing to subscribe for Shares in a Sub-Fund must also complete a subscription agreement and subscriber information form for US investors, which can be obtained from the Transfer Agent.

An application to buy any Shares should be submitted to the Transfer Agent in writing by post, or by facsimile, or by e-mail, or by telephone (or by such other means as the Transfer Agent may from time to time determine), to be received by the Transfer Agent by such time as is set out in the relevant Supplement in the section entitled "Dealing Notice" or in each case such other time(s) as the Transfer Agent with consent from the Management Company may determine for the relevant Dealing Day and notify to Shareholders provided always that such cut-off time is no later than the Valuation Point for the relevant Sub-Fund. The Transfer Agent with consent from the Management Company may determine to accept applications after the cut-off time specified in the relevant Supplement in the section entitled "Dealing Notice" in extraordinary market

circumstances provided that such applications have been received prior to the Valuation Point for the relevant Sub-Fund.

Applications for Shares may be made for specified amounts in value and if made by an investor or intermediary approved by the Transfer Agent may be for specified numbers of Shares. The Transfer Agent with consent from the Management Company have the absolute discretion to accept or reject in whole or in part any application for Shares including savings plan applications. If an application is rejected, the Transfer Agent, at the risk of the applicant, will return application monies or the balance thereof by cheque within five Business Days of the rejection or, at the cost of the applicant, by telegraphic transfer without interest accrued or deemed to have accrued thereon.

Fractions of not less than one hundredth of a Share may be issued. Application monies representing smaller fractions of Shares will not be returned to the applicant but will be retained as part of the assets of the relevant Sub-Fund.

On acceptance of their application, applicants will be allocated a Shareholder number and this together with the Shareholder's personal details will be proof of identity. This Shareholder number should be used for all future dealings by the Shareholder with the Transfer Agent. Any changes to the Shareholder's personal details or loss of Shareholder number must be notified immediately to the Transfer Agent in writing. The Transfer Agent reserves the right to require an indemnity of verification countersigned by a bank, stockbroker or other party acceptable to it before accepting such instructions.

In all cases, the applicants will be deemed to have made the disclosure in the current version of the application form.

### Minimum Initial Subscription, Minimum Additional Subscription and Minimum Holding

#### C, D, Non UK RFS and V Shares

The minimum initial subscription by each investor for each Class of C, D, Non UK RFS and V Shares in a Sub-Fund will, unless the Transfer Agent with the consent of the Management Company shall otherwise agree, be for Shares having a value of USD 10,000, MXN 200,000, EUR 10,000, GBP 6,000, JPY 1,100,000, AUD 10,000, SEK 70,000 or CHF 13,000 (or its foreign currency equivalent) with minimum additional subscriptions for Shares having a value of not less than USD 5,000, MXN 100,000, EUR 5,000, GBP 3,000, JPY 550,000, AUD 5,000, SEK 35,000 or CHF 6,500 (or its foreign currency equivalent) (as applicable, also Distributing Shares with the addition of the letter "a" and "m").

### **R Shares**

The minimum initial subscription by each investor for each Class of R, Shares in a Sub-Fund will, unless the Transfer Agent with the consent of the Management Company shall otherwise agree, be for Shares having a value of USD 100,000, MXN 2,000,000, EUR 100,000, GBP 60,000, SEK 700,000, JPY 10,000,000, AUD 100,000 or CHF 130,000 (or its foreign currency equivalent) with minimum additional subscriptions for Shares having a value of not less than USD 50,000, MXN 1,000,000, EUR 50,000, GBP 30,000, JPY 5,000,000, AUD 50,000, SEK 350,000 or CHF 50,000 (or its foreign currency equivalent) (as applicable, also Distributing Shares with the addition of the letter "a" and "m").

### **I, Institutional T, X and Y Shares**

The minimum initial subscription by each investor for each Class of I, Institutional T, X and Y Shares in a Sub-Fund will, unless the Administrative Agent with the consent of the Management Company shall otherwise agree, be for Shares having a value of USD 2,000,000, MXN 40,000,000, EUR 2,000,000, GBP 1,000,000, SEK 14,000,000, JPY 200,000,000, AUD 2,000,000 or CHF 2,000,000 (or its foreign currency equivalent) with minimum additional subscriptions for Shares having a value of not less than USD 5,000, MXN 100,000, EUR 5,000, GBP 3,000, JPY 550,000, AUD 5,000, SEK 35,000 or CHF 6,500 (or its foreign currency equivalent) (as applicable, also Distributing Shares with the addition of the letter "a" and "m").

### **Minimum holding of C, D, Non UK RFS, R or V Shares**

A minimum holding of USD 8,000, MXN 160,000, EUR 8,000, GBP 4,800, SEK 56,000, JPY 800,000, AUD 8,000 or CHF 10,500 (or its foreign currency equivalent) must, unless the Transfer Agent with the consent of the Management Company shall otherwise agree, be maintained by each investor in a Sub-Fund following any partial repurchase, switch or transfer of C, D, Non UK RFS, R or V Shares in a Sub-Fund (as applicable, also Distributing Shares with the addition of the letter "a" and "m").

### **Minimum holding of I, Institutional T, X or Y Shares**

A minimum holding of USD 2,000,000, MXN 40,000,000, EUR 2,000,000, GBP 1,000,000, 14,000,000 SEK, JPY 200,000,000, AUD 2,000,000 or CHF 2,000,000 (or its foreign currency equivalent) must, unless the Transfer Agent shall otherwise agree, be maintained by each investor in a Sub-Fund following any partial repurchase, switch or transfer of I, Institutional T, X or Y Shares in a Sub-Fund (as applicable, also Distributing Shares with the addition of the letter "a" and "m").

### **Minimum holding of S or Z Shares**

At sole discretion of the Company an investment minima can be applied to the S and Z Shares in a Sub-Fund (as applicable, also Distributing Shares with the addition of the letter "a" and "m").

### **Contract Notes**

Shares will be issued in uncertificated form. A contract note however will be sent to the applicant after acceptance and allotment of the application providing full details of the transaction and confirming ownership of the Shares. All Shares issued will be registered, and the Share register will be conclusive evidence as to ownership.

### **Settlement for the Purchase of Shares**

Details of settlement for each of the Sub-Funds are given in the relevant Supplements which form part of this Prospectus. Unless otherwise agreed to by the Transfer Agent, these settlement details will apply. Settlement for purchases of Shares made under the terms of a savings plan is in all cases due on the relevant Dealing Day.

The Transfer Agent reserves the right to cancel any allotment where cleared Sub-Funds are not received when due and to charge the applicant for losses accruing. Where cleared Sub-Funds are due on the Dealing Day and are not received by the time specified in the relevant Supplement, the application will be deferred until such Dealing Day as cleared Sub-Funds are available by that time. The Transfer Agent reserves the right not to process any transactions for a Shareholder when full settlement for the purchase of the applicable Shares has not been made.

The Directors may in their absolute discretion, provided that both they and the Depositary are satisfied that no material prejudice will result to existing Shareholders, allot Shares of any Class against the vesting in the Depositary Bank for the account of the Company of investments which would form part of the assets of the relevant Sub-Fund in accordance with the investment objectives, policies and restrictions of the relevant Fund. The number of Shares to be issued in this way shall be the number which would on the day the investments are vested in the Company have been issued for cash against the payment of a sum equal to the value of the investments. The value of the investments to be vested, which shall be confirmed by a report of an independent auditor, shall be calculated on such basis as the Directors may decide but such value cannot exceed the highest amount at which they would be valued by applying the valuation methods described under the heading "Determination of Net Asset Value".

### **Payment Methods**

#### **Payment by SWIFT or Telegraphic Transfer**

Applicants making payment for Shares by SWIFT or

telegraphic transfer must instruct their bank at the time of application to forward the appropriate remittance on the relevant day in accordance with the subscription settlement procedures. Any charges incurred in making payment by telegraphic transfer will be payable by the applicant.

Payments must be received net of charges and instructed as follows, including details of the relevant bank account which is available from the Transfer Agent.

[Bank] SWIFT: [ ]

Account No.

Reference: GAM Star (Lux) [insert name of relevant Sub-Fund]

By order of: [insert applicant's details]

According to the following details for the relevant currency:

Upon transfer of the subscription funds, please also instruct your bank to pre-advise GAM Fund Management Limited of the following information:

Re: GAM Star (Lux) [insert name of relevant Sub-Fund]

- (1) the value date of the transfer payment;
- (2) the name and address of the remitting bank;
- (3) the name or reference of the contact at the remitting bank for confirmation; and
- (4) the amount remitted.

#### Payment by Cheque

Applicants are strongly recommended to make payment to the relevant bank account by SWIFT or telegraphic transfer (details of which should be available from your bank).

Where payment is to be made by cheque, this should be in favour of GAM Star (Lux) [insert name of relevant Sub-Fund] and be enclosed with a completed application form and posted to GAM Fund Management Limited. Investors are advised that cheques can take a long time to clear. Applications accompanied by a cheque will not be processed until the Dealing Day following receipt of confirmation that the cheque has been cleared. Charges arising from the processing of cheques will be borne by the Shareholder. Payment in cash or travellers cheques will not be accepted.

#### Anti Money Laundering Provisions

The Company will retain the right to seek evidence of identity from investors as the Directors deem appropriate to comply with the Company's obligations under anti-money laundering and terrorist financing legislation and, in the absence of satisfactory evidence, or for any other reason, may reject any application in whole or in part. The Directors may delegate the exercise of this right and discretion to the Transfer Agent with power to sub-delegate. If the

application is rejected, the Transfer Agent, at the risk of the applicant, will return application monies or the balance thereof as soon as is reasonably practicable, normally within 5 Business Days of the rejection, by whatever means considered appropriate by the Transfer Agent, at the cost of the investor, without interest accrued or deemed to have accrued therein.

#### Limitations on Purchases

Shares may not be issued by the Transfer Agent during any period when the calculation of the Net Asset Value of the relevant Sub-Fund is suspended in the manner described under the heading "**Suspension of Net Asset Value Calculations and the Issuance or Redemption of Shares**". Applicants for Shares will be notified of such suspension and their applications will be considered as at the next Dealing Day following the ending of such suspension.

#### How to Sell Shares

A request for the sale or redemption of Shares should be submitted to the Transfer Agent in writing by post, or by facsimile, or by e-mail, or by telephone (or by such other means as the Transfer Agent may from time to time determine), to be received by the Transfer Agent by such time as is set out in the relevant Supplement in the section entitled "Dealing Notice" or in each case such other time(s) as the Transfer Agent may determine and notify to Shareholders provided always that such cut-off time is no later than the Valuation Point for the relevant Sub-Fund, and will normally be dealt with on the relevant Dealing Day. The Directors in their absolute discretion may determine to accept redemption requests after the cut-off time specified in the relevant Supplement in the section entitled "Dealing Notice" in extraordinary market circumstances provided that such redemption requests have been received prior to the Valuation Point for the relevant Sub-Fund.

Instructions to redeem must include full registration details, together with the number of Shares of the relevant Sub-Fund or where applicable, of the relevant Share Class to be redeemed.

The Transfer Agent shall not process any transactions for a Shareholder when the original subscription application has not been received from the investor, all documentation required by the Company (including any documents in connection with anti-money laundering and terrorist financing procedures) have not been completed and/or full settlement for the purchase of the applicable Shares has not been made.

The redemption price per Share is calculated as the Net Asset Value per Share less any dilution levy applicable to the relevant Sub-Fund (as described below at the section entitled "Dilution Levy") at 24:00 hours Luxembourg time or

such other time or times as the Transfer Agent with the consent of the Management Company may determine for the relevant Dealing Day.

The Net Asset Value will be determined in accordance with the method of valuation of assets and liabilities (including charges and expenses) described under the heading **“Determination of Net Asset Value”**.

There is no redemption charge payable to the Transfer Agent.

The amount due on the redemption of Shares in the Sub-Fund will be paid without interest to the pre-designated bank account within the redemption settlement period as detailed in the relevant Sub-Funds Supplement. The pre-designated bank account must be nominated by and should be in the name of the Shareholder. The Transfer Agent may refuse to pay redemption proceeds to an account other than one in the name of the Shareholder.

If the net assets of a Sub-Fund are less than the equivalent of CHF 50,000,000.00 for at least sixty (60) days minimum, the Directors can deliberate and, subject to the conditions set out in the Articles, the Sub-Fund reserves the right to buy back all the outstanding Shares of this Sub-Fund.

Shareholders are to be informed of any such decision through the media of communication determined by the Company.

## How to Switch Shares

Save where otherwise disclosed in the relevant Supplement for a Sub-Fund, Shareholders may switch between Sub-Funds and/or Classes of Sub-Funds, subject to the provisions set out in the sections of the Prospectus entitled **“How to Buy Shares”** and **“How to Sell Shares”** and any Dealing Notice as detailed in the relevant Supplement.

Shareholders who hold C, D, I, Institutional T, Non UK RFS, R, S, X, V, Y or Z Shares (as applicable, also Distributing Shares with the addition of the letter “a” and “m”) in a Sub-Fund may switch to a corresponding Class of Shares (except for the C-Shares which will no longer be issued) within a Sub-Fund and between Sub-Funds.

For example, if a Shareholder holds USD Class Shares of the D-Shares of a Sub-Fund he may switch to EUR Class Shares of the D-Shares within that Sub-Fund or to another Sub-Fund, however, he may not switch to the I, Institutional T, Non UK RFS, R, S, X, V, Y or Z, Shares within that Sub-Fund or another Sub-Fund, unless the Transfer Agent with the consent of the Management Company shall otherwise agree.

Instructions to switch should be submitted to the Transfer

Agent in writing by post, or by facsimile, or by e-mail, or by telephone (or by such other means as the Transfer Agent with the consent of the Management Company may from time to time determine) and should include full registration details together with the number of Shares to be switched between the relevant named Sub-Funds and where relevant Classes.

Instructions to switch must be received by the Transfer Agent by such time as is set out in the relevant Supplement in the section entitled “Dealing Notice” or in each case such other time(s) as the Transfer with the consent of the Management Company may determine will normally be dealt on the relevant Dealing Day. Where relevant, instructions to switch should be received prior to the earlier of the dealing deadline for redemptions in the original Class and the dealing deadline for subscriptions in the new Class as specified in the relevant Supplement(s).

The Transfer Agent with consent from the Management Company may determine to accept switching requests after the cut-off time specified in the relevant Supplement(s) in the section entitled “Dealing Notice” in extraordinary market circumstances provided that such switching requests have been received prior to the Valuation Point for the relevant Sub-Fund(s).

The Transfer Agent reserves the right not to process any transactions for a Shareholder when full settlement for the purchase of the applicable Shares has not been made.

The Transfer Agent may not be obliged to effect same day switching between Classes of Shares. The conversion will be carried out free of charge for the Shareholder within the redemption settlement period as detailed in the relevant Sub-Fund Supplement. Where switching of Classes of Shares occurs between Sub-Funds there may be a mismatch where the Sub-Funds may not be invested.

The number of Shares of the new Class to be issued upon switching shall be calculated in accordance with the following formula:

where:

$$S = R \times (RP \times ER)$$

SP

R	is the number of Shares of the original Class as specified in the instruction to switch; and
S	is the number of Shares to be purchased in the new Class; and
SP	is the subscription price per Share for the new Class as calculated on the Dealing Day on which the purchase part of the switch is to be effected; and
ER	in the case of a switch of Shares designated in the



same currency, ER is equal to 1. In any other case ER is the currency conversion factor determined by the Transfer Agent on the relevant Dealing Day(s) as representing the effective rate of exchange applicable to the transfer of assets between Sub-Funds relating to the original and the new Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer; and

RP is the redemption price per Share of the original Class as calculated, on the Dealing Day on which the redemption part of the switch is to be effected.

AND the number of Shares of the new Class to be created or issued shall be so created or issued in respect of each of the Shares of the original Class being switched in the proportion (or as nearly as may be in the proportion) S to R where S and R have the meanings ascribed to them above.

#### **Restrictions on subscriptions or conversions into certain Sub-Funds**

A Sub-Fund may be closed to new subscriptions or conversions in (but not to redemptions or conversions out) if, in the opinion of the Management Company or of the Company, this is necessary to protect the interests of existing Shareholders. One such circumstance would be where a Sub-Fund has reached a size such that the capacity of the market and/or the capacity in the strategy applied by the Investment Manager has been reached, and where permitting further inflows would be detrimental to the performance of the Sub-Fund.

Any Sub-Fund which, in the opinion of the Management Company or of the Company, is materially capacity constrained may be closed to new subscriptions or conversions without notice to Shareholders. Investors should confirm with the Management Company or the Transfer Agent for the current status of Sub-Funds.

Investors should contact the Management Company or Transfer Agent prior to making an investment decision in the Sub-Funds listed above, to assess whether or not such Sub-Funds are closed to new subscriptions conversions. Once closed to new subscriptions or conversions, a Sub-Fund will not be re-opened until, in the opinion of the Directors, the circumstances which required closure no longer prevail and significant capacity is available within the Sub-Fund for new investment.

#### **Currency Dealing Service**

Payment for Shares in the GAM Star (Lux) Sub-Funds may be made in the designated currency of the relevant Share Class. If payment is made in a currency other than the designated currency of the relevant Share Class, the Transfer Agent at its absolute discretion, on behalf of, and as a service to the investor, may convert the payment for

Shares to the designated currency of the relevant Share Class using (on their normal terms and conditions), the services of another member of the GAM Group or any financial institution. This service will be at the risk and expense of the investor.

Similarly, redemptions requested to be paid in a currency other than the designated currency of the relevant Share Class will be converted by the Transfer Agent on the same terms as above.

#### **Transfer of Shares**

Shares in each Sub-Fund will be transferable by instrument in writing signed by the transferor, or in the case of a transfer by a body corporate, signed on behalf of the transferor. In the case of the death of a sole Shareholder, the executor(s) of the estate of that Shareholder will be required to provide the Transfer Agent with an original or court certified copy of the grant of probate together with an original instruction from the executor(s) detailing how to proceed. In the case of the death of one of the joint Shareholders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to or interest in the Shares registered in the names of such joint Shareholders. Shares in a Sub-Fund may only be transferred to US Persons with the prior approval of the Transfer Agent.

The Company will retain the right to seek evidence of the identity of the transferee as the Directors deem appropriate to comply with the Company's requirements under anti money laundering and terrorist financing regulations and in the absence of satisfactory evidence, may reject an application in whole or in part.

#### **Dilution Levy**

Where a Sub-Fund buys or sells underlying investments in response to a request for the issue or redemption of Shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the Shareholder. With a view to reducing this cost (which, if it is material, disadvantages existing Shareholders of the Sub-Fund) and in order to preserve the value of the underlying assets of the relevant Sub-Fund, the Directors are entitled to require payment of a dilution levy, to be added to or deducted from the Net Asset Value per Share as appropriate. The Administrative Agent will normally charge a dilution levy of up to 1 (one) %, or 3 (three) % in the case of fixed income Sub-Funds of the Net Asset Value per Share in the event of receipt for processing of net subscription or net redemption requests (including subscriptions and/or redemptions which would be effected as a result of conversions from one Sub-Fund into another Sub-Fund).

The need to charge a dilution levy will depend on the volume of purchases, conversions or redemptions of Shares on any given Dealing Day, and this will be evaluated by the Administrative Agent without prior notification to the relevant Shareholder.

## Dividends

The Directors proposes to the general meeting of Shareholders a reasonable dividend payment for the Distributing Shares in the Sub-Fund, ensuring that the net asset value does not fall below the minimum of 1,250,000 Euro. Subject to the same limitation regarding the net asset value, the Directors may also define regular interim dividends.

In the case of Capitalisation Shares, no dividend payments are made. Instead, the values allocated to the accumulating Shares are reinvested for the benefit of the Shareholders holding them.

The determined dividends are published on [www.gam.com](http://www.gam.com) and as the case may be in other media designated by the Company from time to time.

Distributing Shares shall distribute net income and/or realised and unrealised gains net of realised and unrealised losses and/or capital.

The annual distributions for the Distributing Shares will normally go “ex-dividend” and take place, in principle, within one month from the determination of the dividend in the currency of the respective Sub-Fund or respective Share concerned.

The regular interim distributions for the Distributing Shares with the addition of the letter “m” will normally go “ex-dividend” and take place, in principle, monthly in the currency of the respective Sub-Fund or respective Share concerned.

Dividends for distributing registered Shares will be paid to the investors entered in the Company's book of registered shareholders.

Claims for dividends which have not been asserted within five (5) years from distribution shall forfeit and revert to the Sub-Fund in question.

## Fees and Expenses

Details of the fees described below as applicable to each Sub-Fund can be found in the relevant Supplement.

### Investment Manager Fees

Each Sub-Fund shall pay an annual fee in respect of aggregate Investment Manager fees, which will accrue on each Valuation Day and will be paid monthly in arrears and will be set out as specified in the relevant Supplement. Part of this fee may be used for the distribution of the Sub-

Funds.

### Administrator Fee

Each Sub-Fund shall pay an annual fee specified in the relevant Supplement to the Management Company, which will remunerate the Transfer Agent and Registrar and the Administrative Agent for the administration of the relevant Sub-Fund, which will accrue on each Valuation Day and will be paid monthly in arrears.

### Subscription Fee

The Transfer Agent shall be entitled to a Subscription Fee of up to 3% or 5% of the gross subscription where specified in the relevant Supplement. The Transfer Agent with consent from the Management Company may pay all or part of the Subscription Fee as commission to the Global Distributor and/or authorised intermediaries or may waive in whole or in part any such Subscription Fee by way of discount, whereby similar-size subscription received on the same Dealing Day have to be treated equally.

### Distribution Fee

A Distribution Fee as specified in the relevant Supplement accrued on each Valuation Day on the Net Asset Value of the V Class Shares of the relevant Sub-Fund is payable monthly out of the assets attributable to V Class Shares.

### Performance Fee

Where specified in the relevant Supplement, the Investment Manager shall be entitled to a performance fee.

### S and Z Shares

Further information in relation to the fees of S and Z Shares is available on request from the Transfer Agent (as applicable, also Distributing Shares with the addition of the letter “a” and “m”).

### Depositary Bank Fee

State Street Bank International GmbH, Luxembourg Branch as the Depositary Bank will receive a Depositary Bank fee of up to a maximum of 0.04% per annum, payable monthly and based on the net assets of each Sub-Fund during the month. The Depositary Bank Fee does not include any sub-custody fees or transaction fees, which means that these are additional fees for the respective sub-fund.

### Correspondent Bank, Paying Agent and Facilities Agent Fees

Fees and expenses of Correspondent Banks/Paying Agents/Facilities Agent charged at normal commercial rates will be borne by the relevant Sub-Fund or the Administrative Agent. Fees payable to the agent which are based upon Net Asset Value will be payable only from the Net Asset Value of the relevant Sub-Fund attributable to the Classes of the Shares, all Shareholders of the relevant

Class are entitled to avail of the services of the Correspondent Bank, Paying Agent or Facilities Agent, as the case may be.

In certain countries, investors may be charged with additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

### General

The Management Company shall be entitled to pay, out of its management fee, trailer fees to third parties duly appointed by the Management Company from time to time to market the Company's Shares.

The Company bears the cost of its initial formation expenses, including the cost of producing and printing the Prospectus, notary's fees, the cost of initial registration with administrative and stock market authorities, certificate printing costs and any other costs associated with the formation, launch or restructuring of the Company.

Fees and charges not attributable to a Sub-Fund will be allocated to the different Sub-Funds and pro-rated according to the NAV.

Sub-Funds will bear their own launch, liquidation and restructuring costs. Their formation expenses may be amortised over 5 (five) accounting years.

The Company will bear the cost of all operating expenses as set out in section "Determination of Net Asset Value".

### Determination of Net Asset Value

The Management Company oversees the calculation of the Net Asset Value per Share of the Sub-Funds.

The Net Asset Value per Share of each Sub-Fund will be determined on each Valuation Day at the Valuation Point or such other time as the Administrative Agent with the consent of the Management Company may determine in the Base Currency of the relevant Sub-Fund. It will be calculated by dividing the "Net Asset Value" of such Sub-Fund being the value of its assets less its liabilities (in accordance with the method of valuation of assets and liabilities as specified in the Articles of the Company and summarised below) by the numbers of Shares of such Sub-Fund then in issue. The Net Asset Value per Share shall be calculated to two (2) decimal places or where appropriate the nearest smallest unit of account of the relevant Base Currency or where appropriate the designated currency of the relevant Class of Shares except unless specifically listed in the Prospectus. Currently all Classes of Shares are calculated to two (2) decimal places.

Where there are Capitalisation Shares and/or more than one Class of Shares in a Sub-Fund, the Net Asset Value per Share of such type or Class may be adjusted to reflect

the capitalisation of income, the expenses, liabilities or assets attributable to such type or Class of Share (including the gains/losses on and costs of financial instruments employed for currency hedging between a Base Currency and a designated currency).

The method of establishing the value of any assets and liabilities of any Sub-Fund is set out in the Articles.

In particular, the Articles provide:

Valuation of the net assets in the different Sub-Funds or Share Classes of the Company shall be made as follows:

1. the Company's assets consist of:
  - a. all cash in hand or on receivable or on deposit, including interest due but not yet received and accrued interest on such deposits up to the Valuation Day;
  - b. all bills and demand notes and accounts receivable (including results of securities sold insofar as the proceeds have not yet been collected);
  - c. all securities, units, stocks, Shares/units in undertakings for collective investment ("UCI"), bonds, option or subscription rights and other investments and Transferable Securities owned by the Company;
  - d. any dividends and distributions receivable by the Company in the form of cash or securities to the extent the Company had knowledge thereon;
  - e. all interest accrued and not yet received and all interest produced until valuation day on securities owned by the Company, except where such interest is included in the principal amount of such assets;
  - f. all financial rights arising from the use of financial derivatives;
  - g. the preliminary expenses of the Company, insofar as they have not yet been amortised;
  - h. any other assets, of any kind of nature, including prepaid expenses.

The procedure for valuing the assets is as follows:

- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses and dividends and interests declared or accrued, but not yet received, shall be deemed to be the full value of such assets, unless it is unlikely that such values be received, in which case the value shall be determined after making such discount as the Company may consider appropriate to reflect the true value of these assets;
- valuation of securities listed on an official exchange

or dealt in/on another regulated market, which operates regularly and is recognized and open to the public, will normally be valued on the basis of the closing price or (if bid and offered quotations are made) the middle quotation price on such market for such amount and quantity of that investment as the Directors or their delegate considers to provide a fair criterion. Where such investment is listed or dealt in on more than one market the Directors or their delegate may in their absolute discretion select any one of such markets for the purposes of valuation. The relevant market shall be the one which constitutes the main market (or alternatively the one which the Directors or their delegate determines provides the fairest criteria for valuing an investment);

- if the closing or middle quotation price is not representative, the valuation shall be based on the probable realization value determined by or under the supervision of the Directors or their delegate with prudence and in good faith.

The Directors or their delegate may value the Investments

- (i) at market dealing bid prices where the value of all redemption requests received exceeds the value of all applications for Shares or at market dealing offer prices where the value of all applications for Shares received exceeds the value of all redemption requests, in each case in order to preserve the value of the Shares held by existing Shareholders;
- (ii) at bid and offer prices where a bid and offer value is used to determine the price at which Shares are issued and redeemed; or
- (iii) at mid prices;

provided in each case that the valuation policy selected by the Directors or their delegate shall be applied consistently with respect to each Sub-Fund for so long as the Sub-Fund operates on a going concern basis.

Securities not listed on an exchange or dealt in/on another regulated market which operates regularly and is recognized and open to the public shall be assessed on the basis of their probable realization value estimated with prudence and in good faith.

Securities denominated in a different currency than the Base Currency of a Sub-Fund or Share Class are converted into that currency using the rate of exchange that the Administrative Agent may consider appropriate.

Forward foreign exchange contracts will be valued by reference to freely available market quotations.

Shares or units in open-ended UCI shall be valued at their

last available calculated net asset value; by way of derogation from this rule, open-ended UCI that qualify as Exchanged Traded Sub-Funds (ETF) are valued at their closing stock market price or (if bid and offered quotations are made) the middle quotation price at the place where they are listed.

The value of any FDIs which are dealt in on an official stock exchange or dealt in/on another organised market shall be the settlement price as determined by the market in question, provided that where it is not the practice for the relevant market to quote a settlement price or such settlement price is not available for any reason, such value shall be the probable realization value estimated with care and in good faith by the Directors or their delegate.

The FDIs which are not listed on any official stock exchange or traded on any other organised market will be valued in accordance with market practice.

- a) Swaps will be valued at their fair value based on the underlying securities.
- b) Money Market Instruments will be valued at nominal value plus any accrued interest or on an amortised cost basis as determined by the Directors.
- c) In the event that the above mentioned calculation methods are inappropriate or misleading, the Directors may adjust the value of any investment or permit some other method of valuation to be used for the assets of the Company if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect the value of such investments more fairly.

In circumstances where the interests of the Company or its Shareholders so justify (avoidance of market timing practices, for example), the Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Company's assets.

- d) The Directors or their delegate adjust the value of any investment or other property or permit some other method of valuation to be used if having regard to currency, applicable rate of interest, maturity, marketability and such other considerations as the Directors or their delegate deems relevant, considers that such adjustment or other method of valuation is required to reflect more fairly the value of the investment or property.
2. The Company's liabilities are comprised of the following:
- a) all loans, matured bills and accounts payable;
  - b) all known liabilities, present or future, including all

- matured contractual obligations for payment in cash or in kind (including the amount of any unpaid dividends declared by the Company);
- c) all reserves, authorized or approved by the Directors, in particular those formed for covering potential depreciation on some of the Company's investments;
  - d) all other liabilities of the Company of whatever kind and nature, except those represented by the own resources of the Company. In determining the amount of such other liabilities, the Company shall take into account all expenses payable by the Company, which shall include, without limitation, the formation expenses and those of subsequent modifications of the Articles, the remuneration and expenses of its Directors, managers and officers, including their insurance coverage, fees and expenses payable to its investment advisers, investment managers, accountants, Depositary Banks and correspondents, domiciliary agents, paying agents or other agents and employees of the Company, as well as permanent representatives of the Company in the countries where the Company is subject to registration, the expenses for legal assistance and for auditing of the annual accounts of the Company, the costs of promoting, printing and publishing of the sales documents for the Shares, printing costs of annual and interim financial reports, the costs of the Shareholder meetings and of the Directors, reasonable travelling costs of Directors and managers, the Directors' fees, the costs of registration, all taxes and duties charged by government and stock exchange authorities, the costs of publication of the issue and repurchase price as well as any other operating expenses, including the financial costs, bank or brokerage charges incurred in purchase or sale of assets or otherwise, as well as any other administrative charges in relation with the activities of the Company. In determining the amount of such liabilities, the Company shall take into account administrative and other expenses of a regular or periodic nature; and/or
  - e) with respect to third parties, the assets of a Sub-Fund shall cover only such liabilities that can be attributed to the respective Sub-Fund. The assets, liabilities, charges and expenses which are not attributable to a particular Sub-Fund, shall be attributed to all the Sub-Funds in equal proportions or, as long as justified by the amounts concerned, proportionally to their respective net assets.
3. Any Share in the Company in the process of

redemption is deemed to be issued and outstanding until the close of business on the applicable Valuation Day for the redemption and the Company is under obligation to pay the stated redemption price from the close of business on the said day until payment is made.

Each Share issued by the Company in response to a subscription application is deemed to be issued as of the close of business of the Valuation Day of its issue price, and such price shall be considered as an amount to be received by the Company until the Company has received it.

4. Insofar as is possible, each investment or disinvestment made by the Company up until the Valuation Day shall be taken into account.

#### **Publication of Prices**

Except where the determination of the Net Asset Value of a Sub-Fund has been suspended as described under the heading "**Suspension of Net Asset Value Calculations and the Issuance or Redemption of Shares**", the subscription and redemption prices for each Sub-Fund will be available from the Administrative Agent and on [www.gam.com](http://www.gam.com). Please contact the Administrative Agent for definitive prices.

#### **Compulsory Redemption of Shares**

Where the Net Asset Value of the Company, Sub-Fund or Class shall be less than USD 50 million (or its foreign currency equivalent) the Directors, in conjunction with the Investment Manager, may determine in their absolute discretion that it is in the interests of the Shareholders in the Company, Sub-Fund or Class to compulsorily repurchase all the Shares in issue in the Company, Sub-Fund or Class. If the Directors so determine to compulsorily repurchase all the Shares in issue in the Company, Sub-Fund or Class, the Directors shall give notice of the compulsory repurchase to the Shareholders in the Company, Sub-Fund or Class and by such notice fix the date at which such compulsory repurchase is to take effect, which date shall be for such period after the service of such notice as the Directors shall at their absolute discretion determine.

If the Company becomes liable to account for tax in any jurisdiction in the event that a Shareholder or beneficial owner of a Share were to receive a distribution in respect of his/her Shares or to dispose (or deemed to have disposed) of his/her Shares in any way ("Chargeable Event"), the Company shall be entitled to deduct from the payment giving rise to a Chargeable Event an amount equal to the appropriate tax and/or where applicable, to appropriate, cancel or compulsorily redeem such number of Shares held by the Shareholder or such beneficial owner

as are required to meet the amount of tax.

### **Suspension of Net Asset Value Calculations and the Issuance or Redemption of Shares**

The Directors are, in the following cases, authorised temporarily to suspend the calculation of Net Asset Values of one or more Sub-Funds of the Company and the issuance, redemption and conversion of corresponding Shares:

- a) during any period when any of the principal markets or stock exchanges, on which a substantial part of the investments of a Sub-Fund is quoted from time to time, is closed for periods other than regular holidays, or when trading on such markets is subject to major restrictions, or suspended;
- b) when a political, economic, military, monetary, social situation, or any event of force majeure beyond the responsibility or the influence of the Company, makes the disposal of its assets impossible under reasonable and normal conditions, without being seriously prejudicial to the interests of the Shareholders;
- c) in case of any disruption of the communication networks usually used to determine the value of any of the investments of a Sub-Fund, or the current price on any market or stock exchange;
- d) when, owing to restrictions on exchange or capital movements, transactions for account of a Sub-Fund become impracticable, or when purchase or sales transactions involving the assets of the Sub-Fund cannot be executed at normal exchange rates;
- e) if, owing to unforeseeable circumstances, substantial repurchase applications have been received and as a result the Directors considers that the interests of the Shareholders remaining in a Sub-Fund are at risk;
- f) in the event of a merger of a Sub-Fund with another Sub-Fund or with another UCITS (or a sub-fund thereof), provided that this appears justified to protect the Shareholders;
- g) as soon as a general meeting is called to propose the dissolution of the Company.

Where exceptional circumstances may adversely affect Shareholders' interests, or when an application is made to redeem or convert an amount superior to 10% of a Sub-Fund's assets on a Valuation Day, the Company's Directors reserve the right to determine the value of the

Share only after it has proceeded with the corresponding necessary disposal of securities on behalf of the relevant Sub-Fund. In such cases, any applications to subscribe, redeem or convert Shares in progress shall be handled on the basis of the resulting net asset value calculation.

Furthermore, the redemption requests presented may be reduced and postponed proportionally so as to reduce the number of Shares redeemed on such day as decided by the Directors. Any redemption request thus deferred will have priority over the redemption requests received on the following Valuation Day.

Sub-Fund subscribers and Shareholders submitting Shares for redemption or conversion are to be notified if calculation of the NAV is being suspended.

Pending subscription, conversion and repurchase requests may be withdrawn in writing insofar as notification thereon be received by the Company before the end of the suspension. Pending subscriptions, redemptions and conversions shall be taken into consideration on the first Valuation Day immediately following the end of the suspension.

#### **Market Timing and Frequent Trading Policy**

The Company does not knowingly allow dealing activity which is associated with market timing or frequent trading practices, as such practices may adversely affect the interests of all Shareholders.

Market timing is held to mean subscriptions into, switches between, or redemptions from the various Classes of Shares that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities. Frequent trading is held to mean subscriptions into, switches between or redemptions from the various Classes of Shares that by virtue of their frequency or size cause any Sub-Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the Sub-Fund's other Shareholders and also may interfere with the efficient management of the Sub-Fund's portfolio.

Accordingly, the Directors may, whenever deemed appropriate, implement either one, or both, of the following measures:

1. The Directors or their delegate may monitor Shareholder account activity in order to detect and prevent such practices and reserve the right to reject any application for switching and/or subscription of Shares from investors whom the Directors consider to be market timing or frequent trading.
2. If a Sub-Fund is invested in markets which are closed for business at the time the Sub-Fund is

valued, the Directors may, using the provisions above stated in "Determination of Net Asset Value", allow for the Net Asset Value per Share to be adjusted to reflect more accurately the fair value of the Sub-Fund's investments at the point of valuation. Where an adjustment is made as per the foregoing, it will be applied consistently to all

Classes of Shares in the same Sub-Fund.

## Appendix I

### General Information

#### General Meetings of Shareholders

The General Meeting of Shareholders is held each year at the Company's registered office or at any other location in Luxembourg specified in the notification.

The annual General Meeting takes place at 10.30 am on the 20 April of each year. If such a day is a bank holiday in Luxembourg, the ordinary General Meeting shall be held on the next following banking Business Day in Luxembourg.

Moreover, holders of Shares in each Sub-Fund may be convened for a separate General Meeting. They will deliberate and take decisions on matters not requiring any change in the Articles, e.g. the appropriation of the Company's annual surplus, subject to the conditions for representation and majority laid down by the current legislation.

Notification of General Meetings is sent to all registered Shareholders at their address such as it appears on the register of Shareholders at least eight (8) days before the General Meeting.

Announcements are published to the extent required by Luxembourg law, in the RESA and a Luxembourg newspaper and in any other newspaper which the Directors considers necessary. The notifications are to indicate the time and place of the General Meeting and the terms of admission, the agenda and the required quorum and majority under Luxembourg law.

Any changes to the Articles, which alters the rights of a Sub-Fund, must be approved by a decision of the General Meeting of the Sub-Fund and the General Meeting of the Shareholders of the relevant Sub-Fund.

#### Winding up of the Company

The necessary conditions for winding up the Company are those specified by the 2010 Law as well as the 1915 Law.

Where the Share capital of the Company falls to below two thirds of the required minimum capital, the directors are required to put the question of the winding up of the Company to a General Meeting which is to debate the matter without any conditions of Shareholder representation and decide by a simple majority of the Shares represented at the meeting.

If the Company's Share capital falls to less than a quarter of the minimum capital, the directors are required, without any conditions for Shareholder representation, to ask the General Meeting if the Company should be wound up; the winding-up of the Company can be pronounced by Shareholders accounting for a quarter of the Shares

represented at the meeting.

Notification of the meeting must be given such that the General Meeting takes place within 40 days of the date when the net assets are discovered to be less than two thirds or a quarter respectively of the minimum capital. Moreover, the Company can be wound up by a General Meeting decision on the basis of the statutory rules governing this question. Subscription applications and redemption and conversion requests will be handled until the announcement of a General Meeting to debate the winding-up of the Company is published.

The decisions taken by the General Meeting or court to wind up and liquidate the Company are to be published in the RESA and in two newspapers with a sufficient circulation, including at least one Luxembourg newspaper. These announcements are to be made on the initiative of the official liquidator(s).

The winding-up of the Company, if decided, will be carried out according to the provisions of the 2010 Law together with the provisions of the 1915 Law and by one or more official liquidators appointed in conformity with the Company's Articles. The net proceeds of winding up will be distributed among Shareholders according to the proportion of Shares that they hold.

Any amounts not claimed by Shareholders after liquidation is completed will be deposited with the Caisse de Consignation in Luxembourg. The deposited amounts will cease to be available for withdrawal after thirty (30) years have elapsed.

#### Winding up and Merging Sub-Funds

The Directors may close down one or more Sub-Funds if, in their opinion, major political or economic changes make this necessary or if any Sub-Fund's net assets fall below CHF 50,000,000.00 – or its foreign currency equivalent – for a period of at least sixty (60) days or if it is in the Shareholders' interest.

The issuance, conversion and redemption of Shares will be suspended as soon as the decision is taken to wind up the Sub-Fund in question.

Capitalised formation costs are to be amortised in full as soon as it is decided to wind up a Sub-Fund. The liquidation proceeds are to be distributed among the Shareholders in the same proportion as the number of Shares held. Any amounts not claimed by Shareholders or their rightful beneficiaries after the Sub-Fund(s) is(are) wound up will be held with a depositary bank for a period not exceeding six (6) months starting on that date. The assets will then be deposited with the Caisse de Consignation in Luxembourg once this period has elapsed.



In case of circumstances arising which would give reason to a liquidation of a Sub-Fund (as described above), the Directors may also decide on the closing of one or several Sub-Funds through a merger with one or several other Sub-Funds in the Company (merger) or in another UCI governed by the UCITS Directive.

A merger resolved by the Directors shall be conducted in accordance with the provisions of Chapter 8 of the 2010 Law.

However, for any merger where the Company would cease to exist, the merger must be decided by a meeting of Shareholders of the Company deciding in accordance with the quorum and majority requirements provided by law.

During at least thirty (30) days from the date of notification of the Shareholders of the decision to merge, the Shareholders of the Sub-Fund(s) concerned may request the repurchase of their Shares free of charge. At the expiration of this period, the decision to merge shall be binding on all the Shareholders who have not taken advantage of the aforementioned possibility. The above-mentioned time-limit shall end five (5) Business Days before the Valuation Day determining for the merger.

## Miscellaneous

### Financial notices

Financial notices are also to be published in the countries where the Sub-Fund is registered for distribution to the extent required by local law and regulations; in the case of the Grand Duchy of Luxembourg, this is in the Luxemburger Wort.

### Financial year and reports to Shareholders

The Financial Year starts on 1 January and ends on 31 December.

Each year, the Company publishes a detailed report on the activity and management of its assets, including the balance sheet and profit & loss account, a detailed schedule of assets and the auditors' report.

In addition, the Company publishes a report at the end of each six-month period giving a breakdown of the portfolio, the number of outstanding Shares, and the number of Shares issued and redeemed since the previous report.

### Documents for Inspection at the Company's registered office / Complaints

The public can consult a copy of the Company's Articles and the agreements to which the Company is a party. Annual and half-yearly reports can be consulted by the public free of charge for a period of ten (10) years.

Also, if an investor should have a complaint, this may be submitted in writing to the Company's and Management Company's registered office at 25, Grand-Rue, L-

1661 Luxembourg.

### Data Protection Information

Prospective investors should note that by completing the application form they are providing information to the Company, which may constitute personal data within the meaning of the Data Protection Acts in Luxembourg. This data will be used for the purposes of client identification and the subscription process, administration, transfer agency, statistical analysis, market research and to comply with any applicable legal or regulatory requirements, disclosure to the Company (its delegates and agents) and, if an applicant's consent is given, for direct marketing purposes.

Data may be disclosed to third parties including:

- (a) regulatory bodies, tax authorities; and
- (b) delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA which may not have the same data protection laws as in Luxembourg) for the purposes specified. For the avoidance of doubt, each service provider to the Company (including the Manager, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies) may exchange the personal data, or information about the investors in the Company, which is held by it with another service provider to the Company.

Personal data will be obtained, held, used, disclosed and processed for any one of more of the purposes set out in the application form. Personal data will not be kept longer than necessary for the purpose of processing, subject to the applicable minimum legal requirements.

Investors have a right to obtain a copy of their personal data kept by the Company and the right to rectify any inaccuracies in personal data held by the Company. Pursuant the General Data Protection Regulation (EU 2016/679) comes into effect, investors will also have a right to be forgotten and a right to restrict or object to processing in a number of circumstances. In certain limited circumstances, a right to data portability may apply. Where investors give consent to the processing of personal data, this consent may be withdrawn at any time.

### Beneficial Ownership

The Company may also request such information (including by means of statutory notices) as may be required for the maintenance of the Company's beneficial ownership register (the "RBE") in accordance with the law of 13 January 2019 establishing the register of beneficial owners (the "RBE Law"), as well as the related Grand-Ducal

Regulations and the related CSSF Regulations and Circulars, as amended from time to time, and in accordance with the Luxembourg law of 12 November 2004 on the fight against money laundering. Such information includes, but is not limited to, first name, last name, nationality, country of residence, home or business address, national identification number and information regarding the nature and extent of the beneficial ownership held by each beneficial owner in the Company. The Company is further required, among other things, (i) to make such information available upon request to certain Luxembourg national authorities (including the CSSF, the *Commissariat aux Assurances*, the *Cellule de Renseignement Financier*, the Luxembourg tax authorities and other national authorities) and (ii) to register such information in a publicly accessible central RBE.

In accordance with the RBE Law, it is an offence for a beneficial owner to fail to fulfil his obligation to inform the Company of his status as beneficial owner. It is further an offence for the Company to (i) fail to comply with the terms of a beneficial ownership notice or (ii) provide materially false information in response to such a notice or (iii) fail to obtain and store, at the place of its registered office, all the relevant information.

Further details on the purposes of this processing, the various functions of the recipients of the investor's personal data, the categories of personal data concerned and the rights of the investor in relation to these personal data and any other information required under the Data Protection Act can be found in the privacy policy, which can be found at the following link: <https://www.gam.com/de/legal/privacy-policy>.

## Appendix II

### Tax Treatment

#### Taxation of the Company

##### Luxembourg

The following summary is based on the law and the practices currently valid and applied in the Grand Duchy of Luxembourg, which are subject to alteration in the course of time.

The Company is subject to Luxembourg tax jurisdiction. Under Luxembourg law and according to current practice, the Company is not subject to income tax or to any tax on capital gains in respect of realised or unrealised valuation profits. No taxes are payable in Luxembourg on the issue of Shares, neither are distributions carried out by the Company currently subject to Luxembourg withholding tax.

In Luxembourg, the Company is, however, subject to an annual levy of 0.05% of NAV. The rate at which this levy is charged can be reduced to 0.01% of the NAV of Sub-Funds and Classes the assets of which are exclusively held by institutional investors within the meaning of Luxembourg tax legislation. The institutional investor classification is based on the Company's interpretation of the current legal situation, which may change and result in a duty of 0.05% being applied, even with retrospective effect. The tax is payable quarterly on the basis of the relevant Sub-Fund's NAV calculated at the end of the quarter to which the levy applies.

##### Belgium

The Company is subject to a net asset tax ("NAT") in Belgium for Sub-funds that are registered for distribution in Belgium with the local supervisory authority, the "Autorité des services et marchés financiers". Currently, the NAT is 0.0925% levied on the portion of the net asset value of the relevant Sub-fund and Class which as at 31 December of each calendar year was actively placed to Belgian residents by Belgian financial intermediaries.

##### Withholding Tax on Investments

Capital gains and income from dividends, interest and interest payments which the Company generates from its investments in other countries may be subject to different levels of non-recoverable withholding tax or capital gains tax at different rate levels in those countries.

It is often not possible for the Company to take advantage of tax breaks due to existing double taxation agreements between Luxembourg and these countries or because of local regulations. Should this situation change in future and a lower tax rate result in tax refunds to the Company, the net asset value of the Company as at the original time the tax was withheld will not be recalculated; instead the repayments will be made indirectly pro rata to the existing

Shareholders at the time the refund is made.

#### Taxation of Shareholders

##### General

Under current legislation and except for Shareholders domiciled, resident or having a permanent establishment in Luxembourg and certain ex-residents of Luxembourg who own more than 10% of the Company's Share capital, Shareholders are subject neither to any tax on capital gains, income, transfer nor to any withholding tax.

The aforesaid rules are based on current legislation and practices and are subject to alteration.

##### Automatic Exchange of Information

Many countries, including Luxembourg and Switzerland, have already concluded agreements on the automatic exchange of information (AEOI) with regard to taxation or are considering concluding such agreements. To this end, a reporting standard has been coordinated within the OECD. This so-called common reporting standard (CRS) forms the framework for the exchange of financial information in the field of taxation between countries.

CRS obliges financial institutions to gather and, as the case may be, report information on financial assets which is kept under custody or administered across the border for taxpayers from countries and territories which participate in the AEOI. This information will be exchanged between the participating countries' tax authorities.

The member countries of the European Union have decided to implement the AEOI and CRS within the EU by means of Directive 2014/107/EU of the Council of 9 December 2014 amending Directive 2011/16/EU with regard to the mandatory automatic exchange of information in the field of taxation.

Luxembourg has transposed the Directive 2014/107/EU by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "Financial Accounts Information Exchange Law") and substantial by further regulations. Accordingly, from 2016 on, in-scope Luxembourg financial institutions collected certain investor information relating to the financial accounts of affected investors (as well as, as the case may be, relating to persons controlling account holders) and, from 2017, began reporting this information relating to the reportable accounts to Luxembourg tax authorities. These reports will be transferred by the Luxembourg tax authorities to certain foreign tax authorities, in particular within the EU.

The Board of Directors considers the Company and its shareholders to be subject to the Financial Accounts Information Exchange Law in Luxembourg and accordingly classified the Company as Reporting Financial Institution

(investment entity). Therefore, the Company gathers and, as the case may be, reports information relating to account holders pursuant to the principles laid down above.

The Company reserves the right to refuse applications for the subscription of Shares or to impose a compulsory redemption of Shares if the information provided by the applicant or Shareholder does not meet the requirements of the Directive 2014/107/EU respectively the Financial Accounts Information Exchange Law. To fulfil its obligations in Luxembourg under the Financial Accounts Information Exchange Law respectively the Directive 2014/107/EU, the Company, the Management Company, the Registrar and Transfer Agent or the nominees may require depending on the circumstances, additional information of the investors in order to comply or dispense with their fiscal identification and, as the case may be, reporting duties.

Applicants and investors are made aware of the Company's duty to transmit information on reportable accounts and their holders as well as, as the case may be, of controlling individuals to the Luxembourg tax authorities, which, depending on the circumstances, may forward this information to certain tax authorities in other countries with which a treaty on the automatic exchange of information has been concluded.

The scope and application of the AEOI or CRS may vary from country to country and the applicable rules may change. It is the responsibility of investors to seek advice on taxes and other consequences (including regarding tax information exchange) which may result from the subscription, ownership, return (redemption), switching and transfer of Shares, as well as distribution, including any regulations regarding the control on the movement of capital.

#### **FATCA**

The UNITED STATES OF AMERICA ("US") have introduced the FOREIGN ACCOUNT TAX COMPLIANCE ACT ("**FATCA**") to obtain information with respect to foreign financial accounts and investments beneficially owned by certain US taxpayers.

In regards to the implementation of FATCA in Luxembourg, the Grand Duchy of Luxembourg has signed a Model 1 intergovernmental agreement with the US on 28 March 2014 (the "**Lux IGA**"), which has been transposed into Luxembourg legislation according to the terms of the Law of 24 July 2015 ("**Lux IGA Legislation**"). Under the terms of the Lux IGA, a Luxembourg resident financial institution ("Lux FI") will be obliged to comply with the provisions of the Lux IGA Legislation, rather than directly complying with the US Treasury Regulations implementing FATCA. A Lux FI that complies with the requirements of the Lux IGA Legislation will be treated as compliant with FATCA and, as

a result, will not be subject to withholding tax under FATCA ("FATCA Withholding"), provided the Lux FI properly certifies its FATCA status towards withholding agents.

The Board of Directors considered the Company to be a Lux FI that will need to comply with the requirements of the Lux IGA Legislation and classified the Company (including its Sub-funds) as a Sponsored Investment Entity under the Lux IGA. Sponsored Investment Entities qualify for a deemed-compliant status and constitute a Non-Reporting Lux FI under the Lux IGA.

For Sponsorship purposes under the Lux IGA, the Company appointed the Registrar and Transfer Agent as Sponsoring Entity, which registered in this capacity on the FATCA online registration portal of the US Internal Revenue Service ("IRS") and agreed to perform the due diligence, withholding, and reporting obligations on behalf of the Company ("Sponsoring Entity Service").

As determined in the Lux IGA, the Company retains the ultimately responsibility for ensuring that it complies with its obligations under the Lux IGA Legislation, notwithstanding the appointment of the Registrar and Transfer Agent to act as Sponsoring Entity to the Company.

Under the Lux IGA Legislation, the Registrar and Transfer Agent will be required to report to the Luxembourg Tax Authority certain holdings by and payments made to certain direct and indirect US investors in the Company, as well as investors that do not comply with the terms of FATCA or with an applicable Intergovernmental Agreement, on or after 1 July 2014 and under the terms of the Lux IGA, such information will be onward reported by the Luxembourg Tax Authority to the IRS.

Investors not holding investments in the Company directly as shareholders (i.e. legal holder of records) but via one or several nominees, including but not limited to distributors, platforms, depositaries and other financial intermediaries ("**Nominees**"), should inquire with such Nominees in regard to their FATCA compliance in order to avoid suffering from FATCA information reporting and/ or potentially withholding.

Pursuant to their obligations under FATCA or under an applicable Intergovernmental Agreement with the US, the Company, the Management Company, the Registrar and Transfer Agent or the Nominees may request additional information from investors to, for example, either comply with FATCA information disclosure requirements and/or potential withholding or else abstain from action.

The Company reserves the right to refuse applications for the subscription of Shares or to impose a compulsory redemption of Shares if the information provided by the applicant or Shareholder does not meet the requirements

of the Company for the fulfilment of its obligations under the Lux IGA or the Lux IGA regulations.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the applicable Intergovernmental Agreements may vary from country to country and is subject to review by the US, Luxembourg and other countries, and the applicable rules may change. Investors should contact their own tax or legal advisers regarding the application of FATCA to their particular circumstances.

**Risks associated with specific taxation requirements in other countries**

The Company may provide relevant tax information for some Classes of the relevant Sub-Funds in such countries as Germany, Austria and Switzerland. Although there is no legal obligation for the Company to provide such tax reporting, any such information provided by the Company will be calculated based on the information and requirements known at the time of reporting. The Company does not guarantee that such information would not be subject to change due to new requirements or interpretation by the respective tax authorities in the relevant jurisdictions, even with retrospective effect.

Furthermore the Company may need to provide documentation to the relevant fiscal authorities upon request e.g. in order to verify the accuracy of the published tax information. As the basis upon which such figures are calculated may be open to interpretation, it cannot be guaranteed that the relevant fiscal authorities will accept the Company's calculation methodology in every material aspect. If it transpires that the relevant fiscal authorities do not agree with the Company's calculation methodology then any correction will, as a general rule, not have retrospective effect and will only take effect during the current Financial Year.

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

## GAM Star (Lux) – Merger Arbitrage

### Supplement 1

**This Supplement forms part of the Prospectus dated 1 January 2022 for GAM Star (Lux) SICAV and should be read in conjunction with that Prospectus.**

#### 1. Investment Objectives and Policy

The investment objective of the Sub-Fund is to outperform the relevant Risk-Free Rate over time with low correlation to movements of the equity markets generally.

The Sub-Fund aims to achieve this objective by investing principally in shares of companies that are involved in merger activity, takeovers, tender offers, spinoffs, squeeze outs, majority or minority purchases, asset sales. To a lesser extent, the Fund may invest in shares of companies whose prices may be impacted by their addition or removal to/from equity indices. The Fund may also invest in shares of companies, whose prices may be impacted by arbitrages of different nature, including their addition or removal to/from equity indices.

The core investment strategy of the Sub-Fund will be one of low risk merger arbitrage, which attempts to capture a spread between the price at which a company (the target) trades after a transaction is announced and the price at which an acquiring company (the acquirer) has announced it will pay for that target. The spread between these two prices exists due to the uncertainty that the transaction will close on the same economic terms as announced. The size of the spread itself will depend on the perceived risk of the deal closing as well as the length of time expected until the deal is completed. The spread is higher if the proposed transaction is less likely to succeed.

The Investment Manager capitalises on the strategy by taking long positions in equities either through direct investment or via derivatives (as described below) and/or by taking long or short positions via derivatives (as described below) in the companies that are subject to merger activity, takeovers, tender offers spinoffs or other corporate activities.

The Sub-Fund is not subject to any geographic or market capitalisation restrictions, however, in structuring the portfolio, the Investment Manager seeks opportunities in developed markets principally and focuses on friendly transactions where the company being acquired approves of the buyout. The percentage of net assets of the Fund which are allocated to different countries and different economic sectors is driven by the flow of new corporate transactions. In addition, for the sake of investment liquidity, there is particular emphasis on companies with a market capitalization of over USD 200 million.

When implementing the investment policy, the Company

will only invest in assets permissible under Article 41 paragraph 1 of the 2010 Law and which are in accordance with all ordinances enacted and supervisory circulars issued thereupon.

The main types of transactions in which the Sub-Fund will engage are;

- (i) **Cash Offers:** The Investment Manager aims to profit from the price differential that normally exists between the market price of the security after the announcement of a cash offer and the expected value at closing of a deal. The Investment Manager may do this by buying the target company stock and then tendering the shares to the acquirer for cash, thus locking in the difference between the price purchased at and the transaction price. The Investment Manager may purchase put options on the target's shares as a hedge against a drop in value if the deal breaks. Put options permit the Investment Manager to sell the target's shares at a pre-determined price within a specific timeframe which should reduce the likelihood of having to sell the shares of the target at a loss.
- (ii) **Share Offers:** In transactions involving a share offer the acquirer proposes to purchase the target by exchanging its own shares for the shares of the target at a pre-defined ratio. The Investment Manager may buy the target's shares and generate a short position in the acquirer's shares through the use of contracts for differences ("CFD"), single stock futures, put options or total return swaps, taking the defined exchange ratio into account. The short position in the acquirer's shares aims to hedge the portfolio against moves in the price of the acquirer's shares by selling the target shares at a pre-determined price which should reduce the likelihood of having to sell the shares of the target at a loss.
- (iii) **Cash and Share Offers:** In a cash and share offer, the acquirer proposes to purchase the target by exchanging its own shares and a certain amount of cash for the shares of the target at a pre-defined ratio. The Investment Manager may generate a short position in the acquiring company shares through the use of CFDs, single stock futures, put options or total return swaps and purchase the shares of the target company, taking (i) the defined exchange ratio and (ii) the proration of cash and shares into account. The short position in the acquirer's shares aims to hedge the portfolio against moves in the price of the acquirer's shares by selling the target shares at a pre-determined price which should reduce the likelihood of having to sell the shares of the target at a loss.

In order to pursue the investment strategy, the Sub-Fund will take long positions in relation to the target company and will hold synthetic short positions in the acquiring company.

Consequently the Sub-Fund may invest directly in equities and equity related securities such as American Depositary Receipts, Global Depositary Receipts and International Depositary Receipts which are listed or dealt on any Regulated Market worldwide. These are typically issued by a bank or trust company that evidence ownership of underlying securities issued by a foreign corporation.

The Sub-Fund may also take long exposure to equities and equity related securities through the use of the following derivative instruments: (i) options (ii) single stock futures (iii) CFDs and (iv) total return swaps. Such derivatives will be entered into where the Investment Manager considers that such instruments are more appropriate or cost effective in accessing the relevant underlying equities and or in limiting downside risk. For the same reason the Sub-Fund may also take long exposure to equities through the use of convertible bonds.

The Sub-Fund may take short positions in the acquiring company where the transaction involves the transfer of securities of the company involved. Short positions will be implemented through the use of the following derivative instruments: (i) options, (ii) single stock futures (iii) CFDs and (iv) total return swaps.

The Investment Manager may also sell options in circumstances where it believes speculation has resulted in overvaluation of an option, making its sale attractive from a risk/ reward perspective.

In order to increase portfolio diversification, the Investment Manager may also consider other arbitrage opportunities, including those arising from equity indices reviews which lead to addition or removal of companies, with subsequent price impacts on their shares.

The Sub-Fund may take long positions in the shares of companies added to equity indices and short positions in the shares of companies removed from equity indices, while hedging against equity market movements through holding opposite positions in equity market indices via derivatives listed above.

The Sub-Fund may participate in secondary placements of shares at a discount to the market price or it may seek arbitrage opportunities across different share classes of the same company, dual listings of the same company or the holding structure of a company.

Further information relating to investment by the Sub-Fund in financial indices is contained at the section of the Prospectus entitled "Investments in Financial Indices".

The total net long position in the instruments outlined above is not expected to exceed 250% of the Net Asset Value of the Sub-Fund, and the total net short position in such instruments is not expected to exceed 100% of the Net Asset Value of the Sub-Fund when calculated using the Commitment Approach. This methodology is distinct from the "sum of the notionals" methodology which is used to calculate the extent to which the Sub-Fund may be leveraged, as detailed below in the section entitled "Global Exposure and Leverage".

Any leverage created through short synthetic exposure will be measured and will be added to any exposure created through the use of long financial derivative instruments. The synthetic shorting of derivatives involves the risk of a theoretically unlimited increase in the market price of underlying positions and therefore the risk of unlimited loss.

The Sub-Fund may also, in the appropriate circumstances, retain or move to up to 49% of its net assets in (i) deposits, Government debt securities and Money Market Instruments, (ii) corporate debt securities with investment grade rating and/or (iii) securities issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members, and which are set out in the "Investment Restrictions" section of the Prospectus. Such circumstances include where market conditions may require a defensive investment strategy, the holding of cash on deposit pending reinvestment, the holding of cash in order to meet redemptions and payment of expenses or in order to support derivative exposure or in any other extraordinary market circumstances such as a market crash or major crises which in the reasonable opinion of the Investment Manager would be likely to have a significant detrimental effect on the performance of the Sub-Fund.

Currency exposure generated through investment in assets which are denominated in currencies other than the Base Currency is generally hedged through the use of currency forwards and currency swaps (as described in greater detail below under "Derivatives").

### **Investment Strategy**

The investment strategy of the Sub-Fund focuses on low-risk arbitrage opportunities. The Investment Manager's approach is opportunistic and flexible and adapts to the market environment. In implementing the investment strategy of the Sub-Fund, the Investment Manager uses a disciplined and transparent investment process based on a bottom up systematic approach to identify corporate transactions to be included in the portfolio from the whole universe of announced transactions. The screening encompasses an evaluation of the downside/upside potential as well as the probability of completion of each transaction in order to calculate the expected return.

## Derivatives

As more fully described under the heading “Investment Restrictions” in the Prospectus, the Sub-Fund may use the following derivatives for investment purposes and/or efficient portfolio management purposes (being (i) the reduction of risk, (ii) the reduction of cost or (iii) the generation of additional capital or income for the Sub-Fund with a level which is consistent with its risk profile).

The derivative instruments which may be held by the Sub-Fund comprise of currency forwards, currency swaps, futures, call and put options (including stock options and index options), contracts for difference and total return swaps. The derivatives listed below are used to obtain long or short exposure to the underlying assets listed above in order to seek to achieve the investment objective of the Sub-Fund.

The Sub-Fund shall enter into certain currency related transactions in order to hedge the currency exposure of the classes denominated in a currency other than the Base Currency, as described in the section of the Prospectus entitled “Share Currency Designation Risk”.

Derivatives may be traded over-the-counter or on a Regulated Market.

**Currency Forwards and Currency Swaps:** These may be used for hedging purposes and to (a) hedge the designated currency of the assets of the Sub-Fund to the Base Currency of the Sub-Fund; (b) mitigate the exchange rate risk between the Base Currency of the Sub-Fund and the currency in which Shares in a class in the Sub-Fund are designated where that designated currency is different to the Base Currency of the Sub-Fund; or (c) hedge the currency of denomination of the assets of the Sub-Fund attributable to a particular class into the designated currency of that class where the currency of denomination is different to the designated currency of the class.

**Futures Contracts and Options on Futures Contracts:** The Sub-Fund may purchase and sell various kinds of futures contracts, including indices and single stock futures, and purchase and write call and put options on any of such futures contracts in order to seek to increase total return by exposure to, or, in order to seek to hedge against securities prices, other investment prices dividend payments or index prices. Any securities to which exposure is obtained through futures and/or options will be consistent with the investment policies of the Sub-Fund. The Sub-Fund may also enter into closing purchase and sale transactions with respect to any of such contracts and options. Futures contracts involve brokerage costs and require margin deposits.

**Options:** The Sub-Fund may write and purchase call and put options on any security, futures contractor index

composed of asset classes consistent with the investment policies of the Sub-Fund. The writing and purchase of options is a highly specialised activity which involves special investment risks. Options may be used for either hedging or cross-hedging purposes, or to seek to increase total return (which is considered a speculative activity). Cross-hedging strategies involve entering into a derivative contract on a security which is not necessarily held by the Sub-Fund but whose underlying security is closely correlated to either another derivative position already held by the Sub-Fund itself, thereby providing protection against exposure generated by the original derivative position. The Sub-Fund pays brokerage commissions or spreads in connection with its options transactions. The Sub-Fund may purchase and write both options that are traded on options exchanges, and options traded over-the-counter with broker-dealers who make markets in these options and who are financial institutions and other eligible parties that are participants in the over-the-counter markets. The ability to terminate over-the-counter options is more limited than with exchange-traded options and may involve the risk that broker-dealers participating in such transactions will not fulfil their obligations.

**Contracts for Difference:** CFD may be used for hedging purposes by the Investment Manager to hedge positions held by the Sub-Fund in certain corporate transactions like Share Offers or Cash and Share Offers (as described above). CFD may also be used for investment purposes to allow the Investment Manager to speculate on price movements of equities held by the Sub-Fund and to benefit from trading shares or indices, without the need for ownership of the shares or indices at a small percentage of the cost of owning the shares or indices. As CFD are directly linked to the value of the underlying assets, they will fluctuate depending on the market of the assets represented in the contract. CFD will only be used by the Sub-Fund to gain exposure to assets consistent with the investment policies of the Sub-Fund.

The use of derivative instruments for the purposes outlined above may expose the Sub-Fund to the risks disclosed under the heading “Risk Factors”.

**Total Return Swaps:** The Sub-Fund may also enter into total return swaps. These may be used to gain exposure to markets which are not easily accessible whereby cost effective exposure via the total return swap is offered to the underlying securities. 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. Any assets to be received by the Sub-Fund will be consistent with the investment policies of the Sub-Fund. Where the Sub-Fund enters into a total return



swap on a net basis, the two payment streams are netted out, with the Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments.

Further information relating to total return swaps is contained at the section of the Prospectus entitled "Financial Derivative Instruments".

### **Global Exposure and Leverage**

The use of derivatives will give rise to an additional leveraged exposure.

Under normal market conditions, the Sub-Fund envisages employing leverage of 500% of the Net Asset Value of the Sub-Fund, however it may exceed or fall below this target level at times.

This leverage figure is calculated using the sum of the notional amounts of the derivatives. This calculation does not take into account any netting and hedging arrangements that the Sub-Fund has in place at any time.

Pursuant to the section heading "Investment Restrictions" and sub-heading "Financial Derivative Instruments", the Sub-Fund will use the Absolute VaR model as part of its risk management process and adhere to the limits applicable to the Absolute VaR model set out in that section. The Absolute VaR of the Sub-Fund calculated daily, measured with a one-tailed 99% confidence level, a 20 day holding period and a historical observation period of not less than one year is limited to 20% of Net Asset Value of the Sub-Fund. This does not mean that losses cannot exceed 20% of Net Asset Value of the Sub-Fund, rather that one would only expect losses to exceed 20% of the Net Asset Value of the Sub-Fund 1% of the time assuming that positions were held for 20 days.

As the VaR approach is based on an historical observation period, the VaR result may be biased if abnormal market conditions are prevalent or are omitted from the historical observation period.

### **2. Investment Restrictions**

The Sub-Fund's general investment restrictions are as set out in the Prospectus under the heading "Investment Restrictions".

If the Sub-Fund invests in interest-bearing securities ("bonds") these require a minimum rating of B- (Standard & Poor's or Fitch) or B3 (Moody's) or a corresponding rating from another rating agency is available at the time of acquisition. Interest-bearing securities that are not rated may be acquired if the Investment Manager believes that they are of comparable quality.

Furthermore, the Sub-Fund is not permitted to invest in Asset-Backed Securities (ABS), Mortgage Backed Securities (MBS), Asset Backed Commercial Papers,

Collateralized Debt Obligations, Collateralized Mortgage Obligations, Collateralized Bond Obligations and Collateralized Loan Obligations.

Notwithstanding anything to the contrary in the Prospectus and the above provisions relating to the investment objectives and policy of the Sub-Fund, in order for the Sub-Fund to qualify as equity fund according to the German Investment Tax Act 2018 ("GITA 2018" as may be amended), the Sub-Fund will ensure that at least 51% of its net assets are continuously invested in qualifying shares consistent with the investment objectives and policy of the Sub-Fund as long as the Sub-Fund needs to comply with such provisions. The actual equity participation rates (as defined by the GITA 2018) of target investment funds can be taken into account.

### **3. Risk Factors**

In addition to the particular risks outlined below, potential investors' attention is drawn to the heading "Risk Factors" in the Prospectus which should be considered before investing in the Sub-Fund.

#### **Merger Arbitrage Risk**

Where the Investment Manager aims to identify publically announced merger and acquisition transactions and other events with a high probability of completion, there is no guarantee that they will close or happen. In the event that a transaction selected by the Investment Manager does not go through, the Sub-Fund may suffer losses.

#### **Sustainability risks**

The investments of the Sub-fund are subject to sustainability risk, as outlined and defined under the Sustainable Finance Disclosure Regulation section of the Prospectus.

The value of equity securities is tied to the context and performance of the respective issuer, which is likely to be impacted by changes in ESG conditions. The Sub-Fund has been determined to have a sustainability risk rating of HIGH.

The sustainability risk of financial derivative instruments will be assessed based upon analysis of the assets underlying the derivative.

The assessment of sustainability risk is integrated into the investment process of the Sub-Fund, and shall be conducted periodically on an individual basis for all investments held in the portfolio.

When conducting a sustainability risk assessment, the Investment Manager may utilize whatever public information they consider relevant, including but not limited

to documentation released by investee entities or external data vendors, and credit ratings (where appropriate).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

#### 4. Base Currency

Euro

#### 5. Dealing Day

Every Business Day

#### 6. Dealing Notice

Subscriptions of Shares will be effected each Dealing Day provided that subscription notice has been received by the Transfer Agent by 13:00 hours, Luxembourg time on the relevant Dealing Day.

Redemptions of Shares will be effected each Dealing Day provided that redemption notice has been received by the Transfer Agent by 13:00 hours, Luxembourg time on the relevant Dealing Day.

#### 7. Purchase of Shares

The procedures to be followed in applying for Shares are set out in the Prospectus under the heading "How to Buy Shares".

Payment must be received by the Transfer Agent by 13:00 hours, Luxembourg time, on the relevant Dealing Day, or in the case of investors or intermediaries approved by the Transfer Agent, within three (3) Business Days of the relevant Dealing Day, in cleared funds and in the designated currency of the Shares being purchased.

#### 8. Redemption Settlement

The amount due on the redemption of Shares in the Sub-Fund will be paid without interest to the pre-designated bank account normally within four (4) Business Days of the relevant Dealing Deadline. The pre-designated bank account must be nominated by and should be in the name of the Shareholder. The Transfer Agent may refuse to pay redemption proceeds to an account other than one in the name of the Shareholder.

#### 9. Fees

Please refer to the heading "**Fees and Expenses**" in the Prospectus for full details of fees and expenses applicable. Below details also apply to Distributing Shares with the addition of the letter "a" and "m".

##### D and V Class Shares

Investment

Manager Fee: Up to 1.35% per annum (plus VAT, if any) of the Net Asset

Value of the D and V Class Shares of the Sub-Fund.

Administrator Fee: Up to 0.15% per annum (plus VAT, if any) of the Net Asset Value of the D and V Class Shares of the Sub-Fund.

Depository Bank Fee: Up to 0.04% per annum (plus VAT, if any) of the Net Asset Value of the D and V Class Shares of the Sub-Fund.

Subscription Fee: Up to 5% of the value of the gross subscription.

##### I, Institutional T, R and X Class Shares

Investment

Manager Fee: Up to 1.00% per annum (plus VAT, if any) of the Net Asset Value of the I, Institutional T, R and X Class Shares of the Sub-Fund.

Administrator Fee: Up to 0.15% per annum (plus VAT, if any) of the Net Asset Value of the I, Institutional T, R and X Class Shares of the Sub-Fund.

Depository Bank Fee: Up to 0.04% per annum (plus VAT, if any) of the Net Asset Value of the I, Institutional T, R and X Class Shares of the Sub-Fund subject..

Subscription Fee: Up to 5% of the value of the gross subscription.

##### V Class Shares Only

Additional Distribution fee: Up 0.50% per annum of the Net Asset Value of the V Class Shares in the Sub-Fund.

##### S and Z Class Shares

Depository Bank Fee: Up to 0.04% per annum (plus VAT, if any) of the Net Asset Value of the S and Z Class Shares of the Sub-Fund.

The S and Z Class Shares of the Sub-Fund may be numbered as 1, 2, 3...and labelled as Z1, Z2, Z3 (...) and S1, S2, S3 (...). Further information in relation to the different Class Shares and fees of the S and Z Shares and any applicable performance fees in relation to the S and Z Shares is available upon request from the Transfer Agent.

##### Performance Fee

In addition to the fees payable to the Management

Company and Investment Manager, the Investment Manager shall be entitled to receive out of the assets of the Sub-Fund attributable to each class of Shares of the Sub-Fund a performance fee (the “**Performance Fee**”) which will accrue on each Valuation Day and be paid annually in arrears to the Investment Manager at the end of each Financial Year (the “**Calculation Period**”), subject to the conditions set out below.

The performance reference period corresponds to the entire life of the Sub-fund (except for special events such as merger or the replacement of the Investment Manager by a new one).

Whether such a Performance Fee will apply to the S and Z Class Shares will be at the discretion of the Investment Manager and such information will be available on request from the Registrar and Transfer Agent or disclosed on [www.gam.com](http://www.gam.com).

The entitlement to the Performance Fee arises when the percentage return since the last High Water Mark reset is above that of the Benchmark (as defined below) (“**Outperformance of the Benchmark**”), and simultaneously the Net Asset Value per Share (adjusted for any dividend) is higher than the High Water Mark (“**Outperformance of the High Water Mark**”). Both conditions must be fulfilled cumulatively.

The Performance Fee in each case amounts to 15% p.a. of the Outperformance of the High Water Mark or Outperformance of the respective Benchmark, the lower of the two percentage outperformance values serving as a basis for calculation. Dividend distributions paid out shall not be deemed to impact the performance of the share class. Any underperformance or loss previously incurred during the performance reference period shall be recovered before a Performance Fee becomes payable again.

The percentage return is the difference between the High Water Mark and the Net Asset Value per share on a Valuation Day during a Calculation Period before the deduction of performance fees (or in the case of the first Calculation Period, the difference between the initial offer price applicable to the relevant class and the Net Asset Value per Share on a Valuation Day of a Calculation Period before the deduction of performance fees). The Performance Fee is calculated net of all costs of the Sub-fund.

The Performance Fee will be crystallized at the end of each Calculation Period.

The Benchmark is the applicable prorated Risk-Free Rate. Where the applicable Risk-Free Rate falls below zero, the rate will be fixed at 0% for calculation purposes. The Directors reserve the right to substitute an equivalent three-

month interbank interest rate in the event that the applicable Risk-Free Rate ceases to be a widely recognised reference rate.

**High Water Mark:** At the launch of the Sub-Fund or, if applicable, of a share class of the Sub-Fund, the High Water Mark is identical to the initial issue price. If the Net Asset Value per Share (adjusted for any dividend) on the last Valuation Day of a subsequent Calculation Period is higher than the previous High Water Mark, the High Water Mark is set to the Net Asset Value per Share (adjusted for any dividend) calculated on the last Valuation Day of that Calculation Period after deduction of the Performance Fee. In all other cases the High Water Mark remains unchanged.

The amount for the Performance Fee is recalculated on each Valuation Day subject to the aforementioned conditions on the basis of the outperformance since the start of the Calculation Period and a reserve is formed for the Sub-Fund or, if applicable, for the respective class of Shares. The recalculated amount of Performance Fee is compared on each Valuation Day with the amount set aside on the previous Valuation Day. The amount set aside on the previous day is adjusted up or down accordingly on the basis of the difference found between the newly calculated amount and the amount previously set aside. The reference value applicable to the percentage return and the Outperformance of the High Water Mark on a Valuation Day is based on the previous Valuation Day’s Net Asset Value per Share multiplied by the current shares in issue of the respective class of Shares on that Valuation Day. As such, Shares subscribed during the Calculation Period will not mechanically contribute to the Performance Fee earned in the period preceding the subscription. In addition, for Shares that are redeemed during the Calculation Period, the existing Performance Fee earned in the period preceding the redemption will not be subject to a decrease due to the sole effect from the redemption.

The reference value used to calculate the Benchmark on a Valuation Day is based on the Net Asset Value of the class of Shares at the start of the Calculation Period adjusted for cumulative subscriptions and redemptions of the class of Shares from the start of the Calculation Period.

Only at the end of the Calculation Period is any Performance Fee owed to the Investment Manager and calculated under the aforementioned conditions actually paid out.

This ensures that the Performance Fee is only paid out if the percentage return on the Sub-Fund in the relevant class of Shares on which a Performance Fee is payable measured over a Calculation Period is above that of the Benchmark (Outperformance of the Benchmark) and simultaneously the Net Asset Value per Share (adjusted for any dividend) is higher than the High Water Mark

(Outperformance of the High Water Mark). Investors should note that relative underperformance of the percentage return against the Benchmark in previous Calculation Periods will be clawed back.

The first Calculation Period for the purposes of calculating the Performance Fee shall be from the closing of the initial offer period in respect of the relevant class of Shares of the Sub-Fund until the end of that Calculation Period.

The Performance Fee shall be calculated by the Administrative Agent (subject to verification by the Management Company) based on the finalised Net Asset Value per Share (adjusted for any dividend) of the relevant class of Shares of the Sub-Fund as at the relevant Valuation Day.

Included in the calculation of the Performance Fee shall be net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the relevant Calculation Period. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

**Calculation example**

In the following example, the High Water Mark (referred as "HWM") and Benchmark are set at 100 at Valuation Point A. Valuation Point C is the end of the Calculation Period. Performance Fee rate is 15%.

Valuation Point	Number of Outstanding Shares	NAV per Share before deduction of Performance Fee	HWM	Benchmark
A	1,000	100	100	100
B	1,000	102	100	101
C	1,200	104	100	102

**Valuation Point B**

1 - Entitlement to a Performance Fee

Valuation Point	Number of Outstanding Shares	NAV per Share before deduction of Performance Fee	Out-performance over the HWM	Out-performance over the Benchmark	Entitled to a Performance Fee?
B	1,000	102	2%	1%	Yes

At Valuation Point B, both conditions with Outperformance over the HWM and Outperformance over the Benchmark are met. Performance Fee can be accrued.

2 - Computation: NAV per Share and Benchmark variation and Reference Value

At Valuation Point B, components for NAV per Share and Benchmark variation (daily return in percentage) are calculated. Reference Value serving as asset basis for both NAV per Share and Benchmark is calculated as well.

NAV per Share before Performance Fee Adjustment	102
Previous NAV per Share after deduction of Performance Fee	100
<b>NAV per Share Variation *</b>	<b>2%</b>

NAV per Share Variation \*

Performance of NAV per Share before Performance Fee Adjustment (which includes accrued Performance Fee from the previous Valuation Day) against previous NAV per Share after deduction of Performance Fee  
 $(102-100)/100=2\%$

Benchmark	101
Previous Benchmark Value	100
<b>Benchmark Variation *</b>	<b>1%</b>

Benchmark Variation \*

Performance of Benchmark against Previous Benchmark Value  
 $(101-100)/100=1\%$

Number of Outstanding Shares	1,000
<b>Reference Value HWM *</b>	<b>100,000</b>
<b>Reference Value Benchmark *</b>	<b>100,000</b>

Reference Value HWM \*

Previous NAV per Share after deduction of Performance Fee multiplied by the current number of outstanding shares  
 $100 \times 1,000 \text{ shares} = 100,000$

Reference Value Benchmark \*

Total Net Asset Value at the start of the Calculation Period adjusted for cumulative subscriptions and redemptions of the class from the start of the Calculation Period.  
 $1,000 \text{ shares} \times 100 = 100,000$  (no new subscriptions/redemptions)

3 - Computation: measuring performance over Benchmark

At Valuation Point B, Class Daily Performance Cumulative Outperformance over Benchmark is calculated.

Number of Outstanding Shares	1,000
NAV per Share Variation	2%
<b>Class Daily Performance *</b>	<b>2,000</b>
<b>Cumulative Class Performance *</b>	<b>2,000</b>

Class Daily Performance \*

NAV per Share Variation multiplied by Reference Value HWM  
 $2\% \times 100,000 = 2,000$

Cumulative Class Performance \*

Balance of Class Daily Performance since last HWM reset (or if not since launch date) and obtained by adding Class Daily Performance of a Valuation Day to the Cumulative Class Performance from the previous Valuation Day.

Set to 0 in the situation of a HWM reset. If not, the Cumulative Class Performance of the last Valuation Day of a Calculation Period is transferred to the new Calculation Period.  
 2,000

Benchmark Variation	1%
<b>Benchmark Daily Performance *</b>	<b>1,000</b>
<b>Cumulative Benchmark Performance *</b>	<b>1,000</b>

Benchmark Daily Performance \*

Benchmark Variation multiplied by reference Value Benchmark  
 $1\% \times 100,000 = 1,000$

Cumulative Benchmark Performance \*

Balance of Benchmark Daily Performance since last High Water reset (or if not since launch date) and obtained by adding Benchmark Daily Performance of a Valuation Day to the Cumulative Benchmark Performance from the previous Valuation Day.

Set to 0 in the situation of a HWM reset. If not, the Cumulative Benchmark Performance of the last Valuation Day of a Calculation Period is transferred to the new Calculation Period.  
 1,000

<b>Cumulative Outperformance over Benchmark *</b>	<b>1,000</b>
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Cumulative Outperformance over Benchmark \*

Difference between Cumulative Class Performance and Cumulative Benchmark Performance  
 $2,000 - 1,000 = 1,000$

4 - Computation: measuring performance over the HWM

At Valuation Point B, Cumulative Gain over HWM is calculated.

Number of Outstanding Shares	1,000
Out-performance over the HWM	2%
<b>Daily Gain over HWM *</b>	<b>2,000</b>
<b>Cumulative Gain over HWM *</b>	<b>2,000</b>

Daily Gain over HWM \*

Minimum (Outperformance over the HWM multiplied by Reference Value HWM, Class daily Performance)  
 Minimum  $(2\% \times 100,000 = 2,000; 2,000) = 2,000$

Cumulative Gain over HWM \*

Balance of Daily Gain over HWM since last High Water Mark reset (or if not since launch date) and obtained by adding Daily Gain over HWM of a Valuation Day to the Cumulated Daily Gain over HWM from the previous Valuation Day.  
Set to 0 in the situation of a HWM reset. If not, the Cumulative Gain over HWM of the last Valuation Day of a Calculation Period is transferred to the new Calculation Period.  
2,000

### 5 - Computation: accrued Performance Fee and NAV per Share after deduction of Performance Fee

The lower of the outperformance over the Benchmark and over the HWM serves as a basis for computation.

Number of Outstanding Shares	1,000
Cumulative Outperformance over Benchmark	1,000
Cumulative Gain over HWM	2,000
Minimum	1,000

Performance Fee rate	15%
Accrued Performance Fee *	150
NAV per share after deduction of Performance Fee *	101.85

#### Accrued Performance Fee \*

Minimum (Cumulative Outperformance over Benchmark, Cumulative Gain over HWM) multiplied by Performance Fee rate  
Minimum (1,000;2,000) x 15%=150

#### NAV per share after deduction of Performance Fee \*

Number of Outstanding Shares multiplied by NAV per Share before Performance Fee Adjustment with Accrued Performance Fee deducted and the whole divided by number of Outstanding Shares  
 $((1,000 \times 102) - 150) / 1,000 = 101.85$

At Valuation Point B, accrued Performance Fee is 150.  
NAV per share after deduction of Performance Fee is 101.85.

### Valuation Point C

#### 1 - Entitlement to a Performance Fee

Valuation Point	Number of Outstanding Shares	NAV per Share before deduction of Performance Fee	Out-performance over the HWM	Out-performance over the Benchmark	Entitled to a Performance Fee?
C	1,200	104	4%	1%	Yes

Number of Outstanding Shares is now 1,200.  
At Valuation Point C, both conditions with Outperformance over the HWM and Outperformance over the Benchmark are met.  
Performance Fee can be accrued.

#### 2 - Computation: NAV per Share and Benchmark variation and Reference Value

At Valuation Point C, components for NAV per Share and Benchmark variation (daily return in percentage) are calculated.  
Reference Value serving as asset basis for both NAV per Share and Benchmark is calculated as well.

NAV per Share before Performance Fee Adjustment	103.88
Previous NAV per Share after deduction of Performance Fee	101.85
NAV per Share Variation *	1.99%

#### NAV per Share Variation \*

Performance of NAV per Share before Performance Fee Adjustment (which includes accrued Performance Fee from the previous Valuation Day) against previous NAV per Share after deduction of Performance Fee  
NAV per Share before Performance Fee Adjustment is  $((1,200 \text{ shares at } 104) - 150) / 1,200 \text{ shares} = 103.88$   
 $(103.88 - 101.85) / 101.85 = 1.99\%$

Benchmark	102
Previous Benchmark Value	101
Benchmark Variation *	0.98%

#### Benchmark Variation \*

Performance of Benchmark against Previous Benchmark Value  
 $(102 - 101) / 101 = 0.98\%$

Number of Outstanding Shares	1,200
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Reference Value HWM *	122,220
Reference Value Benchmark *	120,370

#### Reference Value HWM \*

Previous NAV per Share after deduction of Performance Fee multiplied by the current number of outstanding shares  
 $101.85 \times 1,200 \text{ shares} = 122,220$

#### Reference Value Benchmark \*

Total Net Asset Value at the start of the Calculation Period adjusted for cumulative subscriptions and redemptions of the class from the start of the Calculation period.  
 $100,000 + (200 \text{ shares subscribed at } 101.85) = 120,370$

#### 3 - Computation: measuring performance over Benchmark

At Valuation Point C, Class Daily Performance Cumulative Outperformance over Benchmark is calculated.

Number of Outstanding Shares	1,200
NAV per Share Variation	1.99%
Class Daily Performance *	2,432
Cumulative Class Performance *	4,432

#### Class Daily Performance \*

NAV per Share Variation multiplied by Reference Value HWM  
 $1.99\% \times 122,220 = 2,432$

#### Cumulative Class Performance \*

Balance of Class Daily Performance since last HWM reset (or if not since launch date) and obtained by adding Class Daily Performance of a Valuation Day to the Cumulative Class Performance from the previous Valuation Day.  
Set to 0 in the situation of a HWM reset and in all other cases the Cumulative Class Performance of the last Valuation Day of a Calculation Period is transferred to the new Calculation Period.  
 $2,432 + 2,000 = 4,432$

Benchmark Variation	0.99%
Benchmark Daily Performance *	1,192
Cumulative Benchmark Performance *	2,192

#### Benchmark Daily Performance \*

Benchmark Variation multiplied by reference Value Benchmark  
 $0.99\% \times 120,370 = 1,192$

#### Cumulative Benchmark Performance \*

Balance of Benchmark Daily Performance since last High Water reset (or if not since launch date) and obtained by adding Benchmark Daily Performance of a Valuation Day to the Cumulative Benchmark Performance from the previous Valuation Day.  
Set to 0 in the situation of a HWM reset and in all other cases the Cumulative Benchmark Performance of the last Valuation Day of a Calculation Period is transferred to the new Calculation Period.  
 $1,192 + 1,000 = 2,192$

Cumulative Outperformance over Benchmark *	2,240
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#### Cumulative Outperformance over Benchmark \*

Difference between Cumulative Class Performance and Cumulative Benchmark Performance  
 $4,432 - 2,192 = 2,240$

#### 4 - Computation: measuring performance over the HWM

At Valuation Point C, Cumulative Gain over HWM is calculated.

Number of Outstanding Shares	1,200
Out-performance over the HWM	4%
Daily Gain over HWM *	2,432
Cumulative Gain over HWM *	4,432

#### Daily Gain over HWM \*

Minimum (Outperformance over the HWM multiplied by Reference Value HWM, Class daily Performance)  
Minimum  $(4\% \times 122,220 = 4,888; 2,432) = 2,432$

#### Cumulative Gain over HWM \*

Balance of Daily Gain over HWM since last High Water Mark reset (or if not since launch date) and obtained by adding Daily Gain over HWM of a Valuation Day to the Cumulated Daily Gain over HWM from the previous Valuation Day.  
Set to 0 in the situation of a HWM reset and in all other cases the Cumulative Gain over HWM of the last Valuation Day of a Calculation Period is transferred to the new Calculation Period.  
 $2,432 + 2,000 = 4,432$

#### 5 - Computation: accrued Performance Fee and NAV per Share after deduction of Performance Fee

The lower of the outperformance over the Benchmark and over the HWM serves as a basis for computation.

Number of Outstanding Shares	1,200
Cumulative Outperformance over Benchmark	2,240
Cumulative Gain over HWM	4,432
Minimum	2,240

Performance Fee rate	15%
<b>Accrued Performance Fee *</b>	<b>336</b>
<b>NAV per share after deduction of Performance Fee *</b>	<b>103.73</b>

**Accrued Performance Fee \***

*Minimum (Cumulative Outperformance over Benchmark, Cumulative Gain over HWM) multiplied by Performance Fee rate*

Minimum (2,240;4,432) x 15%=336

Balance of accrued Performance Fee will be added 336-150 (Accrued Performance Fee Balance of the previous Valuation Day)=186

**NAV per share after deduction of Performance Fee \***

*Number of Outstanding Shares multiplied by NAV per Share before Performance Fee Adjustment with Accrued Performance Fee deducted ad the whole divided by number of Outstanding Shares*

$((1,200 \times 103.88) - 186) / 1,200 = 103.73$

At Valuation Point C, accrued Performance Fee is 336.  
 As there is an existing Performance Fee Balance of 150, only 186 is accrued resulting in an accrued total Performance Fee of 336.  
 Accrued Performance Fee of 336 is crystallized.  
 NAV per share after deduction of Performance Fee is 103.73.  
 The HWM for the next Calculation Period is 103.73.  
 Cumulative Class Performance, Cumulative Benchmark Performance and Cumulative Gain over High Water Mark are reset to 0.

## 10. Profile of Typical Investor

An investment in the Sub-Fund is designed to be a long term investment of typically 5 years therefore investors should not expect to obtain short-term gains from such investment. The Sub-Fund is suitable for investors who can afford to set aside the capital for the investment cycle and who seek a low to medium investment risk.

## 11. Risk Profile

The risks pertaining to an investment in the Sub-Fund are mainly those related to equity and derivative risks, as well as credit and interest rate risks. The Sub-Fund may also carry market and currency risks.

The value of investments can go down as well as up (this may partly be the result of volatility risks or exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not get back the full amount invested. The expected maximum loss of value is determined by the Value at Risk limit (see "Investment Objectives and Policy").

The Sub-Fund's performance may be adversely affected by variations in the relative strength of individual world currencies or if the EUR strengthens against other currencies.

A more detailed description of the relevant risk factors is set out under the section Risk Factors in the Prospectus.

## GAM Star (Lux) – Global High Yield

### Supplement 2

**This Supplement forms part of the Prospectus dated 1 January 2022 for GAM Star (Lux) SICAV and should be read in conjunction with that Prospectus.**

#### 1. Investment Objectives and Policy

The aim of the Sub-Fund is to achieve above-average returns in the long term while observing the principle of risk diversification, through investing primarily in fixed-interest or floating-rate securities which promise higher returns than comparable government bonds and are issued by issuers from recognised countries (including emerging countries) with a maximum rating of BB+ (Standard & Poor's) or Ba1 (Moody's).

Furthermore, on an ancillary basis the Sub-Fund may be invested in other eligible assets according to Article 41 paragraph (1) of the 2010 Law (except in Shares or other equity securities and equity rights). Investments in convertible and warrant bonds are limited to a maximum of 25% of the assets of the Sub-Fund and in derivatives of Shares or other equity securities and equity rights to a maximum of 10% of the assets of the Sub-Fund. In addition, up to a maximum of 10% of the assets of the Sub-Fund may be invested in Shares and other equity securities and equity rights deriving from conversions of debt securities or claims, as well as from restructuring measures on the part of the issuers.

Investments issued by issuers of emerging market countries are limited to a maximum of 30% of the assets of the Sub-Fund. The term emerging markets is generally understood to refer to the markets of countries that are in the process of developing into modern industrialised states and thus display a high degree of potential but also entail a greater degree of risk. It shall include, but is not limited to countries included from time to time in the S&P Emerging Broad Market Index or in the MSCI Emerging Markets Index, each of which is a free floating adjusted market index designed to measure the performance of relevant securities in global emerging markets.

Investments which have been classed with a rating lower than C (Standard & Poor's or Moody's) are limited to a maximum of 10% of the assets of Sub-Fund. For securities from issuers which, according to market assessments, do not have good credit standing and may promise higher returns than comparable government bonds, a higher-than-average volatility must be expected and even the complete loss of some investments cannot be ruled out. In order to reduce such risks, however, the issuers are carefully monitored and are widely diversified.

Under exceptional circumstances and in the best interest of

the Shareholders, the Sub-Fund may invest up to 100% of its net assets in cash, liquid assets or Money Market Instruments on a temporary basis.

The Sub-Fund may also invest directly in bonds from the Chinese mainland which are traded on the interbank bond markets in mainland China. The risks described in the chapter on "Information on Investments in the People's Republic of China" should be taken into account.

The Sub-Fund is denominated in USD. The investments may be denominated in USD or other currencies. Currency risks may be hedged entirely or partially against the reference currency. A depreciation due to exchange rate fluctuations cannot be ruled out.

#### Derivatives

To comply with the investment policy, the Sub-Fund may use FDIs, dealt in on a regulated market or not, for the purposes of hedging currency risks, interest rate risk and market risk and for efficient portfolio management, therefore including investment purposes, to meet the Sub-Fund's investment objective.

FDIs used by the Sub-Fund may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments, swap contracts and other fixed income, currency and credit derivatives dealt on a regulated market or OTC ("Over the counter").

#### Global Exposure and Leverage

The use of FDIs will give rise to an additional leveraged exposure.

Under normal market conditions, this Sub-Fund envisages employing leverage within a range of between 0 – 400% of the Net Asset Value of the Sub-Fund, however it may exceed or fall below this range at times.

The Sub-Fund will use the Value at Risk Approach to calculate the global exposure generated through the use of FDIs as part of its risk management process.

This leverage figure is calculated using the sum of the notionals of the derivatives used. This calculation does not take into account any netting and hedging arrangements that the Sub-Fund has in place at any time. When the global exposure of the Sub-Fund is calculated using the Commitment Approach and netting and hedging is taken into account, the level of leverage is expected to be lower than as calculated using the sum of notionals approach.

The Sub-Fund will use the Absolute VaR model as part of its risk management process and adhere to the limits applicable to the Absolute VaR model. The Absolute VaR of the Sub-Fund calculated daily, measured with a one-tailed 99% confidence level, a 20 day holding period and

an historical observation period of not less than one year is limited to 20% of Net Asset Value of the Sub-Fund. This does not mean that losses cannot exceed 20% of Net Asset Value of the Sub-Fund, rather that one would only expect losses to exceed 20% of the Net Asset Value of the Sub-Fund 1% of the time assuming that positions were held for 20 days.

As the VaR approach is based on an historical observation period, the VaR result may be biased if abnormal market conditions are not prevalent or are omitted from the historical observation period.

## 2. Investment Restrictions

The Sub-Fund's investment restrictions are as set out in the Prospectus under the heading "**Investment Restrictions**".

## 3. Risk Factors

In addition to the particular risks outlined below, potential investors attention is drawn to the heading "Risk Factors", particularly to the sub-headings "**Emerging Market Risk**" and "**Information on Investments in the People's Republic of China**" in the Prospectus which should be considered before investing in the Sub-Fund.

### Sustainability risks

The investments of the Sub-fund are subject to sustainability risk, as outlined and defined under the Sustainable Finance Disclosure Regulation section of the Prospectus.

The value of fixed-interest/floating-rate securities are tied to the context of their respective issuers, which are likely to be impacted by changes in ESG conditions. These impacts are likely to be visible and priced-into the market value of the security. The Sub-Fund has been determined to have a sustainability risk rating of MODERATE.

There is an increased sustainability risk associated with investment in emerging markets, for reasons as explicated under the "emerging market risk" disclosure in this Prospectus. The availability of sustainability related data in emerging market countries may be poorer than in developed countries.

The assessment of sustainability risk is integrated into the investment process of the Sub-Fund and shall be conducted periodically on an individual basis for all investments held in the portfolio.

When conducting a sustainability risk assessment, the Investment Manager may utilise whatever public information they consider relevant, including but not limited to documentation released by investee entities or external data vendors, and credit ratings (where appropriate).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## 4. Base Currency

USD

## 5. Dealing Day

Every Business Day

## 6. Dealing Notice

Subscriptions of Shares will be effected each Dealing Day provided that subscription notice has been received by the Transfer Agent by 13:00 hours, Luxembourg time on the relevant Dealing Day.

Redemptions of Shares will be effected each Dealing Day provided that redemption notice has been received by the Transfer Agent by 13:00 hours, Luxembourg time on the relevant Dealing Day.

## 7. Purchase of Shares

The procedures to be followed in applying for Shares are set out in the Prospectus under the heading "How to Buy Shares".

Payment must be received by the Transfer Agent by 13:00 hours, Luxembourg time, on the relevant Dealing Day, or in the case of investors or intermediaries approved by the Transfer Agent, within four (4) Business Days of the relevant Dealing Day, in cleared funds and in the designated currency of the Shares being purchased.

## 8. Redemption Settlement

The amount due on the redemption of Shares in the Sub-Fund will be paid without interest to the pre-designated bank account normally within four (4) Business Days of the relevant Dealing Deadline. The pre-designated bank account must be nominated by and should be in the name of the Shareholder. The Transfer Agent may refuse to pay redemption proceeds to an account other than one in the name of the Shareholder.

## 9. Fees

Please refer to the heading "**Fees and Expenses**" in the Prospectus for full details of fees and expenses applicable. Below details also apply to Distributing Shares with the addition of the letter "a" and "m".

### D and V Class Shares

Investment

Manager Fee: Up to 1.35% per annum (plus VAT, if any) of the Net Asset Value of the D and V Class Shares of the Sub-Fund.

Administrator Fee: Up to 0.15% per annum (plus



	VAT, if any) of the Net Asset Value of the D and V Class Shares of the Sub-Fund.
Depository Bank Fee:	Up to 0.04% per annum (plus VAT, if any) of the Net Asset Value of the D and V Class Shares of the Sub-Fund.
Subscription Fee:	Up to 5% of the value of the gross subscription.
<b>I, Institutional T, R and X Class Shares</b>	
Investment Manager Fee	Up to 1.00% per annum (plus VAT, if any) of the Net Asset Value of the I, Institutional T, R and X Class Shares of the Sub-Fund.
Administrator Fee:	Up to 0.15% per annum (plus VAT, if any) of the Net Asset Value of the I, Institutional T, R and X Class Shares of the Sub-Fund.
Depository Bank Fee:	Up to 0.04% per annum (plus VAT, if any) of the Net Asset Value of the I, Institutional T, R and X Class Shares of the Sub-Fund.
Subscription Fee:	Up to 5% of the value of the gross subscription.
<b>V Class Shares Only</b>	
Additional Distribution fee:	Up to 0.50% per annum of the Net Asset Value of the V Class Shares in the Sub-Fund.
<b>S and Z Class Shares</b>	
Depository Bank Fee:	Up to 0.04% per annum (plus VAT, if any) of the Net Asset

Value of the S and Z Class Shares of the Sub-Fund.

The S and Z Class Shares of the Sub-Fund may be numbered as 1, 2, 3...and labelled as Z1, Z2, Z3 (...) and S1, S2, S3 (...). Further information in relation to the different Class Shares and fees of the S and Z Shares is available upon request from the Transfer Agent.

**Performance Fee**

No performance fee shall be levied.

**10. Profile of Typical Investor**

An investment in the Sub-Fund is designed to be a long term investment of typically 3 years therefore investors should not expect to obtain short-term gains from such investment. The Sub-Fund is suitable for investors who can afford to set aside the capital for the investment cycle and who seek a low to medium investment risk.

**11. Risk Profile**

The risks pertaining to an investment in the Sub-Fund are mainly those related to credit risk, debt risk, non-investment grade risk, interest rate risks and derivative risks. The Sub-Fund may also carry market and currency risks.

The value of investments can go down as well as up (this may partly be the result of volatility risks or exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not get back the full amount invested.

The Sub-Fund's performance may be adversely affected by variations in the relative strength of individual world currencies or if the USD strengthens against other currencies.

A more detailed description of the relevant risk factors is set out under the section Risk Factors in the Prospectus.

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