**MELCHIOR SELECTED TRUST**
Société d'Investissement à Capital Variable
Luxembourg

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**Sub-Funds:**

**Melchior European Opportunities Fund**

**Melchior Japan Advantage Fund**

**Melchior Global Multi-Asset Fund**

**Melchior European Absolute Return Fund**

**Melchior European Enhanced Absolute Return Fund**

**Melchior Global Conservative Fund**

**Melchior Asian Opportunities Fund**

**Melchior Global Equity Fund**

**Velox Fund**

**Melchior Credit Risk Premia Fund**

**Melchior Continental European Opportunities Fund**

**Melchior Global Equity Dividend Fund**

**Melchior Global Equity Long Short Fund**

**Melchior North American Long Short Fund**

**Melchior Systematic Global Macro Fund**

**Melchior European Advantage Fund**

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**Prospectus**
**July 2018**

**VISA 2019/158076-4175-0-PC**
L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2019-11-15
Commission de Surveillance du Secteur Financier

**Addendum to the Melchior Selected Trust Prospectus dated July 2018 (the "Prospectus") in relation to the following Sub-Funds:**

- **Melchior European Opportunities Fund;**
- **Melchior European Absolute Return Fund;**
- **Melchior European Enhanced Absolute Return Fund; and**
- **Velox Fund**
  **(the "Impacted Sub-Funds").**

**This addendum, dated November 2019, should be read in conjunction with, and forms an integral part of the Prospectus dated July 2018 of Melchior Selected Trust (the "Fund"). This addendum may not be distributed separately. Capitalised terms used in this addendum shall bear the meanings attributed to them in the Prospectus.**

The purpose of this addendum is to change available share classes of some of the Impacted Sub-Funds as well as to create new categories of share classes and additional share classes in respect of the Impacted Sub-Funds.

Potential investors are advised to read the Prospectus and this addendum, as amended from time to time, before making an investment decision.

1. **Creation of new categories of share classes in respect of certain Sub-Funds**

- **In respect of Melchior European Opportunities Fund**

A new category of share class CS will be created and launched with the following share classes denominated in the following currencies:

- Class CS1 – EUR;
- Class CS2 – USD; and
- Class CS7 – GBP.

A restriction will apply regarding the target audience of this new category of share class as follows: "*Class CS Shares are available to distributors, platforms and other types of intermediaries who operate fee-based arrangements with their clients to provide discretionary portfolio management services or advisory services. The Class CS Shares are not available in instances where the distributor, platform or intermediary accepts or retains commissions*".

This new category of share class will have the following characteristics:

- minimum initial investment requirement: USD 10,000.- (or its equivalent in another currency);
- management fee: 0.85%; and
- distribution policy: accumulation.

- **In respect of Melchior European Absolute Return Fund**

A new category of share class L will be created and launched with the following share classes denominated in the following currencies and with the following hedging features:

- Class L1 – EUR;
- Class L2 – USD (hedged); and
- Class L7 – GBP (hedged).

This new category of share class will be aimed at any investor and will have the following characteristics:

- minimum initial investment requirement: USD 250,000.- (or its equivalent in another currency);
- management fee: 1%;
- performance fee: 20%; and
- distribution policy: accumulation.

- **In respect of Melchior European Enhanced Absolute Return Fund**

A new category of share class L will be created and launched with the following share classes denominated in the following currencies and with the following hedging features:

- Class L1 – EUR;
- Class L2 – USD (hedged); and
- Class L7 – GBP (hedged).

This new category of share class will be aimed at any investor and will have the following characteristics:

- minimum initial investment requirement: USD 250,000.- (or its equivalent in another currency);
- management fee: 1.50%;
- performance fee: 20%; and
- distribution policy: accumulation.

- **In respect of Velox Fund**

A new category of share class PS will be created and launched with the following share classes denominated in the following currencies and with the following hedging features:

- Class PS1 – EUR (hedged);
- Class PS2 – USD;
- Class PS5 – CHF (hedged); and
- Class PS7 – GBP (hedged).

This new category of share class will have the following characteristics:

- minimum initial investment requirement: USD 25,000,000.- (or its equivalent in another currency);
- management fee: 1.25%;
- performance fee: 20%; and
- distribution policy: accumulation.

This new category of share class is reserved for high quality institutional investors only, subject to a specific assessment performed by the investment manager of the Fund.

**2. Creation of new share classes in respect of Velox Fund**

New share classes within the existing category of share class P will be created and launched as follows:

- Class P1 – EUR (hedged);
- Class P2 – USD;
- Class P5 – CHF (hedged); and
- Class P7 – GBP (hedged).

The new share classes will have the following characteristics:

- minimum initial investment requirement: USD 5,000,000.- (or its equivalent in another currency);
- management fee: 1.5%; and
- performance fee: 20%.

**3. Amendment of existing share class in respect of Melchior European Opportunities Fund**

The Board has agreed to raise the minimum initial investment level for the Melchior European Opportunities Class 'I' Shares to USD 250,000.- (or its equivalent in another currency).

As a result, the following sections of the Prospectus will be amended as follows:

**A. Section X "The Shares" – list of share classes**

- The list of classes of shares which may be issued in relation to a Sub-Fund have been supplemented with the following three paragraphs:

***1.*** *"- Class CS Shares, which are denominated in:* *Class CS1 – EUR*
*Class CS2 – USD*
*Class CS7 – GBP*

*together ("**Class CS Shares**");"*

***2.*** *"- Class L Shares, which are denominated in:* *Class L1 – EUR*
*Class L2 – USD*
*Class L7 – GBP*

*together ("**Class L Shares**");"*

***3.*** *"- Class PS Shares, which are denominated in:* *Class PS1 – EUR*
*Class PS2 – USD*
*Class PS5 – CHF*
*Class PS7 – GBP*

*together ("**Class PS Shares**");"*

**B. Section X "The Shares" – target audience of the share classes**

- The following paragraphs are amended as follows:

"*Class A Shares, Class B Shares, Class C Shares, Class F Shares ~~and~~, Class I Shares and Class L Shares are not restricted as to the type of investor to which they are offered (unless otherwise stated in the relevant Appendix) and are not hedged against currency fluctuations in case the relevant class is denominated in another currency than the reference currency of the relevant Sub-Fund.*

*Class A Shares, Class B Shares, Class C Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class L Shares, Class P Shares, Class PS Shares and Class X Shares may however also be offered as Class A-hedged Shares, Class B-hedged Shares, Class C-hedged Shares, Class F-hedged Shares, Class H-hedged Shares, Class I-hedged Shares, Class J-hedged Shares, Class L-hedged Shares, Class P-hedged Shares, Class PS-hedged Shares and Class X-hedged Shares which are hedged against currency fluctuations in case the relevant class is denominated in another currency than the reference currency of the relevant Sub-Fund.*"

- The following two paragraphs are added in respect of Class CS Shares and Class PS Shares:

**1.** "*Class CS Shares are available to distributors, platforms and other types of intermediaries who operate fee-based arrangements with their clients to provide discretionary portfolio management services or advisory services. The Class CS Shares are not available in instances where the distributor, platform or intermediary accepts or retains commissions*".

**2.** "*Class PS Shares are available to high quality institutional investors only, subject to a specific assessment performed by the Investment Manager*".

**C. Section X "The Shares" – distribution policy**

- The following three sentences will be added in respect of the distribution policy of Class CS Shares, Class L Shares and Class PS Shares:

**1.** "*Class CS Shares shall have an accumulation policy.*"

**2.** "*Class L Shares shall have an accumulation policy.*"

**3.** "*Class PS Shares shall have an accumulation policy.*"

**D. Section XI "Procedures of subscription, conversion and redemption" - minimum initial investment requirements and the minimum holding requirements policy**

- The following paragraph in respect of the minimum initial investment requirements and the minimum holding requirements has been amended as follows:

"*(a) with respect to Class A Shares, USD 10,000 (or its equivalent in another currency);*
*(b) with respect to Class B Shares, USD 10,000 (or its equivalent in another currency);*
*(c) with respect to Class C Shares, USD 10,000 (or its equivalent in another currency);*
*(d) with respect to Class CS Shares, USD 10,000 (or its equivalent in another currency);*
*(e) with respect to Class F Shares, USD 10,000,000 (or its equivalent in another currency), except for the Melchior Credit Risk Premia Fund which will be USD 10,000 (or its equivalent in another currency);*
*(f) with respect to Class H Shares, GBP 5,000 (or its equivalent in another currency);*
*(g) with respect to Class I Shares, USD 10,000 (or its equivalent in another currency), except for Melchior European Opportunities Fund (only in respect of the minimum initial investment requirements), Velox Fund and Melchior Systematic Global Macro Fund which will be USD 250,000 (or its equivalent in another currency) and for Melchior Global Conservative Fund, which will be USD 5,000,000 (or its equivalent in another currency);*
*(h) with respect to Class J Shares, USD 20,000,000 (or its equivalent in another currency);*
*(i) with respect to Class L Shares, USD 250,000 (or its equivalent in another currency);*
*(j) with respect to Class P Shares, USD 250,000 (or its equivalent in another currency) except for Velox Fund which will be USD 5,000,000 (or its equivalent in another currency);*
*(k) with respect to Class PS Shares, USD 25,000,000 (or its equivalent in another currency); and*
*(l) with respect to Class X Shares, USD 10,000 (or its equivalent in another currency);*"

**E. Appendix I. Melchior European Opportunities Fund**

- The first list of section 4 "*Initial Subscription Period*" has been updated as follows:

"*The following Classes of Shares are being offered in the European Opportunities Fund, for which the Initial Subscription Period has already passed:*

*Class B1 EUR;*
*Class CS1 EUR;*
*Class CS2 USD;*
*Class CS7 GBP;*
*Class I1 EUR;*
*Class I2 USD;*
*Class I7 GBP;*
*Class P1 EUR;*
*Class X1 EUR;*
*Class X2 USD; and*
*Class X7 GBP.*

*[…]*

*The minimum initial investment requirements for class I shares in respect of the Melchior European Opportunities Fund is set at USD 250,000 (or its equivalent in another currency).*"

- The section 7 "*Investment Management Fee*" has been amended as follows:

"*An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.85% for class CS, class I and class P shares and 1.65% for class B shares. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Opportunities Fund and calculated on the average of the net assets of the European Opportunities Fund as at each Valuation Day.*"

**F. Appendix IV. Melchior European Absolute Return Fund**

- The first list of section 4 "*Initial Subscription Period*" has been updated as follows:

  "*The following Classes of Shares are being offered in the European Absolute Return Fund, for which the Initial Subscription Period has already passed:*

  *Class A1 EUR;*
  *Class C GBP (hedged);*
  *Class H GBP (hedged);*
  *Class I1 EUR;*
  *Class I2 USD (hedged);*
  *Class I3 JPY (hedged);*
  *Class I7 GBP (hedged);*
  *Class J1 EUR;*
  *Class J2 USD (hedged);*
  *Class J7 GBP (hedged) Inc;*
  *Class L1 EUR;*
  *Class L2 USD (hedged);*
  *Class L7 GBP (hedged);*
  *Class X1 EUR;*
  *Class X2 USD (hedged); and*
  *Class X7 GBP (hedged).*"

- The section 7 "*Investment Management Fee*" has been amended as follows:

  "*An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.50% per annum for class I and class P shares, 1.00% per annum for class L shares and 2.00% per annum for class A and class C shares and 1.75% for class H shares. The fee for the class J shares will be a maximum of 1.50% per annum. Class M shares do not pay any investment management fee. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Absolute Return Fund and calculated on the average of the net assets of the European Absolute Return Fund as at each Valuation Day.*"

**G. Appendix V. Melchior European Enhanced Absolute Return Fund**

- The first list of section 4 "*Initial Subscription Period*" has been updated as follows:

  "*The following Classes of Shares are being offered in the European Enhanced Absolute Return Fund for which the Initial Subscription Period has already passed.*

  *Class F1 EUR;*
  *Class F2 USD (hedged);*
  *Class F7 GBP (hedged);*
  *Class I1 EUR;*
  *Class I2 USD (hedged);*
  *Class I7 GBP (hedged);*
  *Class J1 EUR;*
  *Class J2 USD (hedged);*
  *Class J7 GBP (hedged) Inc;*
  *Class L1 EUR;*
  *Class L2 USD (hedged);*
  *Class L7 GBP (hedged); and*
  *Class X7 GBP (hedged).*"

- The section 7 "*Investment Management Fee*" has been amended as follows:

  "*An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 2.00% per annum for class A, class I, class F and class P shares and at 1.50% per annum for class L shares. The fee for the class J shares will be a maximum of 2.00% per* *annum. Class M shares do not pay any investment management fee. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Enhanced Absolute Return Fund and calculated on the average of the net assets of the European Enhanced Absolute Return Fund as at each Valuation Day.*"

**H. Appendix IX. Velox Fund**

- The first list of section 4 "*Initial Subscription Period*" has been updated as follows:

"*The following Classes of Shares are being offered in the Velox Fund, for which the initial Subscription Period has already passed:*

*Class F1 EUR (hedged);*
*Class F1 EUR (hedged – RF);*
*Class F2 USD;*
*Class F2 USD (RF);*
*Class F7 GBP (hedged);*
*Class I1 EUR (hedged);*
*Class I2 USD;*
*Class I7 GBP (hedged);*
*Class P1 EUR (hedged);*
*Class P2 USD;*
*Class P5 CHF (hedged);*
*Class P7 GBP (hedged);*
*Class PS1 EUR (hedged);*
*Class PS2 USD;*
*Class PS5 CHF (hedged);*
*Class PS7 GBP (hedged);*
*Class X1 EUR (hedged); and*
*Class X2 USD.*

*[…]*

*The minimum initial investment requirements and the minimum holding requirements for class P shares in respect of the Velox Fund is set at USD 5,000,000 (or its equivalent in another currency).*"

- The section 7 "*Investment Management Fee*" has been amended as follows:

"*An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 2.00% per annum for class F shares, 1.50% per annum for class P shares, 1.25% for class PS shares and 1.75% per annum for class I shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Velox Fund and calculated on the average of the net assets of the Velox Fund as at each Valuation Day.*"

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**The other terms of the Prospectus remain unchanged.**

## GLOSSARY

**"2010 Law"** means the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended.

**"2007 Law"** means the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended.

**"Benchmark"** means the benchmark for each Sub-Fund specified in the Appendix for each Sub-Fund in Part B of this Prospectus.

**"Board of Directors"** means the board of directors of the Fund.

**"Business Day"** means a day on which banks and other financial institutions are open for business in Luxembourg City.

**"Contingent Convertibles"** or **"CoCos"** means contingent capital securities (which may be automatically written down upon the occurrence of a specific event) and contingent convertible securities (which may be automatically converted into an equity security upon the occurrence of a particular event) (please also refer to the specific risk factor "Contingent Convertibles or CoCos" under Section VIII "General Risks Considerations").

**"CSSF"** means the Luxembourg *Commission de Surveillance du Secteur Financier*.

**"Depositary Bank Agreement"** means the depositary bank agreement between the Fund and the Depositary Bank.

**"Directive"** means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended.

**"ESMA"** means the European Securities and Markets Authority.

**"ESMA 34-43-296"** means opinion ESMA34-43-296 of the European Securities and Markets Authority dated 30 January 2017.

**"EU"** means the European Union.

**"Fund"** means Melchior Selected Trust.

**"Fund Management Company Agreement"** means the agreement between the Fund and the Management Company.

**"GDPR"** means the EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

**"Initial Subscription Period"** means the initial subscription period for each Sub-Fund specified in the Appendix for each Sub-Fund in Part B of this Prospectus.

**"Institutional Investor"** means an investor which qualifies as an institutional investor within the meaning of the Luxembourg Law.

**"Investment Manager"** means the entity appointed to make investments in portfolios of securities on behalf of the Fund.

**"Investment Management Fee"** means the fee payable to the Investment Manager for the management of the portfolios of securities on behalf of the Fund.

**"Management Company"** means the management company of the Fund.

**"Member State"** means a member state of the EU.

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

**"Net Asset Value per Share"** of each class of Shares shall be determined as of any Valuation Day by dividing the net assets of the Fund attributable to each class of Shares, being the value of the portion of the assets less the portion of liabilities attributable to such class, on any such Valuation Day, by the number of Shares in the relevant class then outstanding.

**"Other Regulated Market"** means a market which is regulated, operates regulatory and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency; (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that state or by that public authority such as a professional association and (iv) on which the securities dealt are accessible to the public.

**"Other State"** means any State of Europe which is not a Member State, and any State of America, Africa, Asia, Australia and Oceania.

**"Performance Fee"** means the performance fee payable by each Sub-Fund to the Investment Manager.

**"Performance Period"** means each period of twelve months ending on 31 December in each year unless specified otherwise in the Appendix for each Sub-Fund in Part B of this Prospectus.

**"Redemption Price"** means the equivalent to the Net Asset Value per Share in the relevant class or Sub-Fund determined on the relevant Valuation Day, potentially decreased by a fee, as specified in the Appendix for each Sub-Fund in Part B of this Prospectus.

**"Regulated Market"** means a regulated market as defined in Directive 2004/39/EC of 21 April 2004, of the European Parliament and the Council, as amended.

**"Securities financing transaction" or "SFT"** means (i) a repurchase transaction; (ii) securities or commodities lending and securities or commodities borrowing; (iii) a buy-sell back transaction or sell-buy back transaction or (iv) a margin lending transaction as defined under the SFTR.

**"SFT Agent"** means any person involved in SFT as agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of Company's assets or any Sub-Fund's assets (which can be the counterparty of the Sub-Fund in an SFT).

**"SFTR"** means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

**"Shares"** means the shares of any class of the Fund issued and outstanding from time to time.

**"Sub-Fund"** means a specific portfolio of assets which is invested in accordance with a particular investment objective.

**"Subscription Price"** means the price per Share after the Initial Subscription Period of a class of Shares of a Sub-Fund (as defined in Part B of this Prospectus), which is the total of the Net Asset Value per Share and the sales charge (if any) as stated in Part B of this Prospectus.

**"Transferable Securities"** means:

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

**"TRS"** means total return swap, i.e., a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

**"UCITS"** means an undertaking for collective investment in transferable securities within the meaning of the Directive.

**"UCITS Delegated Regulation"** means the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.

**"Valuation Day"** means the day specified in Section XII of Part A of this Prospectus.

**INTRODUCTION**

**Melchior Selected Trust** is an investment company organized under the laws of the Grand Duchy of Luxembourg as a *Société d'Investissement à Capital Variable (SICAV)*. It is governed by Part I of the Law of 2010 and qualifies as a UCITS within the meaning of Article 1 (2) of the Directive.

The Fund is offering Shares of several separate Sub-Funds on the basis of the information contained in this prospectus (the "**Prospectus**") and in the documents referred to herein. No person is authorized to give any information or to make any representations concerning the Fund other than as contained in the Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Prospectus shall be solely at the risk of the purchaser. Neither the delivery of the Prospectus nor the offer, sale or issue of Shares shall under any circumstances constitute a representation that the information given in the Prospectus is correct at any time subsequent to the date hereof. An amendment or updated Prospectus shall be provided, if necessary, to reflect material changes to the information contained herein.

The distribution of the Prospectus is not authorized unless it is accompanied by the most recent Key Investor Information Document (the "**KIID**") and the annual and semi-annual reports of the Fund, if any. Such report or reports are deemed to be an integral part of the Prospectus.

The Shares to be issued hereunder may be of several different classes which relate to several separate Sub-Funds of the Fund. Shares of the different Sub-Funds may be issued, redeemed and converted at prices computed on the basis of the Net Asset Value per Share of the relevant Sub-Fund, as defined in the articles of incorporation of the Fund (the "**Articles**").

In accordance with the Articles, the Board of Directors of the Fund may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Fund is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose which Sub-Fund best suits their specific risk and return expectations as well as their diversification needs.

The Fund has legal personality under Luxembourg law. Each Sub-Fund shall be treated as a separate entity for purposes of segregating income, expenses, assets, and liabilities without having a legal personality under Luxembourg law. Each Sub-Fund is only liable for its own debts and obligations. The liability of any shareholder is limited to the Shares it holds in a Sub-Fund.

The Board of Directors may, at any time, and upon prior written approval of the Management Company, create additional Sub-Funds, whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform himself or herself of and to observe all applicable laws and regulations of relevant jurisdictions.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

**Luxembourg** - The Fund is registered pursuant to Part I of the 2010 Law. However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorized and unlawful.

**European Union ("EU")** - The Fund is a UCITS for the purposes of the Directive and the Board of Directors of the Fund proposes to market the Shares in accordance with the Directive in certain Member States of the EU.

**United States of America ("USA")** - The Shares have not been registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"); they may therefore not be publicly offered or sold in the USA, or in any of its territories subject to its jurisdiction or to or for the benefit of a U.S. Person as such expression is defined by Article 10 of the Articles and hereinafter.

The Shares are not being offered in the USA, and may be so offered only pursuant to an exemption from registration under the 1933 Act, and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Fund been registered under the Investment Company Act of 1940, as amended (the "**1940 Act**"). Shares may furthermore not be sold or held either directly by nor to the benefit of, among others, a citizen or resident of the USA, a partnership organized or existing in any state, territory or possession of the USA or other areas subject to its jurisdiction, an estate or trust the income of which is subject to United States federal income tax regardless of its source, or any corporation or other entity organized under the law of or existing in the USA or any state, territory or possession thereof or other areas subject to its jurisdiction (a "U.S. Person"). All purchasers must certify that the beneficial owner of such Shares is not a U.S. Person and is purchasing such Shares for its own account, for investment purposes only and not with a view towards resale thereof.

The Articles give powers to the Board of Directors of the Fund to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Fund are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Fund incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above. The Fund may compulsorily redeem all Shares held by any such person.

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

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

All references in the Prospectus to "EUR" are to the legal currency of the European Union Member States participating to the Economic Monetary Union and all references to "USD" are to the legal currency of the USA. References in the Prospectus to "GBP" are to the legal currency of the United Kingdom and references to "JPY" are to the legal currency of Japan.

The Fund may either subscribe to classes of shares of target funds likely to participate in offerings of US new issue equity securities ("**US IPOs**") or directly participate in US IPOs. The Financial Industry Regulatory Authority ("**FINRA**"), pursuant to FINRA rules 5130 and 5131 (the "**FINRA Rules**"), has established prohibitions concerning eligibility of certain persons to participate in US IPOs where the beneficial owner(s) of such accounts are financial services industry professionals (including among other things, an owner or employee of a FINRA member firm or money manager) (a "**Restricted Person**"), or an executive officer or director of a U.S. or non-U.S. company potentially doing business with a FINRA member firm (a "**Covered Person**"). Accordingly, investors considered as Restricted Persons or Covered Persons under the FINRA Rules are not eligible to invest in the Fund, unless an exemption applies. The Board of Directors shall be the sole responsible for accepting or refusing the subscription of a Restricted or Covered Person concerned by this exemption. The Management

Company shall not put in place any controls in this respect and shall not be liable for any consequences arising from the acceptation of a Restricted or Covered Person's investment in the Fund.

In case of doubt regarding its status, the investor should seek the advice of its legal adviser.

Further copies of this Prospectus may be obtained from:

Edmond de Rothschild Asset Management (Luxembourg)
20, Boulevard Emmanuel Servais
L-2535 Luxembourg

or are available together with other documents according to the provisions mentioned under the paragraph "Documents Available".

## The Fund

**Registered Office:** 20, Boulevard Emmanuel Servais, L-2535 Luxembourg

**Chairman of the Fund:** Mr Geoffroy Linard de Guertechin
Independent External Director

**Members of the Board of Directors:**
Mr P. Ulrich Lichtenberg
Managing Director
Independent External Director

Mr Richard Jones
Partner
Dalton Strategic Partnership LLP

Mr Thomas Alcock
Partner
Dalton Strategic Partnership LLP

**Authorised Auditors of the Fund:** KPMG Luxembourg, Société coopérative
39, Avenue J.F. Kennedy
L-1855 Luxembourg

## The Management Company

**Registered Office:** Edmond de Rothschild Asset Management (Luxembourg)
20, Boulevard Emmanuel Servais,
L-2535 Luxembourg

**Chairman of the Management Company:** Mr Vincent Taupin as from 10 January 2017

**Members of the board of directors of the Management Company:**
Mr Vincent Taupin, Chairman
Mr Didier Deléage
Mrs Katherine Blacklock
Mr Marc Saluzzi

**Conducting officers:**
Mr Dimitri Guillaume
Mr Enrique Bouillot
Mr Stanislas Kervyn
Mr Raymond Glodé
Mr Guy Verhoustraeten
Mr Serge Weyland
Edmond de Rothschild Asset Management (Luxembourg)

**Authorised auditors of the Management Company:** PricewaterhouseCoopers, Société coopérative de droit luxembourgeois
2, rue Gerhard Mercator
B.P. 1443
L-1014 Luxembourg

**Investment Manager:** Dalton Strategic Partnership LLP
Third Floor, Princes Court
7 Princes Street
London EC2R 8AQ
United Kingdom

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|---|---|
| **Sub-Investment Managers:** | Marble Bar Asset Management LLP<br>Seventh Floor<br>South Block<br>55, Baker Street<br>London W1U 8EW<br>United Kingdom<br><br>Dalton Capital (Japan) Inc<br>27F Tokyo Sankei Building<br>1-7-2 Otemachi<br>Chiyoda-ku<br>Tokyo 100-0004<br>Japan |
| **Global Distributor of the Fund:** | Dalton Strategic Partnership LLP<br>Third Floor, Princes Court<br>7 Princes Street<br>London EC2R 8AQ<br>United Kingdom |
| **Depositary Bank and Domiciliary Agent:** | Edmond de Rothschild (Europe)<br>20, Boulevard Emmanuel Servais,<br>L-2535 Luxembourg |
| **Administrative, Paying, Registrar and Transfer Agent:** | Edmond de Rothschild Asset Management (Luxembourg)<br>20, Boulevard Emmanuel Servais,<br>L-2535 Luxembourg |
| **Legal Advisor:** | Arendt & Medernach S.A.<br>41A, Avenue J.F. Kennedy<br>L-2082 Luxembourg |

**CONTENTS**

## PART A: GENERAL FUND INFORMATION

## INVESTMENT OBJECTIVES, POLICIES, TECHNIQUES, INVESTMENT RESTRICTIONS AND RISK MANAGEMENT PROCESS

### I. INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to manage the assets of each Sub-Fund for the benefit of its shareholders within the limits set forth under "Investment Restrictions". In order to achieve the investment objective, the assets of the Fund will be invested in Transferable Securities and such other financial assets permitted by law.

The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The investment policies and structure applicable to the various Sub-Funds created by the Board of Directors are described hereinafter in Part B of this Prospectus. If further Sub-Funds are created the Prospectus will be updated accordingly.

### II. INVESTMENT RESTRICTIONS

The investment policy shall comply with the following rules and restrictions:

**A. Investments in the Sub-Funds shall consist solely of:**

(1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;

(2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State;

(3) Transferable Securities and Money Market Instruments admitted to official listing on a Regulated Market in an Other State or dealt in on an Other Regulated Market in an Other State;

(4) recently issued Transferable Securities and Money Market Instruments, provided that:

- the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market or on an Other Regulated Market as described under (1)-(3) above;

- such admission is secured within one year of issue;

(5) units or shares of UCITS and/or other UCIs within the meaning of Article 1 paragraph (2) points a) and b) of Directive 2009/65/EC, whether or not established in a Member State, provided that:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Luxembourg regulatory authority (the "**Regulatory Authority**") to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured (currently the United States of America, Canada, Switzerland, Hong Kong and Japan);

- the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC;

- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;

- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

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

(7) financial derivative instruments, i.e. in particular options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:

(i) - the underlying consists of instruments covered by this Section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;

- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority; and

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

(ii) Under no circumstances shall these operations cause the Fund to diverge from its investment objectives;

(8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above, or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by EU law, or

- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) 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.

**B. Each Sub-Fund may however:**

(1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through (4) and (8).

(2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Directors consider this to be in the best interest of the shareholders.

(3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. For the purpose of this restriction back-to-back loans are not considered to be borrowings.

(4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Fund shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described in (1) to (5) and (8) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple sub-funds where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules described under items (1) to (5), (7) to (9) and (12) to (14) hereunder.

*Investments from one Sub-Fund into another Sub-Fund:*

A Sub-Fund may subscribe, acquire and/or hold units to be issued or issued by one or more Sub-Funds of the Fund under the condition 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 be invested in aggregate in units of other UCIs;

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 Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010.

- ***Transferable Securities and Money Market Instruments***

(1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:

(i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of one single issuer; or

(ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

(2) A Sub-Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.

(3) The limit of 10% set forth above under (1) (i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).

(4) The limit of 10% set forth above under (1) (i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.

(5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1) (ii).

(6) **Notwithstanding the ceilings set forth above, each Sub-Fund is authorized to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any other Member State of the Organization for Economic Cooperation and Development ("OECD") or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.**

(7) Without prejudice to the limits set forth hereunder under (b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory Authority, on the following basis:

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

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

- ***Bank Deposits***

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

- ***Financial Derivative Instruments***

(9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in A (6) above or 5% of its net assets in other cases.

(10) Investment in financial derivative instruments shall only be made, and within the limits set forth in (2), (5) and (14), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in (1) to (5), (8), (9), (13) and (14). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not necessarily have to be combined to the limits set forth in (1) to (5), (8), (9), (13) and (14).

(11) When a Transferable Security or Money Market Instrument embeds a financial derivative, the latter must be taken into account when complying with the requirements of (A) (7) (ii) above and C (a) (10) and (D) hereunder as well as with the risk exposure and information requirements laid down in the present Prospectus.

To the extent the Sub-Funds do not use total return swaps (or other financial derivative instruments with the same characteristics) as a significant significant part of their investment strategy, no information on the underlying strategy and composition of the investment portfolio or index has been disclosed. However, should one or several Sub-Funds contemplate to use primarily such instruments, appropriate disclosures will be added according to the ESMA guidelines 2014/937 on ETFs and other UCITS.

- ***Units or shares of Open-Ended Funds***

(12) Unless specified otherwise in the relevant appendix, no Sub-Fund may invest more than 10% of its assets in the units or shares of the same UCITS or UCI; furthermore, no Sub-Fund may invest in aggregate more than 10% of its assets in the units or shares of other UCITS or UCI.

If specified in the relevant appendix, the following applies:

- A Sub-Fund may acquire units or shares of UCITS and/or other UCI specified in Part A, II, A (5), provided that it does not invest more than 20% of its assets in a single UCITS or UCI.
  For the purposes of the application of this investment limit, each compartment in a multi-compartment undertaking for collective investment, as defined by Article 181 of the 2010 Law, is considered as a separate issuer, provided that the principle of segregation of the commitments of the different compartments with regard to third parties is assured.
- Investments in units or shares of UCIs other than UCITS may not in total exceed 30% of the assets of a Sub-Fund. If a Sub-Fund has acquired units or shares in UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits stipulated in article 43 of the 2010 Law.

When the Sub-Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or indirectly, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or the votes, that management company or other company may not charge subscription or redemption fees on account of the Sub-Funds' investment in the units of such other UCITS and/or UCIs.

No investment management fee exceeding 0.25% of the net asset value may be charged on such linked investment.

- ***Combined limits***

(13) Notwithstanding the individual limits laid down in (1), (8) and (9) above, a Sub-Fund may not combine:

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

a single body in excess of 20% of its net assets.

(14) The limits set out in (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of the Fund.

**(b) Limitations on Control**

(15) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable the Fund to exercise a significant influence over the management of the issuer.

(16) Neither any Sub-Fund nor the Fund may acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCI.

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

The ceilings set forth above under (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and
- shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under C, items (1) to (5), (8), (9) and (12) to (16);
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

**D. In addition, the Fund shall comply in respect of its net assets with the following investment restrictions per instrument:**

Each Sub-Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

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

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

(1) No Sub-Fund may acquire precious metals or certificates representative thereof.

(2) No Sub-Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(3) No Sub-Fund may use its assets to underwrite any securities.

(4) No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund.

(5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in non fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).

(6) The Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A, items (5), (7) and (8).

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

(1) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio.

(2) If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its shareholders.

The Directors have the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Fund are offered or sold.

## III. TECHNIQUES AND INSTRUMENTS

Sub-Funds must comply with the requirements of the ESMA Guidelines 2014/937 on ETFs and other UCITS.

**(A) General**

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

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under Section II.C above.

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

**(B) Securities Lending and Borrowing**

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

Currently the Sub-Funds do not engage in securities lending transactions. In the event the Sub-Funds wish to engage in these transactions in the future, the Prospectus will be amended accordingly before they do so and in particular the legal status, country of origin and minimum credit rating criteria, if any, used to select the counterparties will be disclosed.

The Fund may more specifically enter into securities lending transactions provided that the following rules are complied with in addition to the abovementioned conditions:

(i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.

(ii) The Fund may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialised in this type of transaction.

(iii) The Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

**(C) Repurchase and Reverse Repurchase Transactions**

The Fund may enter into repurchase agreements that consist of forward transactions at the maturity of which the Fund (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The Fund may further enter into reverse repurchase agreements that consist of forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Fund (buyer) the obligation to return the assets purchased under the transactions.

The Fund’s involvement in such transactions is, however, subject to the following rules:

(i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.

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

Currently the Sub-Funds do not engage in repurchase and reverse repurchase transactions. In the event the Sub-Funds wish to engage in these transactions in the future, the Prospectus will be amended accordingly before they do so and in particular the legal status, country of origin and minimum credit rating criteria, if any, used to select the counterparties will be disclosed.

## IV. FINANCIAL DERIVATIVE INSTRUMENTS

Please refer to each strategy and investment policy applicable to the various Sub-Funds as described hereinafter in Part B of this Prospectus.

### 1. General

A Sub-Fund may invest in financial derivative instruments including instruments with similar characteristics to those of a TRS, such as contracts for difference, for either investment or for hedging purposes that are traded "over-the-counter" or OTC (within the meaning of, and under the conditions set out in, applicable laws, regulations and CSSF circulars issued from time to time, in particular, but not limited to, Regulation (EU) 2015/2365), in accordance with the conditions set out in relevant sections of this Prospectus and the investment objective and policy of the relevant Sub-Fund. Such OTC financial derivative instruments will be safe-kept with the Depositary.

*Contracts for difference* are agreements between two parties to exchange the difference between the opening price and the closing price of the contract, at the close of the contract, multiplied by the number of units of the underlying asset specified within the contract. Differences in settlement are thus made through cash payments, rather than physical delivery of the underlying assets.

The aim of using contracts for difference by a Sub-Fund is to gain exposure to underlying assets that the Sub-Fund is otherwise permitted to gain exposure to by its investment policy – a basket of specific securities or an index, for example. The expected proportion of the assets under management of a Sub-Fund that could be subject to contracts for difference is set out in the table below. The counterparties will be reputable financial institutions specialised in this type of transaction.

Each Sub-Fund may incur costs and fees in connection with the contracts for difference, upon entering into such instruments and/or any increase or decrease of their notional amount. The amount of these fees may be fixed or variable. Information on costs and fees incurred by a Sub-Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depositary, the Investment Manager or the Management Company to the extent permitted under applicable laws and regulations, if applicable, may be available in the Annual Report.

All revenues arising from contracts for difference, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund.

The Depositary will verify the ownership of the OTC derivatives of the Sub-Funds and the Depositary will maintain an updated record of such OTC derivatives in accordance with the terms of the Depositary Agreement.

### 2. Information on the counterparty(ies) of the transactions

Authorised counterparties to contracts for difference or other SFTs / TRS are reputable financial institutions that specialise in these types of transactions and are subject to prudential supervision and belonging to categories approved by the CSSF. Counterparties will typically have a public credit rating which is investment grade (meaning rated BBB- or above by Standard & Poor’s or Fitch or Baa3 or above by Moody’s) and be domiciled in OECD countries. The counterparties will have no discretion over the composition or management of the relevant Sub-Fund’s portfolio or over the underlying of the financial derivative instruments. The identity of the counterparties will be disclosed in the annual report.

### 3. Counterparty Risk - Generic OTC counterparty risk

The Sub-Fund is subject to the risk of the insolvency of its counterparties.

In accordance with its investment objective and policy, a Sub-Fund may trade "over-the-counter" ("**OTC**") financial derivative instruments such as non-exchange traded futures and options, forwards, swaps (including total return swaps) or contracts for difference. Where a Sub-Fund enters into OTC derivative transactions it is exposed to increased credit and counterparty risk, which the Investment Manager will aim to mitigate by the collateral arrangements. Entering into transactions on the OTC markets will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of the contracts. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investments during the period in which the Sub-Fund seeks to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

Where a Sub-Fund uses contracts for difference, the maximum and the expected proportion of assets that could be subject to these instruments will be expressed as the notional of the contracts for difference entered by the Sub-Fund divided by its net asset value and set out in the table below:

| **Sub-Funds** | **Type of SFTR Technique/Assets*** | **Maximum** | **Expected** |
|---|---|---|---|
| Melchior European Opportunities Fund | Contracts for difference | 50% | 0-30% |
| Melchior Japan Advantage Fund | N/A | 0 | 0 |
| Melchior Global Multi-Asset Fund | N/A | 0 | 0 |
| Melchior European Absolute Return Fund | Contracts for difference | 300% | 75-150% |
| Melchior European Enhanced Absolute Return Fund | Contracts for difference | 600% | 150-300% |
| Melchior Global Conservative Fund | N/A | 0 | 0 |
| Melchior Asian Opportunities Fund | N/A | 0 | 0 |
| Melchior Global Equity Fund | N/A | 0 | 0 |
| Velox Fund | Contracts for difference | 300% | 75-150% |
| Melchior Credit Risk Premia Fund | Contracts for difference | 150% | 50-100% |
| Melchior Continental European Opportunities Fund | Contracts for difference | 50% | 0-30% |
| Melchior Global Equity Dividend Fund | N/A | 0 | 0 |

| | | | |
|---|---|---|---|
| Melchior Global Equity Long Short Fund | Contracts for difference | 300% | 75-150% |
| Melchior North American Long Short Fund | Contracts for difference | 300% | 75-150% |
| Melchior Systematic Global Macro Fund | Contracts for difference | 800% | 100-200% |
| Melchior European Advantage Fund | Contracts for difference | 50% | 0-30% |

## V. MANAGEMENT OF COLLATERAL AND COLLATERAL POLICY

Sub-Funds must comply with the requirements of the ESMA Guidelines 2014/937 on ETFs and other UCITS.

### 1. General

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, the Fund may receive collateral with a view to reduce its counterparty risk. This Section sets out the collateral policy applied by the Fund in such case. All assets received by the Sub-Funds in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purpose of this Section V.

### 2. Eligible collateral

Collateral received by the Sub-Funds may be used to reduce their counterparty risk exposure if they comply with the criteria set out in applicable laws, regulations and circulars issued by the Regulatory Authority from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability.

In particular, collateral should comply with the following conditions:

a. Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;

b. It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;

c. It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

d. It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Funds' net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation to the present point (d), the Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, 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 Portfolio should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Portfolio's net asset value;

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

Subject to the abovementioned conditions, collateral received by the Sub-Funds may consist of:

a. liquid assets such as cash and cash equivalents, including short-term bank certificates and Money Market Instruments;

b. bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;

c. shares or units issued by money market UCIs calculating a daily NAV and being assigned a rating of AAA or its equivalent;

d. shares or units by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;

e. bonds issued or guaranteed by first class issuers offering an adequate liquidity; and

f. shares admitted to or dealt in on a regulated market of an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

A reinvestment of cash provided as collateral may only be effected in compliance with the respective circulars of the Regulatory Authority.

### 3. Level of collateral

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

### 4. Securities Lending

When engaging in lending transactions, the Fund will receive collateral, the value of which during the lifetime of the lending agreement must be at least equal to 100% of the global valuation of the securities lent.

### 5. Repurchase / reverse repurchase agreements

Repurchase agreements and reverse repurchase agreements will generally be collateralised, at any time during the lifetime of the agreement, at a minimum of 100% of their notional amount.

### 6. OTC financial derivative transactions

The Fund will generally require the counterparty to an OTC derivative to post collateral in favour of the Sub-Fund representing, at any time during the lifetime of the agreement, up to 100% of the Sub-Fund’s exposure under the transaction.

### 7. Haircut policy applicable for OTC derivatives

The Management Company has a haircut policy relating to the classes of assets received as collateral by or for the account of the Fund. The Management Company only accepts cash and high-quality government bonds as collateral with haircuts ranging from 1-10%. Haircuts are assessed, on a daily basis, based on collateral credit quality, price volatility and tenor.

| Collateral Instrument Type | Maturity | Haircut applicable to Collateral Requirement |
|---|---|---|
| Cash in CHF, EUR, GBP, USD (other liquidities not accepted) | *N/A* | |
| Short-term instruments issued by one of the OECD countries with a minimum rating of A | *< 1 year* | *1%* |
| Short-term instruments issued by one of the OECD countries with a minimum rating of A | *1 < 5 years* | *4%* |
| Mid-term instruments issued by one of the OECD countries with a minimum rating of A | *5 < 10 years* | *6%* |
| Long-term instruments issued by one of the OECD countries with a minimum rating of A | *>10 years* | *8%* |
| Other | | *Not Applicable, other collateral type are not accepted.* |

Due to the nature of the collateral received (having a low volatility) and the level of haircuts applied, the daily valuations of the collateral are not expected to be adversely impacted.

At this time, none of the Sub-Funds will enter into (i) repurchase or reverse repurchase agreements, (ii) securities or commodities lending and securities or commodities borrowings, (iii) buy-sell back transactions or sell-buy back transactions, (iv) margin lending transactions and (v) total return swaps. Should the Sub-Funds use any of these techniques, this Prospectus shall be updated accordingly.

**8. Reinvestment of collateral**

Non-cash collateral received by the Fund on behalf of a Sub-Fund cannot be sold, reinvested or pledged, except where and to the extent permissible under Luxembourg law and regulations.

Cash collateral received by the Sub-Funds can only be:

(a) placed on deposit with credit institutions which have their registered office in an EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in EU law;

(b) invested in high-quality government bonds;

(c) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the relevant Sub-Fund is able to recall at any time the full amount of cash on accrued basis; and/or

(d) invested in short-term money market funds as defined in the ESMA Guidelines on a common definition of European Money Market Funds.

Any reinvestment of cash collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure, on an aggregate basis, of 20% of the Sub-Fund’s Net Asset Value to any single issuer. The Sub-Fund may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty at the conclusion of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

## VI. CO-MANAGEMENT AND POOLING

To ensure effective management, the Board of Directors may decide to authorize the Investment Manager(s) to manage all or part of the assets of one or more Sub-Funds with other Sub-Funds in the Fund (technique of pooling) or to co-manage all or part of the assets, except for a cash reserve, if necessary, of one or more Sub-Funds of the Fund with assets of other Luxembourg undertakings for collective investment or of one or more sub-funds of other Luxembourg undertakings for collective investment (hereinafter called "Party(ies) to co-managed assets") for which the Fund's Depositary Bank was appointed the depositary bank. These assets will be managed in accordance with the respective investment policy of the Parties to co-managed assets, each of which pursuing identical or comparable objectives. Parties to co-managed assets will only participate in co-managed assets as stipulated in their respective prospectus and in accordance with their respective investment restrictions.

Each Party to co-managed assets will participate in co-managed assets in proportion to the assets contributed thereto by it. Assets will be allocated to each Party to co-managed assets in proportion to its contribution to co-managed assets. The entitlements of each Party to co-managed assets apply to each line of investment in the aforesaid co-managed assets.

The aforementioned co-managed assets will be formed by the transfer of cash or, if necessary, other assets from each Party to co-managed assets. Thereafter, the Board may regularly make subsequent transfers to co-managed assets. The assets can also be transferred back to a Party to co-managed assets for an amount not exceeding the participation of the said Party to co-managed assets.

Dividends, interest and other distributions deriving from income generated by co-managed assets will accrue to the Parties to co-managed assets in proportion to their respective investments. Such income may be kept by the Party to co-managed assets or reinvested in the co-managed assets.

All charges and expenses incurred in respect of co-managed assets will be applied to these assets. Such charges and expenses will be allocated to each Party to co-managed assets in proportion to its respective entitlement in the co-managed assets.

In the case of infringement to investment restrictions affecting a Sub-Fund of the Fund, when such a Sub-Fund takes part in co-management and even though the manager has complied with the investment restrictions applicable to the co-managed assets in question, the Board of Directors shall ask the Investment Manager to reduce the investment in question proportionally to the participation of the Sub-Fund concerned in the co-managed assets or, if necessary, reduce its participation in the co-managed assets so that investment restrictions for the Sub-Fund are observed.

When the Fund is liquidated or when the Board of Directors decides - without prior notice - to withdraw the participation of the Fund or a Sub-Fund from co-managed assets, the co-managed assets will be allocated to Parties to co-managed assets proportionally to their respective participation in the co-managed assets.

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

## VII. RISK MANAGEMENT PROCESS

The Management Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions in its portfolios and their contribution to the overall risk profile of its Sub-Funds.

In relation to financial derivative instruments the Management Company must employ a process (or processes) for accurate and independent assessment of the value of OTC derivatives and the

Management Company shall ensure for each Sub-Fund that its global risk exposure relating to financial derivative instruments does not exceed the total net value of its Sub-Fund, when the commitment approach is used to calculate the global risk exposure.

The global risk 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. The method used for the determination of the global exposure is the commitment approach for all Sub-Funds except for the Melchior Global Multi-Asset Fund, the Melchior European Absolute Return Fund, the Melchior European Enhanced Absolute Return Fund, the Velox Fund, the Melchior Credit Risk Premia Fund, and the Melchior Systematic Global Macro Fund for which the absolute VAR approach is applied as further set out for each Sub-Fund individually in each Appendix.

Except as otherwise noted below, each Sub-Fund will be authorized to invest according to its investment policy, in financial derivative instruments, subject to the limits laid down in Section II and III (including options, forwards, futures and/or swaps (including Credit Default Swaps) on Transferable Securities and/or any financial instruments and currencies) to hedge the portfolios against market and currency risks, as well as to enhance returns in accordance with the principles of prudent and efficient portfolio management. Shareholders should be aware that the use of derivative instruments for purposes other than hedging carries a certain degree of risk.

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section II "Investment Restrictions" item C.

When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of this Section.

## VIII. GENERAL RISK CONSIDERATIONS

### Introduction

Investors in each Sub-Fund are advised to carefully consider the following risks:

Investors should carefully consider the usual risks of investing and participating in listed and unlisted securities. Prices of securities may go down or up in response to changes in economic conditions, interest rates, and the market's perception of securities. These may cause the Net Asset Value of the Shares of a Sub-Fund to go down or up as the Net Asset Value of the Shares of a Sub-Fund are based on the current market value of its investments. These investments may be affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, default risks and other restrictions and controls which may be imposed by the relevant authorities in other countries. Fluctuations in foreign exchange rates may have an impact on the income of the Sub-Fund and affect the Net Asset Value of the Shares of the Sub-Fund.

### Equity securities

Investing in equity securities may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

**Fixed-income securities**

Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and / or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by governments or their agencies or instrumentalities; municipal securities; and mortgage-backed and asset backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e. credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e*.* market risk).

A Sub-Fund's investments in debt securities may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Sub-Fund earlier than expected. This may happen when there is a decline in interest rates, or when the issuer's performance allows the refinancing of debt with lower cost debt. Early repayments of investments may have a material adverse effect on the Sub-Fund's investment objective and the profits on invested capital.

**Credit Derivatives**

A Sub-Fund has the ability to buy or sell credit derivatives, examples of which include credit default swap agreements and credit-linked notes. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by formula.

**High Yield Securities**

Investment in higher yielding securities may be considered more speculative as it generally entails increased credit and market risk; such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

**Contingent Convertibles or CoCos**

A Sub-Fund may invest in contingent convertibles (CoCos). CoCos are Tier 1 and Tier 2 subordinated debt securities issued by financial institutions. CoCos generally contain loss absorption mechanisms, or 'bail-in' clauses, to avoid public sector intervention to keep the issuer of such securities from insolvency or bankruptcy. Additionally, CoCos investors may suffer losses prior to investors in the same financial institution holding equities or bonds ranking pari passu or junior to the CoCo bond holders. CoCos terms may vary from issuer to issuer and bond to bond and may expose investors to:

- Trigger risk

Under the terms of the CoCos, the instruments become loss absorbing upon certain triggering events, including events under the control of the management of the CoCos issuer which could cause the permanent write-down to zero of principal investment and / or accrued interest, or a conversion to equity. These triggering events may include (i) a deduction in the issuing bank's Core Tier 1 / Common Equity Tier 1 (CT1 / CET1) ratio (or other capital ratios) below a pre-set limit, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e., a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or otherwise carry on its business and requiring or causing the conversion of the CoCos into equity in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital. Furthermore, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group and the application of these policies. Any such changes, including changes over which the issuer or its group has a discretion, may have a material adverse impact on its reported financial position and accordingly may give rise to the occurrence of a trigger event in circumstances where such a trigger event may not otherwise have occurred, notwithstanding the adverse impact this will have on the position of holders of the CoCos. Upon such occurrence, there is a risk of a partial or total loss in nominal value or conversion into the common stock of the issuer which may cause a Portfolio as a CoCo bondholder to suffer losses (i) before both equity investors and other debt holders which may rank pari passu or junior to CoCo investors and (ii) in circumstances where the bank remains a going concern.

- <u>Extension risk</u>

As there may be no incentive, in the form of a coupon step-up, for the issuer to redeem the securities issued. This would cause the securities' duration to lengthen and to expose investors to higher Interest Rate risk.

- <u>Unknown risk</u>

Shareholders should be aware that the structure of CoCos is yet to be tested and there is some uncertainty as to how they may perform in a stressed environment. Depending on how the market views certain triggering events, as outlined above, there is the potential for price contagion and volatility across the entire asset class. Furthermore, this risk may be increased depending on the level of underlying instrument arbitrage and in an illiquid market, price formation may be increasingly difficult.

- <u>Yield/valuation risk</u>

It is possible in certain circumstances, e.g., issuer discretion not to pay and / or insufficient distributable profits to pay interest in full or in part, for interest payments on certain CoCos to be cancelled in full or in part by the issuer, without prior notice to bondholders. Therefore, there can be no assurances that investors will receive payments of interest in respect of CoCos. Unpaid interest may not be cumulative or payable at any time thereafter, and bondholders shall accordingly have no right, whether in a liquidation, dissolution or winding-up or otherwise, to claim the payment of any foregone interest which may impact the value of the Portfolio.

Notwithstanding that interest not being paid or being paid only in part in respect of CoCos or that the principal value of such instruments may be written down to zero, there may be no restriction on the issuer paying dividends on its ordinary shares or making pecuniary or other distributions to the holders of its ordinary shares or making payments on securities ranking pari passu with the CoCos resulting in other securities by the same issuer potentially performing better than CoCos.

- <u>Capital structure inversion risk</u>

CoCos generally rank senior to common stock in an issuer's capital structure and are consequently higher quality and entail less risk than the issuer's common stock; however, the risk involved in such securities is correlated to the solvency and / or the access of the issuer to liquidity of the issuing financial institution.

- <u>Conversion risk/write-down risk</u>

The value of such instrument may be impacted by the mechanism through which the instruments are converted into equity or written-down, which may vary across different securities which may have varying structures and terms. CoCo structures may be complex and terms may vary from issuer to issuer and bond to bond.

In equity convertible CoCos, the conversion share price is important as this determines the economic loss that a Sub-Fund, as a holder of such instruments will suffer upon conversion and may not be pre-determined. For principal write-down CoCos, write-down can be immediate and in many cases there may be a full loss with no expectation of any return of principal. Only some CoCos may be written-back up to par and even then would do so over a potentially long period of time; however even if this is possible, the issuer may be able to call such investment prior to such write-up to par resulting in a loss to the bondholder.

CoCos are valued relative to other debt securities in the issuer's capital structure, as well as equity, with an additional premium for the risk of conversion or write-down. The relative riskiness of different CoCos will depend on the distance between the current capital ratio and the effective trigger level, which once reached would result in the CoCo being automatically written-down or converted into equity. There are a number of factors which could increase the likelihood of a trigger event occurring, some of which may be outside an issuer's control. CoCos may trade differently to other subordinated debt of an issuer which does not include a write-down or equity conversion feature which may result in a decline in value or liquidity in certain scenarios. At present, the CoCo market is volatile which may impact the value of the asset.

- Coupon payment risk

Whereby coupon payments may be indefinitely deferred or cancelled with no interest accumulation and potentially no restriction on the issuer to pay dividends to equity holders or coupons to bond holders which rank pari passu or junior to the CoCo bond holders. Coupon cancellation may be at the option of the issuer or its regulator but may also be mandatory under the European Capital Requirements Directive (CRD IV) and related applicable laws and regulation. This mandatory deferral may be at the same time that equity dividends and bonuses may also restricted, but some CoCo structures allow the bank at least in theory to keep on paying dividends whilst not paying CoCo holders. Mandatory deferral is dependent on the amount of required capital buffers a bank is asked to hold by regulators.

- Liquidity risk

CoCos tend to have higher price volatility and greater liquidity risk than other securities which do not expose investors to the aforementioned risks.

- Industry concentration risk

Concentration in investments at certain times in large positions and in a relatively limited number of securities, sectors or regions will make the Sub-fund more subject to the risks associated with such concentration. The Sub-Fund could be subject to significant losses if it holds a relatively large position in a single strategy, issuer, industry, market or a particular type of securities that declines in value and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

**Emerging Market Countries**

Investment in transferable securities of emerging market countries are subject to various risks with regard to the rapid economic development which some of these countries are experiencing. In this respect no assurance can be given that this process of development will continue during the years to come.

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries, and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risk of expropriation, confiscatory taxation, nationalization and social, political and economic instability are greater in emerging markets than in developed markets. In addition to withholding taxes on investment income, some emerging markets may impose different capital gains taxes on foreign investors.

A number of attractive emerging markets restrict, to varying degrees, foreign investment in securities. Further, some attractive equity securities may not be available to one or more of the Sub-Funds because foreign shareholders hold the maximum amount permissible under current law. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging markets and may be subject to currency exchange control restrictions. Such restrictions may increase the risks of investing in certain of the emerging markets. Unless otherwise specified within its portfolio's investment objective and policy, a Sub-Fund will only invest in markets where these restrictions are considered acceptable by the Fund.

Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities, including trading on material non-public information.

The securities markets of emerging countries have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of a Sub-Funds acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed countries because brokers and counterparties in such countries may be less well capitalized and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Sub-Fund is unable to acquire or dispose of a security.

Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognized credit rating organization. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Fund may have limited legal recourse against the issuer and/or guarantor.

**Depository Risks in Emerging Market Countries**

Investments in emerging market countries are subject to an increased risk in relation to the ownership and custody of transferable securities.

Generally, investments in emerging market countries involve greater risks due to the lack of an appropriate system for the transfer, price calculation and accounting of the transferable securities and to their custody and record keeping.

**Country risk linked to the custody**

The Investment Manager or Sub-Investment Manager may decide from time to time to invest in a country where the Depositary Bank has no correspondent. In such a case, the Depositary Bank will have to identify and appoint a local custodian to the extent its due diligence over this local custodian is conclusive. This process may take time and in the meantime deprive the Investment Manager or Sub-Investment Manager of investment opportunities.

In the same manner, the Depositary Bank shall assess on an ongoing basis the custody risk of the country where the Fund's assets are safe-kept. The Depositary Bank may identify from time to time a custody risk in a jurisdiction and recommends to the Investment Manager or Sub-Investment Manager to realize the investments immediately. In doing so, the price at which such assets will be sold may be lower than the price the Fund would have received in normal circumstances, potentially affecting the performance of the relevant Sub-Funds.

**Central Securities Depositaries**

In accordance with the Directive, entrusting the custody of the Fund's assets to the operator of a securities settlement system ("SSS") is not considered as a delegation by the Depositary Bank and the depositary is exempted from the strict liability of restitution of assets. A central securities depositary ("CSD") being a legal person that operates a SSS and provides in addition other core services should not be considered as a delegate of the Depositary Bank irrespective of the fact that the custody of the Company's assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

**Pledge**

As a continuing security for the payment of its duties under the Depositary Bank Agreement (like the fees to be paid to the Depositary Bank for its services or also overdraft facilities offered by the Depositary Bank), the Depositary Bank shall have a pledge granted by the Fund over the assets the Depositary Bank or any third party may from time to time hold directly for the account of the Fund, in any currency.

**Cash**

Under the Directive, cash is to be considered as a third category of assets beside financial instruments that can be held in custody and other assets. The Directive imposes specific cash flow monitoring obligations. Depending on their maturity, term deposits could be considered as an investment and consequently would be considered as other assets and not as cash.

**Special Risks related to the investment in warrants on transferable securities**

Warrants confer on the investor the right to subscribe for a fixed number of ordinary shares in the relevant company at a pre-determined price for a fixed period.

The cost of this right will be substantially less than the cost of the share itself. Consequently the price movements in the Share will be multiplied in the price movements of the warrant. This multiplier is the leverage or gearing factor. The higher the leverage the more attractive is the warrant. By comparing, for a selection of warrants, the premium paid for this right and the leverage, their relative worth can be assessed. The levels of the premium and gearing can increase or decrease with investor sentiment. Warrants are therefore more volatile and speculative than ordinary shares. Investors should be warned that prices of warrants are extremely volatile and that furthermore, it may not always be possible to dispose of them.

**Currency Risks**

The Fund and each Sub-Fund may invest in transferable securities denominated in local currencies, and may hold cash in such currencies. Therefore, currency fluctuations of such currencies vis-à-vis the Euro influence the value of the Sub-Funds denominated in Euro. If, within a Sub-Fund, classes of Shares are issued which are denominated in a currency other than the Sub-Fund's Reference Currency, the fluctuations in value of the Sub-Fund's Reference Currency will have a corresponding impact on the value of such classes of Shares.

Euro requires participation of multiple sovereign states forming the Euro zone and is therefore sensitive to the credit, general economic and political position of each such state including each state's actual and intended ongoing engagement with and/or support for the other sovereign states then forming the EU, in particular those within the Euro zone. Changes in these factors might materially adversely impact the value of securities that the Fund and each Sub-Fund has invested in. In particular, any default by a sovereign state on its Euro debts could have a material impact on any number of counterparties and any Sub-Funds that are exposed to such counterparties. In the event of one or more countries leaving the Euro zone, shareholders should be aware of the redenomination risk to the Sub-Fund's assets and obligations denominated in Euro being redenominated into either new national currencies or a new European currency unit. Redenomination risk may be affected by a number of factors including the governing law of the financial instrument in question, the method by which one or more countries leave the Euro zone, the mechanism and framework imposed by national governments and regulators as well as supranational organisations and interpretation by different courts of law. Any such redenomination might also be coupled with payment and/or capital controls and may have a material impact on the ability and/or willingness of entities to continue to make payments in Euro even where they may be contractually bound to do so, and enforcement of such debts may in practice become problematic even where legal terms appear to be favourable.

**Market Risks**

Some of the markets in which a Sub-Fund will invest may be markets with low market capitalisation, which tend to be volatile and illiquid.

These factors can influence the price at which the Sub-Fund may liquidate positions in order to meet redemption requests or other funding requirements.

**Small cap investments**

There are certain risks associated with investing in small cap stocks and the securities of small companies. The market prices of these securities may be more volatile than those of larger companies. Because small companies normally have fewer shares outstanding than larger companies it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is typically less publicly available information about these companies than for larger companies. The lower capitalization of these companies and the fact that small companies may have smaller product lines and command a smaller market share than larger companies may make them more vulnerable to fluctuation in the economic cycle.

**Special risks linked to the use of financial derivative instruments**

Each Sub-Fund may engage in various portfolio strategies to attempt to reduce certain risks of its investments and to attempt to enhance return. These strategies currently include the use of options, forward currency exchange contracts, swaps and futures contracts and options thereon. Participation in the options or futures markets and in currency exchange or swaps transactions involves investment risks and transaction costs to which the Sub-Funds would not be subject in the absence of the use of these strategies.

**Securities Lending, Repurchase or Reverse Repurchase Transactions**

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

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

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

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

**Investment in other Undertakings for Collective Investment**

As each Sub-Fund may invest in Undertakings for Collective Investment, the shareholders may incur a duplication of fees and commissions (management fees, including performance fees, depositary bank fees, central administration fees), except that if a Sub-Fund invests in other UCIs or UCITS sponsored by Dalton Strategic Partnership LLP or one of its affiliates, the Sub-Fund will not be charged any subscription and redemption fees with respect to such investment and all or a portion of the investment management fee with respect to such assets may be waived or rebated. The maximum management fees of other UCIs or UCITS in which a Sub-Fund may invest shall not exceed 2.50% of such Sub-Fund's assets.

**Business Risk**

There can be no assurance that a Sub-Fund will achieve its investment objective. There may be no operating history by which to evaluate its likely future performance.

**Limited Diversification**

A Sub-Fund's investment portfolio may become concentrated on one industry, sector, strategy, country or geographic region, and such concentration of risk may increase the losses suffered by a Sub-Fund. It could also become concentrated to a limited number or types of financial instruments, which could expose a Sub-Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

**Competition for Investments**

Each Sub-Fund expects to encounter competition from other third party funds having similar investment objectives. It is possible that competition for appropriate investment opportunities may increase. To the extent that a Sub-Fund encounters competition for investments, returns to a Sub-Fund may decrease, consequently reducing the returns to the shareholders in the Sub-Fund.

**Borrowing**

A Sub-Fund may use borrowings within the limits of Luxembourg law. Borrowings are limited to 10% of its net assets and can only be made on a temporary basis.

**Counterparty Risk**

A Sub-Fund will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

**Net Asset Value Considerations**

The net asset value per share in respect of each class is expected to fluctuate over time with the performance of the Sub-Fund's investments. A shareholder may not fully recover his initial investment when he chooses to redeem his shares or upon compulsory redemption if the net asset value per share at the time of such redemption is less than the subscription price paid by such shareholder.

**General Economic and Market Conditions**

General economic and market conditions may affect the activities of a Sub-Fund. Interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, political circumstances and other conditions may affect the level and volatility of the price of securities and the liquidity of a Sub-Fund’s investments. A Sub-Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

**Currency Exposure Risk**

The Shares in the Sub-Fund are denominated in Euro, Japanese Yen, Sterling, Swiss Francs and US Dollars and will be issued and redeemed in those currencies. The Investment Manager may seek to hedge the foreign currency exposure of each of the Euro Shares, Sterling Share and US$ Share classes. Prospective investors whose assets and liabilities are predominantly in currencies other than Euro, Sterling or US Dollars should take into account the potential risk of loss arising from fluctuations in value between the Euro, Sterling or US Dollars, as the case may be, and such other currencies. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk against the Reference Currency of the Sub-Fund is applied in accordance with ESMA34-43-296.

**Derivatives**

A Sub-Fund may invest in derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices, or markets on a leveraged or unleveraged basis. These instruments generally are subject to counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, including, without limitation, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them, which can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which a Sub-Fund may affect derivative transactions are "over-the-counter" or "interdealer" markets. The counterparties to OTC derivative transactions are financial institutions subject to prudential supervision. Investments in derivative instruments expose a Sub-Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). These factors may cause a Sub-Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps and is accentuated for contracts with longer maturities where events may intervene to prevent settlement. A Sub-Fund generally will not be restricted from dealing with any particular counterparty.

**Futures**

A Sub-Fund may utilize both exchange-traded futures and options and over-the-counter derivatives as part of its investment policy. These instruments are volatile and expose investors to a risk of loss. The low initial margin deposits normally required to establish an exchange-traded futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

**Leverage Risk**

Leverage may be employed as part of an investment strategy through the use of derivatives (including OTC derivatives). Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the volatility of the value of the relevant Sub-Fund, and thus the exposure to capital risks. Derivatives may contain a leverage component and consequently any adverse changes in the value or level of the underlying asset can result in a loss greater than the amount invested in the derivative itself.

**Management Risk**

The investment performance of a Sub-Fund is substantially dependent on the services of one or more key individuals of the Investment Manager. In the event of the death, incapacity, departure, insolvency or withdrawal of such individuals, the performance of a Sub-Fund may be adversely affected.

**Price Fluctuations**

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

**Transaction Costs**

A Sub-Fund's investment approach may involve a high level of trading and turnover of its investments which may generate substantial transaction costs which will be borne by the Sub-Fund.

**Amortisation of Organisational Costs**

The Fund will bear the organizational costs for the establishment of the Sub-Fund. Such expenses may be capitalized and amortized over a period not exceeding five years, as permitted by Luxembourg law. The financial statements of Sub-Funds will be prepared in accordance with international accounting standards.

**Stock Market Volatility**

Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

**Companies with Smaller Market Capitalizations**

A Sub-Fund may become exposed to companies with smaller market capitalizations, including companies generally considered to be small cap issuers and medium sized companies, may involve greater risks and volatility than investments in larger companies. Companies with smaller market capitalizations may be at an earlier stage of development, may be subject to greater business risks, may have limited product lines, limited financial resources and less depth in management than more established companies. In addition, these companies may have difficulty withstanding competition from larger more established companies in their industries. The securities of companies with smaller market capitalizations may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than investing in securities of larger capitalization companies. In addition, transaction costs in smaller capitalization stocks may be higher than those of larger capitalization companies.

**Multinational Litigation**

Because of the multinational composition of the board of directors of the Fund, it may be difficult to join all appropriate parties to an action involving a Sub-Fund, and judgments may be difficult or impossible to enforce against all appropriate parties.

**Common Reporting Standards**

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "**Standard**") and its Common Reporting Standard (the "**CRS**") as set out in the Luxembourg law dated 18 December 2015 implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation (the "**CRS Law**").

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation (as referred to in this Part A in the Section "Procedure, of subscription, conversion and redemption" under the heading "Data Protection"), the Fund will be required to annually report to the Luxembourg tax authority (the "**LTA**") personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) certain investors as per the CRS Law (the "**Reportable Persons**") and (ii) Controlling Persons of certain non-financial entities ("**FEs**") which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the "**Information**"), will include personal data related to the Reportable Persons.

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

The shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

Similarly, the shareholders undertake to inform the Fund within thirty (30) days of receipt of these statements should any included personal data be not accurate. The shareholders further undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any shareholder that fails to comply with the Fund’s Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such shareholder’s failure to provide the Information or subject to disclosure of the Information by the Fund to the LTA.

**Potential investors should therefore be aware of all these risks and contact, if necessary, their personal investment adviser. The Board of Directors attempts to minimize the risks by the number and risk spreading of the investments of the Sub-Funds' assets.**

**Taking into account the principle of risk spreading within the investment limits in accordance with this Prospectus and the Articles, the Fund is authorized to invest up to 100% of each Sub-Fund's net assets in Transferable Securities and Money Market Instruments from different issues, guaranteed or issued by a member state of the EU, its local authorities, by another member state of the Organization for Economic Co-operation and Development ("OECD") or by a public international organization of which at least one member state of the EU is a member, insofar as these securities are part of at least six different issues, and the securities from one and the same issue do not exceed 30% of the respective Sub-Fund's net assets.**

## IX. GLOBAL DISTRIBUTOR

Following the Global Distribution Agreement concluded between the Fund, the Management Company and Dalton Strategic Partnership LLP, Dalton Strategic Partnership LLP was appointed as global distributor of the Fund (the "**Global Distributor**"). Such Global Distributor may appoint one or more sub-distributors for each Sub-Fund.

Dalton Strategic Partnership LLP is regulated by the Financial Conduct Authority ("**FCA**") and has its registered office at Third Floor, Princes Court, 7 Princes Street, London EC2R 8AQ, United Kingdom

The Global Distributor is not entitled to accept any subscription monies from the investors.

Where any local distributor or sub-distributor holds Shares in its own, or a nominee's, name for and on behalf of Shareholders it will act as nominee in respect of such Shares. Whether investors elect to make use of such nominee service is their own decision. Investors are advised to inform themselves of, and when appropriate consult with their nominee regarding, the rights that they have in respect of Shares held through the relevant nominee service. In particular, investors should ensure that their arrangements with such nominees deal with information being given regarding corporate actions and notifications arising in respect of the Fund's Shares, as the Fund is only obliged to deliver notice to parties inscribed as a Shareholder in the Fund's register and can have no obligation to any third party.

## X. THE SHARES

The Fund may issue Shares of different classes reflecting the various Sub-Funds which the Board of Directors may decide to open. Within a Sub-Fund, classes of Shares may be defined from time to time by the Board of Directors so as to correspond to (i) a specific distribution policy, and/or (ii) a specific sales and redemption charge structure, and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific distribution fee structure, and/or (v) a specific currency, and/or (vi) any other specific features applicable to one class.

The following classes of shares which may be issued in relation to a Sub-Fund have been defined:

- Class A Shares, which are denominated in: Class A1 – EUR<br>Class A2 – USD

together ("**Class A Shares**");

- Class B Shares, which are denominated in: Class B1 – EUR<br>Class B2 – USD<br>Class B3 – JPY<br>Class B5 – CHF

together ("**Class B Shares**");

- Class C Shares, which are denominated in GBP ("**Class C Shares**");

- Class F Shares, which are denominated in: Class F1 – EUR<br>Class F2 – USD<br>Class F7 – GBP

together ("**Class F Shares**");

- Class H Shares, which are denominated in GBP ("**Class H Shares**");

- Class I Shares, which are denominated in: Class I1 – EUR<br>Class I2 – USD

Class I3 – JPY
Class I5 – CHF
Class I7 – GBP

together ("**Class I Shares**");

- Class J Shares, which are denominated in: Class J1 – EUR
Class J2 – USD
Class J3 – JPY
Class J5 – CHF
Class J7 – GBP

together ("**Class J Shares**"):

- Class M Shares, which are denominated in GBP ("**Class M Shares**");

- Class P Shares, which are denominated in: Class P1 – EUR
Class P2 – USD
Class P3 – JPY
Class P5 – CHF
Class P7 – GBP

together ("**Class P Shares**"):

- Class X Shares, which are denominated in: Class X1 – EUR
Class X2 – USD
Class X3 – JPY
Class X7 – GBP

together ("**Class X Shares**").

Class A Shares, Class B Shares, Class C Shares, Class F Shares and Class I Shares are not restricted as to the type of investor to which they are offered (unless otherwise stated in the relevant Appendix) and are not hedged against currency fluctuations in case the relevant class is denominated in another currency than the reference currency of the relevant Sub-Fund.

Class A Shares, Class B Shares, Class C Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class P Shares and Class X Shares may however also be offered as Class A-hedged Shares, Class B-hedged Shares, Class C-hedged Shares, Class F-hedged Shares, Class H-hedged Shares, Class I-hedged Shares, Class J-hedged Shares, Class P-hedged Shares and Class X-hedged Shares which are hedged against currency fluctuations in case the relevant class is denominated in another currency than the reference currency of the relevant Sub-Fund.

Class X Shares of a Sub-Fund are restricted to investors comprising other Sub-Funds of the Fund and such other investors as approved by the Board of Directors, which may include investors which are party to a discretionary management agreement with the Investment Manager or one of its affiliates.

Class A Shares, Class B Shares, Class F Shares, Class I Shares, Class J Shares, Class P Shares and Class X Shares shall have an accumulation policy unless otherwise provided for in the relevant Appendix in relation to Class A Shares, Class I Shares and Class J Shares. Class C Shares shall have a distribution policy. Please also refer to Section XIII "Distribution Policy".

Class F-RF Shares shall have Reporting Fund status. The UK offshore funds tax reporting regime applies to investment funds located outside of the UK. Offshore funds which comply with the regime can provide their investors with a tax treatment that is broadly similar to that provided by UK authorised funds.

Class H Shares shall have an accumulation policy.

Class M Shares were reserved to the Investment Manager and its employees. Class M Shares were issued in series per year on the first Business Day of each year. Each M Share series contains the indication of the year of issuance in its denomination. No further M Shares will be issued.

Class M Shares shall have an accumulation policy.

Class M Shares will not pay any investment management or performance fee.

Class J Shares and Class P Shares are reserved for Institutional Investors.

Class X Shares will neither pay any fees in relation to subscription, redemption or conversion (if any) nor pay any investment management fee or performance fee.

The classes of shares issued in relation to each Sub-Fund as well as further information are set out in the appendix relating to each Sub-Fund.

Shares in any Sub-Fund may be issued on a registered basis only.

The inscription of the shareholder's name in the register of shareholders evidences his or her right of ownership of such registered Shares.

A holder of registered Shares shall receive a written confirmation of his or her shareholding.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Fund to whatever Sub-Fund it belongs is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

Fractional registered Shares will be issued to one ten-thousandth of a Share, and such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the Shares in the relevant Sub-Fund on a pro rata basis.

The Shares of each Sub-Fund are presently not listed on the Luxembourg Stock Exchange. The Board of Directors may in the future seek a listing of the Shares of the Sub-Fund(s) on the Luxembourg Stock Exchange and this will be specified in Part B of the Prospectus.

## XI. PROCEDURE OF SUBSCRIPTION, CONVERSION AND REDEMPTION

### Subscription of Shares

After the Initial Subscription Period of a class of Shares of a Sub-Fund (as defined in Part B of this Prospectus), the subscription price per Share in the relevant class (the "**Subscription Price**") is the total of the Net Asset Value per Share and the sales charge (if any); please refer to Part B of this Prospectus. The Subscription Price is available for inspection at the registered office of the Fund.

To the extent that the Board of Directors considers that it is in the best interests of the Fund, given the prevailing market conditions and the level of subscriptions or redemptions requested by shareholders in relation to the size of any Sub-Fund on any dealing day, an adjustment may be made to the price at which subscriptions or redemptions shall be settled in order to cover the percentage estimate of costs and expenses to be incurred by the relevant Sub-Fund in relation to such subscriptions or redemptions respectively. To the extent that the Board of Directors considers that it is in the best interests of the Fund, the Board of Directors will apply such dilution levy if on the Valuation Day, the aggregate net transactions in shares for a sub-fund exceed 5% of the Net Asset Value of such Sub-Fund. The dilution levy policy will be defined by the Board of Directors, but the extent of the dilution levy will be set either by the Board of Directors, or, via a delegation, by the Investment Manager concerned. The dilution levy to be applied by the Board of Directors is not expected to exceed 1% of the Net Asset Value per Share. The dilution levy will apply to the Melchior European Absolute Return Fund, the Melchior European

Enhanced Absolute Return Fund, the Velox Fund, the Melchior Credit Risk Premia Fund, the Melchior Global Equity Long Short Fund, the Melchior North American Long Short Fund and the Melchior Systematic Global Macro Fund.

Alternatively, the Board of Directors will apply the swing pricing mechanism to the Melchior European Opportunities Fund, the Melchior Japan Advantage Fund, the Melchior Global Multi-Asset Fund, the Melchior Global Conservative Fund, the Melchior Asian Opportunities Fund, the Melchior Global Equity Fund, the Melchior Continental European Opportunities Fund, the Melchior Global Equity Dividend Fund and the Melchior European Advantage Fund as described herein. Sub-Funds may suffer dilution of the Net Asset Value per Shares due to investors buying or selling Shares at a price that does not take into account dealing and other costs arising when the Investment Manager makes or sells investments to accommodate cash inflows or outflows. To counteract this, a partial swing pricing mechanism will be adopted to protect shareholders' interests. If on the Valuation Day, the aggregate net transactions in Shares for a Sub-Fund exceeds a pre-determined threshold, as determined by the Board of Directors from time to time, the net asset value may be adjusted upwards or downwards to reflect net inflows and net outflows respectively. The extent of the price adjustment will be set by the Board of Directors, or via a delegation, by the Investment Manager concerned, to reflect dealing and other costs. Such adjustment is not expected to exceed 1% of the original Net Asset Value per Share.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per Share determined as of the Valuation Day (as defined in this Part A in the Section "Determination of the Net Asset Value" under the heading "Calculation and Publication") following receipt of the application form provided that such application is received by the Fund in Luxembourg not later than 2 p.m., Luxembourg time, on the Business Day preceding that Valuation Day. Applications received after 2 p.m., Luxembourg time, on the Business Day preceding the Valuation Day, will be dealt with on the following Valuation Day.

Investors may be required to complete a purchase application for Shares or other documentation satisfactory to the Fund, indicating that the purchaser is not a U.S. Person or nominee thereof. Application forms containing such representation are available from the Fund.

Payments for Shares may be made either in the Reference Currency of the Fund, or in the Reference Currency of the relevant class or Sub-Fund or in any other freely convertible currency.

Payments for subscriptions must be made within three Business Days of the applicable Valuation Day, unless otherwise provided for in the relevant appendix.

If the payment is made in a currency different from the Reference Currency of the relevant class or Sub-Fund, any currency conversion cost shall be borne by the shareholder.

The Fund may agree to issue shares as consideration for a contribution in kind of securities, in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Fund (*réviseur d'entreprises agréé*) and provided that such securities comply with the investment policy and restrictions of the relevant Sub-Fund. Any costs incurred in connection with a contribution in kind of securities shall be borne by the relevant shareholders.

The Fund reserves the right to discontinue at any time the issuance of shares in any or all Sub-Funds. Furthermore the Fund reserves the right to reject any application in whole or in part (including without limitation if the application is not from a reporting financial institution), in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds. Certain share classes are reserved for investors that meet specific requirements set by the Board of Directors.

Written confirmations of shareholding will be sent to shareholders within ten Business Days after the relevant Valuation Day.

No Shares in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per Share in such Sub-Fund is suspended by the Fund, pursuant to the powers reserved to it by Article 12 of the Articles.

In the case of suspension of dealings in Shares the application will be dealt with on the first Valuation Day following the end of such suspension period.

In the event that a class, closed for subscriptions because all the Shares issued in that class have been redeemed, is reopened for subscriptions or in the event that no Shares of a class are subscribed to during the initial subscription period of a Sub-Fund, as set out in the Data Sheet of the Sub-Fund concerned, the initial price per Share of the class concerned will, at the time of the launch of the class, be set as determined by the Board of Directors in its sole discretion.

Unless stated otherwise in Part B of this Prospectus, the minimum initial investment requirements and the minimum holding requirements per investor in a Sub-Fund are as follows:

(a) with respect to Class A Shares, USD 10,000 (or its equivalent in another currency);
(b) with respect to Class B Shares, USD 10,000 (or its equivalent in another currency);
(c) with respect to Class C Shares, USD 10,000 (or its equivalent in another currency);
(d) with respect to Class F Shares, USD 10,000,000 (or its equivalent in another currency), except for the Melchior Credit Risk Premia Fund which will be USD 10,000 (or its equivalent in another currency);
(e) with respect to Class H Shares, GBP 5,000 (or its equivalent in another currency);
(f) with respect to Class I Shares, USD 10,000 (or its equivalent in another currency), except for Velox Fund and Melchior Systematic Global Macro Fund which will be USD 250,000 (or its equivalent in another currency) and for Melchior Global Conservative Fund, which will be USD 5,000,000 (or its equivalent in another currency);
(g) with respect to Class J Shares, USD 20,000,000 (or its equivalent in another currency);
(h) with respect to Class P Shares, USD 250,000 (or its equivalent in another currency); and
(i) with respect to Class X Shares, USD 10,000 (or its equivalent in another currency);

provided always that the Board of Directors may in their discretion accept subscription for Shares for a lesser amount or waive any minimum holding requirements.

All subsequent investments must be a minimum of 10,000 USD or its equivalent in another currency.

**Late Trading and Market Timing**

The Fund and the Management Company shall maintain controls to help ensure that the practices of late trading and market-timing are minimized in relation to the distribution of Shares of the Fund. Late trading is a fraudulent practice consisting of accepting subscription and/or redemption orders after the cut-off time, such practice is not allowed by the Board of Directors. The cut-off times indicated in Section XI, "Procedure of subscription, conversion and redemption", will be observed. In addition, the investors will not know the NAV per Share at the time of their request for subscription, redemption or conversion. Hence the risk of market timing is mitigated by the fact that the subscription and redemption activity will be applied at an unknown NAV, meaning that the cut-off time is prior to the valuation point and therefore investors cannot take advantage of timing differences and/or deficiencies in the NAV calculation.

Subscriptions, redemptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm Fund performance. To minimize harm to the Fund and the shareholders, the Board of Directors or the Management Company on behalf of the Fund, has the right to reject any subscription or conversion order, or to levy a fee of up to 2% of the value of the order or the amount redeemed for the benefit of the Fund from any investor who, in the opinion of the Board of Directors and in its sole discretion, is engaging in excessive trading or whose trading in Shares has been or may be disruptive to the Fund or any of the Sub-Funds. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control. The Board of Directors also reserves the right to redeem all Shares held by a shareholder who is or has been engaging in excessive trading. Neither the Board of Directors nor the Fund will be held liable for any loss resulting from rejected subscription or conversion orders, the imposition of redemption fees or mandatory redemptions in connection with excessive trading.

**Data Protection**

In compliance with the Luxembourg applicable data protection laws and regulations, including but not limited to the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**"), as such applicable laws and regulations may be amended from time to time (collectively hereinafter referred to as the Data Protection Laws), the Fund, acting as data controller (the "**Data Controller**") processes personal data in the context of the investments in the Fund. The term "**processing**" in this notice has the meaning ascribed to it in the Data Protection Laws.

**1. CATEGORIES OF PERSONAL DATA PROCESSED**

Any personal data as defined by the Data Protection Laws (including but not limited to the name, e-mail address, postal address, date of birth, marital status, country of residence, identity card or passport, tax identification number and tax status, contact and banking details including account number and account balance, resume, invested amount and the origin of the funds) relating to (prospective) investors who are individuals and any other natural persons involved in or concerned by the Fund's professional relationship with investors, as the case may be, including but not limited to any representatives, contact persons, agents, service providers, persons holding a power of attorney, beneficial owners and/or any other related persons (each a "**Data Subject**") provided in connection with (an) investment(s) in the Fund (hereinafter referred to as "**Personal Data**") may be processed by the Data Controller.

**2. PURPOSES OF THE PROCESSING**

The processing of Personal Data may be made for the following purposes (the "**Purposes**"):

a) **For the performance of the contract to which the investor is a party or in order to take steps at the investor's request before entering into a contract**

   This includes, without limitation, the provision of investor-related services, administration of the shareholdings in the Fund, handling of subscription, redemption, conversion and transfer orders, maintaining the register of shareholders, management of distributions, sending of notices, information and communications and more generally performance of service requests from and operations in accordance with the instructions of the investor.
   The provision of Personal Data for this purpose:
   - has a contractual nature or is a requirement necessary for the Fund to enter into a contractual relationship with the investor; and
   - is mandatory.

b) **For compliance with legal and/or regulatory obligations**

   This includes (without limitation) compliance:
   - with legal and/or regulatory obligations such as anti-money laundering and fight against terrorism financing, protection against late trading and market timing practices and accounting obligations;
   - with identification and reporting obligations under the foreign account tax compliance act ("**FATCA**") and other comparable requirements under domestic or international exchange tax information mechanisms, such as the Organisation for Economic Co-operation and Development ("**OECD**") and EU standards for transparency and automatic exchange of financial account information in tax matters ("**AEOI**") and the common reporting standard ("**CRS**") (hereinafter collectively referred to as "**Comparable Tax Regulations**"). In the context of FATCA and/or Comparable Tax Regulations, Personal Data may be processed and transferred to the Luxembourg tax authorities who, in turn and under their control, may transfer such Personal Data

to the competent foreign tax authorities, including, but not limited to, the competent authorities of the United States of America;
- with requests from, and requirements of, local or foreign authorities.

The provision of Personal Data for this purpose has a statutory/regulatory nature and is mandatory. In addition to the consequences mentioned in the last paragraph of this section "Purposes of the Processing", not providing Personal Data in this context may also result in incorrect reporting and/or tax consequences for the investor.

**c) For the purposes of the legitimate interests pursued by the Fund**

This includes the processing of Personal Data for risk management and for fraud prevention purposes, improvement of the Fund's services, disclosure of Personal Data to Processors (as defined in item 3 hereunder) for the purpose of the processing on the Fund's behalf. The Fund may also use Personal Data to the extent required for preventing or facilitating the settlement of any claims, disputes or litigations, for the exercise of its rights in case of claims, disputes or litigations or for the protection of rights of another natural or legal person.
The provision of Personal Data for this purpose:
- has a contractual nature or is a requirement necessary for the Fund to enter into a contractual relationship with the investor; and
- is mandatory;

**and/or**

**d) For any other specific purpose to which the Data Subject has consented**

This covers the use and further processing of Personal Data where the Data Subject has given his/her explicit consent thereto, which consent may be withdrawn at any time, without affecting the lawfulness of processing based on consent before its withdrawal.

**Not providing Personal Data for the Purposes under items 2.a to 2.c hereabove or the withdrawal of consent under item 2.d hereabove may result in the impossibility for the Fund to accept the investment in the Fund and/or to perform investor-related services, or ultimately in the termination of the contractual relationship with the investor.**

## 3. DISCLOSURE OF PERSONAL DATA TO THIRD PARTIES

Personal Data may be transferred by the Fund, in compliance with and within the limits of the Data Protection Laws, to its delegates, service providers or agents, such as (but not limited to) its Management Company , its Administrative, Paying, Registrar and Transfer Agent, its Domiciliary Agent, other entities directly or indirectly affiliated with the Fund and any other third parties who process the Personal Data in the provision of their services to the Fund, acting as data processors (collectively hereinafter referred to as "**Processors**").

Such Processors may in turn transfer Personal Data to their respective agents, delegates, service providers, affiliates, such as (but not limited to) the Fund's global distributor/distributors, investment manager(s), or certain entities of Edmond de Rothschild Group, acting as sub-processors (collectively hereinafter referred to as "**Sub-Processors**").

Personal Data may also be shared with service providers, processing such information on their own behalf as data controllers, and third parties, as may be required by applicable laws and regulations (including but not limited to administrations, local or foreign authorities (such as competent regulator, tax authorities, judicial authorities, etc)).

Personal Data may be transferred to any of these recipients in any jurisdiction including outside of the European Economic Area ("**EEA**"). The transfer of Personal Data outside of the EEA may be made to countries ensuring (based on the European Commission's decision) an adequate level of protection or to other countries not ensuring such adequate level of protection. In the latter case, the transfer of

Personal Data will be protected by appropriate or suitable safeguards in accordance with Data Protection Laws, such as standard contractual clauses approved by the European Commission. The Data Subject may obtain a copy of such safeguards by contacting the Fund.

**4. RIGHTS OF THE DATA SUBJECTS IN RELATION TO PERSONAL DATA**

Under certain conditions set out by the Data Protection Laws and/or by applicable guidelines, regulations, recommendations, circulars or requirements issued by any local or European competent authority, such as the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données* – "**CNPD**") or the European Data Protection Board, each Data Subject has the right:

- to access his/her Personal Data and to know, as the case may be, the source from which his/her Personal Data originates and whether such data came from publicly accessible sources;
- to ask for a rectification of his/her Personal Data in cases where such data is inaccurate and/or incomplete,
- to ask for a restriction of processing of his/her Personal Data,
- to object to the processing of his/her Personal Data,
- to ask for the erasure of his/her Personal Data, and
- to data portability with respect to his/her Personal Data.

Further details regarding the above rights are provided for in Chapter III of GDPR and in particular articles 15 to 21 of GDPR.

No automated decision-making is conducted.

To exercise the above rights and/or withdraw his/her consent regarding any specific processing to which he/she has consented, the Data Subject may contact the Fund at the following address: 20, Boulevard Emmanuel Servais, L – 2535 Luxembourg.

In addition to the rights listed above, should a Data Subject consider that the Fund does not comply with the Data Protection Laws, or has concerns with regard to the protection of his/her Personal Data, the Data Subject is entitled to lodge a complaint with a supervisory authority (within the meaning of GDPR). In Luxembourg, the competent supervisory authority is the CNPD.

**5. INFORMATION ON DATA SUBJECTS RELATED TO THE INVESTOR**

To the extent the investor provides Personal Data regarding Data Subjects related to him/her/it (e.g. representatives, beneficial owners, contact persons, agents, service providers, persons holding a power of attorney, etc.), the investor acknowledges and agrees that: (i) such Personal Data has been obtained, processed and disclosed in compliance with any applicable laws and regulations and its/his/her contractual obligations; (ii) the investor shall not do or omit to do anything in effecting this disclosure or otherwise that would cause the Fund, the Processors and/or Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); (iii) the processing and transferring of Personal Data as described herein shall not cause the Fund, the Processors and/or Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); and (iv) without limiting the foregoing, the investor shall provide, before the Personal Data is processed by the Fund, the Processors and/or Sub-Processors, all necessary information and notices to such Data Subjects concerned, in each case as required by applicable laws and regulations (including Data Protection Laws) and/or its/his/her contractual obligations, including information on the processing of their Personal Data as described in this notice. The investor will indemnify and hold the Fund, the Processors and/or Sub-Processors harmless for and against all financial consequences that may arise as a consequence of a failure to comply with the above requirements.

**6. DATA RETENTION PERIOD**

Personal Data will be kept in a form which permits identification of Data Subjects for at least a period of ten (10) years after the end of the financial year to which they relate or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes).

## 7. RECORDING OF TELEPHONE CONVERSATIONS

Investors, including the Data Subjects related to him/her/it (who will be individually informed by the investors in turn) are also informed that for the purpose of serving as evidence of commercial transactions and/or any other commercial communications and then preventing or facilitating the settlement of any disputes or litigations, their telephone conversations with and/or instructions given to the Fund, its Management Company, its depositary bank, its domiciliary agent, its administrative agent, its registrar and transfer agent, and/or any other agent of the Fund may be recorded in accordance with applicable laws and regulations. These recordings are kept during a period of seven (7) years or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes). These recordings shall not be disclosed to any third parties, unless the Fund, its Management Company, its depositary bank, its domiciliary agent, its administrative agent, its registrar and transfer agent and/or any other agent of the Fund is/are compelled or has/have the right to do so under applicable laws and/or regulations in order to achieve the purpose as described in this paragraph.

### Money Laundering Prevention – Luxembourg

In an effort to deter money laundering, the Fund, the Management Company, the Global Distributor and sub-distributors must comply with all international and Luxembourg laws, regulations and circulars applicable to them regarding the prevention of money laundering and in particular with Luxembourg law dated 12 November 2004 against money laundering and terrorism financing, the Grand-Ducal Regulation dated 1st February 2010, CSSF Regulation N° 12-02 dated 14 December 2012 as well as CSSF circular 13/556 dated 16 January 2013 on money laundering, as may be amended or revised from time to time. To that end, the Fund, the Management Company, the Global Distributor and sub-distributors may request information necessary to establish the identity and the profile of a potential investor and the origin of subscription proceeds.

Accordingly, the Management Company may require, pursuant to its risks based approach, investors to provide proof of identity. In any case, the Management Company may require, at any time, additional documentation to comply with legal and regulatory requirements applicable to it.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons unless if required by applicable laws and regulations.

In case of delay or failure by an investor to provide the documents required, the application for subscription may not be accepted and in case of redemption request, the payment of the redemption proceeds and/or dividends may not be processed. Neither the Fund nor the Management Company have any liability for delays or failure to process deals as a result of the investor providing no or only incomplete documentation.

Shareholders may be, pursuant to the Management Company's risks based approach, requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under the relevant laws and regulations.

### Conversion of Shares

Shareholders have the right, subject to the provisions hereinafter specified, to convert Shares from one Sub-Fund for Shares of another Sub-Fund and to convert Shares of a given class of Shares to Shares of another class of Shares.

The rate at which Shares of any class or Sub-Fund shall be converted will be determined by reference to the respective Net Asset Values of the relevant classes or Sub-Funds, calculated as of the Valuation Day following receipt of the documents referred to below.

If stated in Part B of this Prospectus in relation to a specific Sub-Fund, the Board of Directors may at its discretion levy a conversion fee up to a maximum of 5% of the Net Asset Value of the Shares being requested for conversion. This amount will be payable to the Investment Manager.

Shares may be tendered for conversion on any Valuation Day.

All terms and notices regarding the redemption of Shares shall equally apply to the conversion of Shares.

No conversion of Shares will be effected until a duly completed request for conversion of Shares has been received by the Management Company from the shareholder.

Fractions of registered Shares will be issued on conversion to one ten-thousandth of a Share.

Written confirmations of shareholding will be sent to shareholders within ten Business Days after the relevant Valuation Day, together with the balance resulting from such conversion, if any.

In converting Shares of a class or Sub-Fund for Shares of another class or Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the acquired Sub-Fund.
If, as a result of any request for conversion, the investment held by any shareholder in a class or Sub-Fund would fall below the minimum amount, if any, indicated in this Prospectus, the Fund may treat such request as a request to convert the entire shareholding of such shareholder.

In the case of conversions involving the Shares of Sub-Funds expressed in different Reference Currencies, the conversion order will require the conversion of the Reference Currency from one Sub-Fund to another. Consequently, the number of Shares of the new Sub-Fund obtained in a conversion will be affected by the net foreign exchange rate, if any, applied to such exchange. Any such foreign currency exchange rate transactions will be effected on behalf of and at the expense of the shareholder.

Shares in any class or Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Share in the relevant classes or Sub-Funds is suspended by the Fund pursuant to Article 12 of the Articles.

In the case of suspension of dealings in Shares, the request for conversion will be dealt with on the first Valuation Day following the end of such suspension period.

**Redemption of Shares**

Each shareholder of the Fund may at any time request the Fund to redeem on any Valuation Day all or any of the Shares held by such shareholder in any of the classes or Sub-Funds.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the Management Company.

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares or the total amount to be redeemed and in the latter case the Management Company will determine the number of Shares required to be redeemed and should the number of Shares not be sufficient to satisfy the requested redemption amount the redemption will be processed for such lesser amount, the relevant class or Sub-Fund, the name in which such Shares are registered. All necessary documents to complete the redemption should be enclosed with such application.

Shareholders whose applications for redemption are accepted will have their Shares redeemed on any Valuation Day provided that the applications have been received by the Fund in Luxembourg prior to 2 p.m., Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after 2 p.m., Luxembourg time, on the Business Day preceding the Valuation Day, will be dealt with on the next following Valuation Day.

Shares will be redeemed at a price based on the Net Asset Value per Share in the relevant class or Sub-Fund determined on the first Valuation Day following receipt of the redemption request.

The Redemption Price shall be paid no later than three Business Days after the applicable Valuation Day.

Payment will be made by transfer bank order to the account indicated by and used by the shareholder at the time of the subscription payment. Should this account be closed at any time after the subscription, notification should be made in writing to the Management Company, along with new account details.

Payment of the Redemption Price will automatically be made in the Reference Currency of the relevant class or Sub-Fund, except if instructions to the contrary are received from the shareholder; in such case, payment may be made in the Reference Currency of the Fund or in any other freely convertible currency and any currency conversion cost shall be deducted from the amount payable to that shareholder.

The Redemption Price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any class or Sub-Fund will not be redeemed if the calculation of the Net Asset Value per Share in such class or Sub-Fund is suspended by the Fund in accordance with Article 12 of the Articles.

Notice of any such suspension shall be given in all the appropriate ways to the shareholders who have made a redemption request which has been thus suspended. In the case of suspension of dealings in Shares, the request will be dealt with on the first Valuation Day following the end of such suspension period.

If, as a result of any request for redemption, the investment held by any shareholder in a class or Sub-Fund would fall below the minimum amount indicated in Part B of the present Prospectus, the Fund may treat such request as a request to redeem the entire shareholding of such shareholder.

Furthermore, if on any Valuation Day redemption requests pursuant to Article 8 and conversion requests pursuant to Article 9 of the Articles relate to more 10 percent of the Shares in issue in a specific Sub-Fund or in case of a strong volatility of the market or markets on which a specific Sub-Fund is investing, the Board of Directors may decide that part or all of such requests for redemption or conversion will be deferred proportionally for such period as the Board of Directors considers to be in the best interests of the Sub-Fund, but normally not exceeding 30 days. On the next Valuation Day following such period, these redemption and conversion requests will be met in priority to later requests. The Board of Directors may also decide, with the consent of the relevant shareholder, to differ a redemption request on different subsequent Valuation Days.

If the value of the net assets of any Sub-Fund on a given Valuation Day has decreased to an amount determined by the Board of Directors and currently fixed at EUR 10.000.000,00 (or its equivalent in another currency) to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation or in order to proceed to an economic rationalization, the Board of Directors may, at its discretion, elect to redeem all, but not less than all, of the Shares of such Sub-Fund then outstanding at the Net Asset Value per Share in such Sub-Fund (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Fund shall provide at least 30 days' prior written notice of redemption to all holders of the Shares to be so redeemed. Redemption proceeds corresponding to Shares not surrendered at the date of the compulsory redemption of the relevant Shares by the Fund may be kept with the Depositary Bank (as defined hereinafter) during a period not exceeding six months as from the date of such compulsory redemption; after this delay, these proceeds shall be kept in safe custody at the *Caisse de Consignation*. In addition, if the net assets of any Sub-Fund do not reach or fall below a level at which the Board of Directors considers management possible, the Board of Directors may decide the merger of one Sub-Fund with one or several other Sub-Funds of the Fund in the manner described in this Part A in the Section "General Information" under the heading "Dissolution and Merger".

If for any reason the aggregate share price of a particular class of Shares within a Sub-Fund falls below, or fails to attain, the value considered by the Board of Directors to be the minimum value required to ensure efficient financial management of such class, or in the event of any material change in the political, economic or monetary situation, or in the interest of rationalisation, the Board of Directors may resolve to redeem all Shares of the applicable class(es) at the share price calculated on the Valuation Day on which such resolution takes effect. The Fund will inform the holders of the relevant class(es) accordingly before the effective date of the compulsory redemption, detailing the reasons for and the procedure of the redemption. Subject to any other decision in the interest of shareholders, or to ensure the equitable treatment of shareholders overall, shareholders of the relevant class may still apply for Shares to be redeemed or converted free of charge before the compulsory redemption takes effect.

Article 10 of the Articles enables the Fund to compulsorily redeem Shares held by U.S. persons.

## XII. DETERMINATION OF THE NET ASSET VALUE

### 1) Calculation and Publication

The Net Asset Value per Share of each class in respect of each Sub-Fund shall be determined in the Reference Currency of that class or Sub-Fund.

The Net Asset Value per Share of each class in a Sub-Fund shall be calculated as of any Valuation Day (as defined hereinafter) by dividing the net assets of the Fund attributable to such class in any Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such class on any such Valuation Day) by the total number of Shares in the relevant class then outstanding.

Unless stated otherwise in Part B of this Prospectus in relation to a particular Sub-Fund, every Business Day shall be a Valuation Day.

When preparing the audited annual report, the Fund may calculate for each Sub-Fund concerned an additional valuation of the securities portfolio using closing prices at year-end. Therefore, where applicable, the Fund may, on the last day of the fiscal year, calculate two Net Asset Values for the Sub-Funds concerned, one based on the principle of a portfolio valuation at the latest prices available at the time of calculating the price to be used for subscriptions, redemptions and conversions processed on that date and the other based on the principle of a portfolio valuation using the closing prices at year-end intended for publication in the audited annual report. To avoid any risk of confusion for investors, the audited annual report shall clearly mention the double calculation of the Net Asset Value for the Sub-Funds concerned and an explanatory note shall be inserted in the said report indicating the reasons for the difference between the Net Asset Value calculated on the basis of the said closing prices and the Net Asset Value applied to subscriptions, redemptions and conversions.

If, since the time of determination of the Net Asset Value per Share on the relevant Valuation Day (as defined hereinafter), there has been a material change in the quotations in the markets on which a substantial portion of the investments attributable to the relevant Sub-Fund are dealt in or quoted, the Fund may, in order to safeguard the interests of the shareholders and the Fund, cancel the first valuation and carry out a second valuation. All subscription, redemption and conversion requests shall be treated on the basis of this second valuation.

The Net Asset Value per Share of each class is determined on the day specified for each Sub-Fund in Part B of this Prospectus (the "**Valuation Day**") on the basis of the value of the underlying investments of the relevant Sub-Fund, determined as follows:

(a) The value of any cash in hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof.

(b) The value of Transferable Securities, Money Market Instruments and any other assets admitted to official listing on any stock exchange or dealt on any Other Regulated Market shall be based on the latest available price or, if appropriate, on the average price on the stock exchange or Other Regulated Market which is normally the principal market of such securities or instruments.

(c) In the event that any assets are not listed or dealt in on any stock exchange or on any Regulated Market and/or any Other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or any Regulated Market and/or Other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) is, in the opinion of the Directors, not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Directors.

(d) The liquidating value of futures, forward or options contracts not admitted to official listing on any stock exchange or dealt on any Regulated Markets and/or any Other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts admitted to official listing on any stock exchange or dealt on any Regulated Markets and/or any Other Regulated Markets shall be based upon the last available settlement prices of these contracts on stock exchanges and Regulated Markets and/or Other Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps will be valued at their market value.

(e) The value of Money Market Instruments not admitted to official listing on any stock exchange or dealt on any Regulated Market and/or any Other Regulated Market and with remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of 90 days or less and not admitted to official listing on any stock exchange or dealt on any Regulated Market and/or any Other Regulated Market will be valued by the amortized cost method, which approximates market value.

(f) Units or shares of an open-ended UCI will be valued at their last determined and available official net asset value, as reported or provided by such UCI or their agents, or at their last unofficial net asset values (i.e. estimates of net asset values) if more recent than their last official net asset values, provided that due diligence has been carried out by the Investment Manager, in accordance with instructions and under the overall control and responsibility of the Board of Directors, as to the reliability of such unofficial net asset values. The Net Asset Value calculated on the basis of unofficial net asset values of the target UCI may differ from the net asset value which would have been calculated, on the relevant Valuation Day, on the basis of the official net asset values determined by the administrative agents of the target UCI. The Net Asset Value is final and binding notwithstanding any different later determination. Units or shares of a closed-ended UCI will be valued in accordance with the valuation rules set out in items (b) and (c) above.

(g) All other securities and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

For the purpose of calculating the Net Asset Value per Share, the Management Company, having due regards to the standard of care and due diligence in this respect, may, when calculating the Net Asset Value, completely and exclusively rely, unless there is manifest error, upon the valuations provided (i) by various pricing sources available on the market such as pricing agencies (i.e., Bloomberg, Reuters) or fund administrators, (ii) by Prime Brokers, brokers or external depositories, (iii) by (a) specialist(s) duly authorized to that effect by the Board of Directors or (iv) directly by the Board of Directors.

In such circumstances, the Management Company shall not, in the absence of manifest error on its part, be responsible for any loss suffered by the Fund or any shareholder by reason of any error in the calculation of the Net Asset Value per Share resulting from any inaccuracy in the information provided (i) by various pricing sources available on the market such as pricing agencies (i.e., Bloomberg, Reuters) or fund administrators, (ii) by Prime Brokers, brokers or external depositories, (iii) by (a) specialist(s) duly authorized to that effect by the Board of Directors or (iv) directly by the Board of Directors.

In circumstances where (i) one or more pricing sources fails to provide valuations to the Management Company, or where (ii) the value of any asset(s) may not be determined as rapidly and accurately as required, the Management Company shall inform the Board of Directors thereof and the Management Company shall obtain from the Board of Directors authorized instructions in order to enable it to finalize the computation of the Net Asset Value per Share.

The Board of Directors may then decide to suspend the calculation of the Net Asset Value per Share in accordance with the procedures described under the heading "Temporary suspension of the calculation" below. In such circumstances, the Management Company shall not, in the absence of manifest error on its part, be responsible for any loss suffered by the Fund or any shareholder.

The Board of Directors shall be responsible for notifying the suspension of the Net Asset Value calculation to the shareholders, if required, or for instructing the Management Company to do so. If the Board of Directors does not decide to suspend the Net Asset Value calculation in a timely manner, it shall be liable for all the consequences of a delay in the Net Asset Value calculation, and the Management Company may inform the relevant authorities and the Fund's auditor in due course.

Adequate provisions will be made, Sub-Fund by Sub-Fund, for expenses to be borne by each of the Fund's Sub-Fund's and off-balance-sheet commitments may possibly be taken into account on the basis of fair and prudent criteria.

The net proceeds from the issue of Shares in the relevant Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund.

The Board of Directors shall maintain for each Sub-Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

With respect to the protection of investors in case of net asset value calculation error and the correction of the consequences resulting from non-compliance with the investment rules applicable to the Fund, the principles and rules set out in CSSF circular 02/77 of 27 November 2002, as amended from time to time, shall be applicable. As a result, the liability of the Management Company in the context of the net asset value calculation process shall be limited to the tolerance thresholds applicable to the Fund set out in CSSF circular 02/77, as amended from time to time.

**Each Sub-Fund shall only be responsible for the liabilities, which are attributable to such Sub-Fund.**

The value of all assets and liabilities not expressed in the Reference Currency of a Sub-Fund will be converted into the Reference Currency of such Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets.

The Net Asset Value per Share and the issue, redemption and conversion prices for the Shares in each Sub-Fund may be obtained during business hours at the registered office of the Fund and will be published in such newspapers as determined for each Sub-Fund in Part B of this Prospectus.

**2) Temporary Suspension of the Calculation**

In each Sub-Fund, the Fund may temporarily suspend the calculation of the Net Asset Value per Share and the issue, redemption and conversion of Shares during:

(a) any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Fund attributable to such Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation of the investments of the Fund attributable to such Sub-Fund quoted thereon;

(b) the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable;

(c) any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of such Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-Fund;

(d) any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;

(e) any period when for any other reason the prices of any investments owned by the Fund attributable to such Sub-Fund cannot promptly or accurately be ascertained;

(f) any period when the Directors so decide, provided all shareholders are treated on an equal footing and all relevant laws and regulations are applied (i) as soon as an Extraordinary General Meeting of shareholders of the Fund or a Sub-Fund has been convened for the purpose of deciding on the liquidation or dissolution of the Fund or a Sub-Fund and (ii) when the Directors are empowered to decide on this matter, upon their decision to liquidate or dissolve a Sub-Fund;

(g) any period when the market of a currency in which a substantial portion of the assets of the Fund is denominated is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;

(h) any period when political, economic, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Fund prevent the Fund from disposing of the assets, or determining the net asset value of the Fund in a normal and reasonable manner; or

(i) following the suspension of the calculation of the net asset value per share/unit at the level of a master fund in which the Fund invests in its quality as feeder fund of such master fund, to the extent applicable.

The Fund may suspend the issue and redemption of its Shares from its shareholders as well as the conversion from and to shares of each class following the suspension of the issue, redemption and/or the conversion at the level of a master fund in which the Fund invests in its quality as feeder fund of such master fund, to the extent applicable.

When exceptional circumstances might adversely affect shareholders' interests or in the case that significant requests for subscription, redemption or conversion are received, the Directors reserve the right to set the value of shares in one or more Sub-Funds only after having sold the necessary securities, as soon as possible, on behalf of the Sub-Fund(s) concerned. In this case, subscriptions, redemptions and conversions that are simultaneously in the process of execution will be treated on the basis of a single Net Asset Value in order to ensure that all shareholders having presented requests for subscription, redemption or conversion are treated equally.

Any such suspension of the calculation of the Net Asset Value shall be notified to the subscribers and shareholders requesting redemption or conversion of their shares on receipt of their request for subscription, redemption or conversion.

Suspended subscriptions, redemptions and conversions will be taken into account on the first Valuation Day after the suspension ends.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the Net Asset Value per Share in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

## XIII. DISTRIBUTION POLICY

The Fund issues both accumulation Shares and dividend Shares as described in the Section "The Shares" in this Prospectus. The policy of the Fund with respect to Accumulation Shares is to make no dividend distributions and to accumulate all net earnings within the relevant Share class and portfolio. The Board of Directors however reserves the right to declare a dividend at any time. The Board of Directors will determine the distribution policy for each relevant Class of dividend Shares of the Fund. The Board of Directors has decided that dividends will be distributed at least annually with respect to the dividend Shares.

The annual general meeting of shareholders may however decide on the payment of further dividends. Payments of distributions to holders of registered shares shall be made to such shareholders at their address in the register of shareholders.

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

The Board of Directors may decide to distribute stock dividends in lieu of cash dividends upon such terms and conditions as may be set forth by the Board of Directors, and upon having obtained specific consent from the general meeting of shareholders.

No interest shall be paid on a dividend declared by the Fund and kept by it at the disposal of its beneficiary.

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

Any distribution that has not been claimed within five years of its declaration shall be forfeited and revert to the Sub-Fund relating to the relevant class or classes of shares.

## XIV. CHARGES AND EXPENSES

### General

The Fund pays out of the assets of the relevant Sub-Fund all expenses payable by the Fund which shall include but not be limited to formation expenses, fee payable to the Management Company, fees payable to its Investment Manager including performance fees, if any, fees and expenses payable to its Auditors and accountants, Depositary Bank and its correspondents, Domiciliary Agent, the Management Company any Nominee and Placing Agent, any Centralization Agent, any Listing Agent, any paying agent, any pricing agent, any foreign supervisory authorities, any permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration (if any) of the Directors and General Managers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements, and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

In the case where any liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such liability shall be allocated to all the Sub-Funds pro rata to their Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith.

Additional one off expenses which are incurred by the Fund from time to time may also be amortized over a maximum period of five years.

In the event that any additional Sub-Fund is set up within the Fund, then the following amortization rules shall apply: The costs and expenses for setting-up such additional Sub-Fund shall be borne by the relevant Sub-Fund and will be written off over a period of five years. Hence, the additional Sub-Fund shall not bear a pro rata of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the additional Sub-Fund.

**Fees of the Management Company**

The Management Company will receive from the Fund a fee (namely, the "**Fund Management Fee**") payable in arrears at the end of each calendar month, calculated and accrued on each Valuation Day at a rate per annum of 0.05% of the net asset value of the Fund.

**Fees of the Investment Manager**

The Investment Manager is entitled to receive from the relevant Sub-Fund a fee payable in arrears at the end of each month, as determined in Part B of this Prospectus.

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to some or all shareholders (or their agents including the Directors) or to distributors, part or all of its fees.

**Performance Fee**

The Investment Manager will also be entitled to a Performance Fee out of the assets of each Sub-Fund as determined in Part B of this Prospectus.

**Fees of the Depositary Bank and Domiciliary Agent, and of the Management Company acting as administrative, paying, registrar and transfer agent of the Fund**

For the provision of their services, the fees charged to the Fund by (i) the Depositary Bank and the Domiciliary Agent, and (ii) the Management Company acting as administrative, paying, registrar and transfer agent of the Fund, shall amount to a maximum of 0.12% per annum of the average net assets of the relevant Sub-Fund, subject as the case may be to a minimum amount as referred to under the agreements entered into with the Depositary Bank and the Management Company. Such fees will be calculated quarterly on the basis of the average net assets of the Sub-Fund during the relevant quarter. The Depositary Bank fees will be paid directly by the Fund to either the Depositary Bank or to the Management Company which will then be in charge to pay the Depositary Bank. In addition to the above-mentioned fees, the Management Company and the Depositary Bank are entitled to any other fees for specific services and transactions as agreed from time to time between the Fund and the

Depositary Bank and disclosed in the agreements. They are further entitled to be reimbursed by the Fund for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents.

**Commission Sharing Arrangements**

The Investment Manager may effect transactions or arrange for the effecting of transactions through the agency of another counterparty whereby the counterparty of the Investment Manager agrees to set aside a proportion of the commission earned on transactions and to use this to pay the cost of certain permitted services relating to the provision of investment research and other relevant services expected to benefit the Fund as a whole and may contribute to the performance of the Fund. The Commission Sharing Agreement pool is ring-fenced from the counterparty of the Investment Manager. The allocation of the pool is budgeted annually and reviewed quarterly by the Investment Manager.

Specifically, the Investment Manager may agree that a counterparty shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction as long as the counterparty agrees to provide best execution to the Fund.

The commission sharing arrangements are subject to the following conditions: (i) the Investment Manager will act at all times in the best interest of the Fund when entering into commission sharing arrangements; (ii) the services provided will be directly related to the activities of the Investment Manager and such activities are of demonstrable benefits to the shareholders; (iii) brokerage commissions on portfolio transactions for the Fund will only be directed by the Investment Manager to approved counterparties and not to individuals; (iv) the Investment Manager will provide reports to the Board of Directors with respect to commission sharing arrangements including the amount of commission paid and the nature of the services it receives in accordance with the regulations to which the Investment Manager or Sub-Investment Manager is subject; and (v) the existence of commission sharing arrangements shall be disclosed in the annual report.

## XV. THE MANAGEMENT COMPANY

The Board of Directors has appointed EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG) as management company (the "Management Company") responsible, under the supervision of the Board of Directors, for the administration, management, and distribution of the Fund and its Sub-Funds pursuant to a fund management company agreement dated 4 October 2013 (the "Fund Management Company Agreement"). In relation to the administration function, the Management Company is in charge in particular of processing of the issue, redemption and conversion of the Shares and settlement arrangements thereof, keeping the register of the Fund’s shareholders, calculating the Net Asset Value per Share, maintaining the records, assisting the Fund in verifying that investors qualify as eligible investors under applicable Luxembourg law and other general functions as more fully described in the Fund Management Company Agreement and the central administration agreement effective 1 October 2016 (the "Central Administration Agreement"). The rights and duties of the Management Company are further laid down in articles 107 et seq. of the 2010 Law.

The Management Company was incorporated as a limited liability company on 25 July 2002, and its articles were amended for the last time on 18 September 2014 and published in the Memorial on 4 November 2014. The Management Company is registered with the Registry of Trade and Companies of Luxembourg under number B 88.591. The Management Company is approved under Chapter 15 of the 2010 Law. The subscribed capital of the Management Company is EUR 18,238,022.99 and is fully paid up.

At the date of this Prospectus, the composition of the board of directors of the Management Company is as follows:

Mr Vincent Taupin, Chairman
Mr Didier Deléage
Mr Marc Saluzzi

Mrs Katherine Blacklock

Mr. Serge Weyland, Mr Enrique Bouillot, Mr Raymond Glodé, Mr Dimitri Guillaume, Mr Stanislas Kervyn and Mr Guy Verhoustraeten are the managers responsible for the day-to-day activities of the Management Company within the meaning of article 102 of the 2010 Law, and CSSF Circular 12/546.

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

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

- ✓ the global distribution function to Dalton Strategic Partnership LLP;
- ✓ the investment management function to Dalton Strategic Partnership LLP.

In addition, the Management Company may delegate all or part of its administrative functions and duties to a sub-contractor which, having regard to the nature of the functions and duties to be delegated, must be qualified and capable of undertaking the duties in question.

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

The terms and conditions of the remuneration of the Management Company appear in Section XIV, "Charges and Expenses".

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Company (the "**Remuneration Policy**").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee 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, the Fund or the Sub-Funds.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- the 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.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website www.edmond-de-rothschild.com[1]. A paper copy of the summarised Remuneration Policy is available free of charge to the shareholders upon request.

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

## XVI. DEPOSITARY BANK AND DOMICILIARY AGENT

Edmond de Rothschild (Europe) has been appointed to act as depositary bank and domiciliary agent of the Fund (the "**Depositary Bank**") pursuant to a Depositary Bank Agreement effective 1 October 2016.

Edmond de Rothschild (Europe) is a bank organized as a *société anonyme*, regulated by the CSSF and incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office and administrative offices are at 20, Boulevard Emmanuel Servais L-2535 Luxembourg.

The Depositary Bank Agreement provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days’ written notice.

The Depositary Bank Agreement is governed by the laws of Luxembourg and the courts of Luxembourg shall have exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Bank Agreement.

The Depositary Bank shall assume its functions and responsibilities in accordance with the Luxembourg applicable laws and regulations and the Depositary Bank Agreement. With respect to its duties under the 2010 Law, the Depositary Bank shall ensure the safekeeping of the Fund's assets. The Depositary Bank has also to ensure that the Fund's cash flows are properly monitored in accordance with the 2010 Law.

In addition, the Depositary Bank shall also ensure:

- that the sale, issue, repurchase, redemption and cancellation of the Shares of the Fund are carried out in accordance with Luxembourg law and the Articles;
- that the value of the Shares of the Fund is calculated in accordance with Luxembourg law and the Articles;
- to carry out the instructions of the Fund and the Management Company, unless they conflict with Luxembourg law or the Articles;
- that in transactions involving the Fund’s assets any consideration is remitted to the Fund within the usual time limits;
- that the Fund’s incomes are applied in accordance with Luxembourg law and the Articles.

[1] To find the Remuneration policy, first Luxembourg has to be selected as country on the left hand side of the website. Then select "Asset Management" on the right side and scroll down to the bottom of the page and select "Terms and Conditions".

The Depositary Bank shall be liable to the Fund and to the Shareholders for the loss of the Fund's financial Instruments held in custody by the Depositary Bank or its delegates to which it has delegated its custody functions. A loss of a financial instrument held in custody by the Depositary Bank or its delegate shall be deemed to have taken place when the conditions of article 18 of the UCITS Delegated Regulation are met. The liability of the Depositary Bank for losses other than the loss of the Fund's financial Instruments held in custody shall be incurred pursuant to the provisions of the Depositary Bank Agreement.

In case of loss of the Fund's financial instruments held in custody by the Depositary Bank or any of its delegates, the Depositary Bank shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay. However, the Depositary Bank's liability shall not be triggered provided the Depositary can prove that all the following conditions are met:
(i) the event which led to the loss is not the result of any act or omission of the Depositary or of any of its delegates;
(ii) the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice;
(iii) the Depositary could not have prevented the loss despite rigorous and comprehensive due diligence as documented in accordance with point (c) of article 19 (1) of the UCITS-CDR.

The requirements referred to in points (i) and (ii) in this paragraph may be deemed to be fulfilled in the following circumstances:

(a) natural events beyond human control or influence;

(b) the adoption of any law, decree, regulation, decision or order by any government or governmental body, including any court or tribunal, which impacts the Company's financial instruments held in custody;

(c) war, riots or other major upheavals.

The requirements referred to in points (i) and (ii) in the previous paragraph shall not be deemed to be fulfilled in cases such as an accounting error, operational failure, fraud, failure to apply the segregation requirements at the level of the Depositary or any of its delegates.

The Depositary Bank's liability shall not be affected by any delegation of its custody functions.
An up-to-date list of the third-party delegates (including the global sub-custodian) appointed by the Depositary and of the delegates of these third-party delegates (including the global sub-custodian) is available on the following website http://www.edmond-de-rothschild.com/site/Luxembourg/en/asset-management/terms-and-conditions.

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

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary Bank and/or its affiliates of other services to the Fund, the Management Company and/or other parties. For example, the Depositary Bank may act as depositary bank of other funds. It is therefore possible that the Depositary Bank (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary Bank (or any of its affiliates) acts.

Where a conflict or potential conflict of interest arises, the Depositary Bank will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is reasonably practicable, any transactions are effected on terms which are not materially less favorable to the Fund than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary Bank's functions from its other potentially conflicting tasks and by the Depositary Bank adhering to its own conflicts of interest policy.

A description of the conflicts of interest that may arise in relation to the Depositary Bank services, if any, will be made available to the Fund's shareholders on request at the Fund's registered office.

Under no circumstances shall the Depositary Bank be liable to the Fund, the Management Company or any other person for indirect or consequential damages and the Depositary Bank shall not in any event be liable for the following direct losses: loss of profits, loss of contracts, loss of goodwill, whether or not foreseeable, even if the Depositary Bank has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

The Depositary Bank is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Fund and is not responsible for the preparation of this Prospectus and accepts no responsibility for any information contained in this Prospectus other than the above description. The Depositary Bank shall not have any investment decision-making role in relation to Fund. Decisions in respect of the purchase and sale of assets for the Fund, the selection of investment professionals and the negotiation of commission rates are made by the Fund and/or the Management Company and/or their delegates. Shareholders may ask to review the Depositary Bank Agreement at the registered office of the Fund should they wish to obtain additional information as regards the precise contractual obligations and limitations of liability of the Depositary Bank.

The fees and charges of the Depositary Bank in connection with its services are borne by the Fund in accordance with common practice in Luxembourg as detailed in Section XIV "Charges and Expenses" of this Prospectus.

## XVII. INVESTMENT MANAGER

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the Fund, subject to the powers expressly assigned by law to the general meeting of shareholders.

The Board of Directors has been given power to administer and manage the Fund and to decide on its objectives and the investment policy to be pursued by each Sub-Fund.

Following the Fund Management Company Agreement, the Management Company shall be responsible for the investment management of the assets of the Fund.

In order to carry out its activities, the Management Company shall appoint one or more investment managers for each Sub-Fund, as specified in Part B of this Prospectus (individually the "**Investment Manager**" and collectively the "**Investment Managers**") who may, subject to the approval of the Management Company, sub-delegate its powers, in which case the Prospectus shall be updated accordingly.

The Investment Manager provides the Management Company with advice, reports and recommendations in connection with the management of the assets of the Sub-Funds and shall advise the Management Company as to the selection of the securities and other assets constituting the portfolios of the Sub-Funds and, pursuant to the agreement as set forth below, has discretion, on a day-to-day basis and subject to the overall control and responsibility of the board of directors of the Management Company, to purchase and sell securities and otherwise to manage the Sub-Funds' portfolios. Thus, the Investment Manager takes the investment decisions for the relevant Sub-Funds. In addition the relevant Investment Manager may designate an Investment Advisor or Sub-Investment Manager, who will be paid by the Investment Manager.

In the course of the Investment Manager's business of managing portfolios for clients (including the Fund), conflicts may arise between the various clients. In the event that a conflict arises the Investment Manager will endeavour to ensure that such conflicts are resolved fairly and in an equitable manner.

The rights and duties of the Investment Manager are governed by an agreement entered into for an unlimited period of time and which may be terminated by the Management Company or the Fund or by the Investment Manager in accordance with the Investment Management Agreement effective 1 October 2016, as amended from time to time.

Unless otherwise stated in Part B of this Prospectus, Dalton Strategic Partnership LLP is acting as Investment Manager for each Sub-Fund.

The Investment Manager also provides investment management services for a range of funds and various private client and institutional segregated accounts.

Dalton Strategic Partnership LLP is regulated by the Financial Conduct Authority ("**FCA**") and has its registered office at Third Floor, Princes Court, 7 Princes Street, London EC2R 8AQ, United Kingdom.

## XVIII. TAXATION

The following information is of a general nature only and is based on the Fund's understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this Prospectus. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Shares and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg tax assessment purposes only. Any reference in the present Section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), personal income tax (*impôt sur le revenu*), as well as a temporary equalization tax (*impôt d'équilibrage budgétaire temporaire*) generally. Shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the temporary equalization tax. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### A. <u>Taxation of the Fund</u>

#### Subscription tax

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

This rate is however of 0.01% *per annum* for:

- undertakings the exclusive object of which is the collective investment in money market instruments and the placing of deposits with credit institutions;
- undertakings the exclusive object of which is the collective investment in deposits with credit institutions; and

- individual sub-funds of UCIs with multiple sub-funds as well as for individual classes of securities issued within a UCI or within a sub-fund of a UCI with multiple sub-funds, provided that the securities of such sub-funds or classes are reserved to one or more institutional investors.

Are further exempt from the subscription tax:

- the value of the assets represented by units held in other UCIs, provided such units have already been subject to the subscription tax;

- UCIs as well as individual sub-funds of umbrella funds (i) whose securities are reserved for institutional investors[1], (ii) whose exclusive object if the collective investment in money market instruments and the placing of deposits with credit institutions, (iii) whose weighted residual portfolio maturity must not exceed 90 days, and (iv) which have obtained the highest possible rating from a recognized rating agency;

- UCIs whose securities are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, created on the initiative of a same group for the benefit of its employees and (ii) undertakings of this same group investing funds they hold, to provide retirement benefits to their employees;

- UCIs whose investment policy provides for an investment of at least 50% of their assets into microfinance institutions or which have been granted the LuxFLAG label; and

- exchange-traded funds.

**Withholding tax**

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

**Income tax**

Under current law and practice, the Fund is not liable to any Luxembourg income tax.

**Value added tax**

The Fund is considered in Luxembourg as a taxable person for value added tax ("**VAT**") purposes without input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Fund could potentially trigger VAT and require the VAT registration of the Fund in Luxembourg. As a result of such VAT registration, the Fund will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Fund to its Investors, as such payments are linked to their subscription to the Fund's shares and do therefore not constitute the consideration received for taxable services supplied.

[1] Where several classes of securities exist within the UCI or the sub-fund, the exemption only applies to classes whose securities are reserved for institutional investors.

**Other taxes**

No stamp or other tax is generally payable at a proportional rate in Luxembourg in connection with the issue of Shares against cash by the Fund.

Any amendment to the articles of incorporation of the Fund is generally subject to a fixed registration duty of EUR 75.

The Fund may be subject to withholding tax on dividends, interest or capital gains in the country of origin of its investments. As the Fund itself is exempt from income tax, withholding tax levied at source, if any, is not refundable in Luxembourg.

## B. <u>Taxation of the shareholders</u>

**Luxembourg tax residency of the shareholders**

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

**Income tax**

***Luxembourg resident shareholders***

A Luxembourg resident shareholder is not liable to any Luxembourg income tax on reimbursement of share capital previously contributed to the Fund.

*Luxembourg resident individuals*

Dividends and other payments derived from the Shares by a resident individual shareholder, who acts in the course of the management of either his/her private wealth or his/her professional/business activity, are subject to income tax at the ordinary progressive rates.

Capital gains realized upon the disposal of the Shares by a resident individual shareholder, who acts in the course of the management of his/her private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of within 6 months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his spouse or partner and / or minor children, directly or indirectly at any time within the 5 years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the 5 years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5-year period). Capital gains realized on a substantial participation more than 6 months after the acquisition thereof are taxed according to the half-global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of the Shares by a resident individual shareholder, who acts in the course of the management of his/her professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

*Luxembourg resident companies*

A Luxembourg resident company (*société de capitaux*) must include any profits derived, as well as any gain realized on the sale, disposal or redemption of Shares, in its taxable profits for Luxembourg income tax assessment purposes.

*Luxembourg residents benefiting from a special tax regime*

Shareholders which are Luxembourg resident companies benefiting from a special tax regime, such as (i) undertakings for collective investment subject to the 2010 Law, (ii) specialized investment funds subject to the 2007 Law and (iii) family wealth management companies governed by the law of 11 May 2007, are income tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg income tax.

***Luxembourg non-resident shareholders***

A non-resident, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, is generally not liable to any Luxembourg income tax on income received and capital gains realized upon the sale, disposal or redemption of the Shares.

A non-resident company which has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, must include any income received, as well as any gain realized on the sale, disposal or redemption of Shares, in its taxable income for Luxembourg tax assessment purposes. The same inclusion applies to an individual, acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg, to which the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

**Net wealth tax**

A Luxembourg resident, or a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, is subject to Luxembourg net wealth tax on such Shares, except if the shareholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the 2010 Law, (iii) a securitization company governed by the law of 22 March 2004 on securitization, (iv) a company governed by the law of 15 June 2004 on venture capital vehicles, (v) a professional pension institution governed by the law dated 13 July 2005, (vi) a specialized investment fund governed by the 2007 Law, or (vii) a family wealth management company governed by the law of 11 May 2007.

However, (i) a securitization company governed by the law of 22 March 2004 on securitization, (ii) a company governed by the law of 15 June 2004 on venture capital vehicles and (iii) a professional pension institution governed by the law dated 13 July 2005 remain subject to the minimum net wealth tax in Luxembourg.

**Other taxes**

Under Luxembourg tax law, where an individual shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.
Gift tax may be due on a gift or donation of the Shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

## C. United Kingdom Shareholders

The Offshore Funds (Tax) Regulations 2009 (the "**Regulations**") provide that if a shareholder is resident or ordinarily resident in the United Kingdom for the purposes of United Kingdom taxation, holds an interest in an "offshore fund" and that offshore fund has not been a "reporting fund" (or previously a "distributing fund") continuously throughout the period during which the shareholder holds the interest, any gain accruing to the shareholder upon the sale, redemption or other disposal of that interest will be taxed on such sale, redemption or disposal as an "offshore income gain" subject to United Kingdom taxation as income, rather than as a capital gain.

The Shares will constitute interests in an offshore fund for the purposes of the Regulations, and accordingly if the Shares were not to gain certification as a reporting fund (or previously a distributing fund) throughout the shareholder's period of investment, any gain realized by a shareholder on the sale, disposal or redemption of Shares would be treated for United Kingdom taxation purposes as an income receipt rather than a capital gain.

Conversely, if the Shares were to be certified throughout a shareholder's period of investment, any gain realized by the shareholder on the sale, disposal or redemption of the Shares would be subject to tax as a capital gain.

It is not expected that the Fund will obtain reporting fund status for all of its different classes or series of Shares. Accordingly, any gain on disposal of Shares in the Fund (other than such share classes for which reporting fund status has been obtained) will be taxed to United Kingdom income tax or United Kingdom corporation tax on income. This may also apply to certain types of shareholders, such as unit trusts and open-ended investment companies that would expect to be exempt on their chargeable gains.

As set out below, it is currently the intention of the Board of Directors to comply with such requirements as may be necessary in order that certain share classes obtain the necessary certification. A list of the share classes and sub-funds that have entered the reporting fund regime is available on the HMRC website.

*United Kingdom shareholders and the taxation of distributions*

Any dividends received or treated as received by individuals domiciled and ordinarily resident in the United Kingdom for the purposes of United Kingdom taxation will be taxed at either the dividend ordinary rate (currently 10%), the dividend upper rate (currently 32.50%) or the dividend additional rate (currently 42.50%), depending on the individual's total income, provided that the distribution is not reclassified as interest for the purposes of United Kingdom taxation.

Individual shareholders resident in the United Kingdom for United Kingdom taxation purposes (other than individuals taxable on the remittance basis of taxation) can generally obtain a tax credit on small (less than 10%) shareholdings in non-United Kingdom resident companies, resulting in effective rates of 0%, 25% and 36.11% respectively, provided that the distribution is not reclassified as interest for United Kingdom taxation purposes, so that the effective rate of United Kingdom income tax on dividends or other income distributions is reduced.

Shareholders that are subject to United Kingdom corporation tax may be exempt from United Kingdom taxation in respect of dividends from the Fund if they satisfy the conditions of the dividend exemption set out in Part 9A of the Corporation Tax Act 2009, provided that the dividend income is not regarded as trading income nor reclassified as interest.

It is not the intention of the Board of Directors that the Fund will have substantial investments in interest bearing assets. Where however at any time, the Fund has substantial investments (more than 60%) in interest bearing assets, any distribution paid by the Fund or treated as paid by the Fund will be treated for United Kingdom taxation purposes as interest, rather than as a dividend. Such interest will be taxed on an individual shareholder resident in the United Kingdom for United Kingdom taxation purposes at the United Kingdom non-dividend income tax rate, currently up to a rate of 50%. In addition, shareholders that are subject to United Kingdom corporation tax will be taxable according to the rules for the United Kingdom taxation of corporate debt. Any income distributions of the Fund will be taxed as interest and such shareholders will also be taxed on any increase (or obtain relief for any loss) on the market value of their interest at the end of each accounting period and at the date of disposal of their Shares as a loan relationship credit or debit. Accordingly, a corporate shareholder may, depending on its own circumstances, be taxed in relation to returns on the Shares in accordance with fair value accounting, including incurring a charge to United Kingdom corporation tax on an unrealized increase in the value of its holding of Shares (and, likewise, obtain relief against United Kingdom corporation tax for an unrealized reduction in the value of its holding of Shares).

Individual shareholders resident in the United Kingdom for United Kingdom taxation purposes will be liable to income tax in respect of distributions paid or treated as paid by the Fund, whether or not such distributions are reinvested in further Shares of the Fund, in accordance with their personal circumstances.

Where the Shares are certified as a reporting fund, this may result in tax being payable on amounts which are treated as distributed for United Kingdom taxation purposes but are not in fact distributed by the Fund. The tax treatment set out below is given on the basis that the Shares are held as an investment and not as trading stock. If a shareholder holds Shares as trading stock they may not be taxed according to these principles.

*Reporting fund status*

The Board of Directors has applied for United Kingdom reporting fund status for some of the Fund’s share classes outstanding at the date of this prospectus for the period commencing 1 January 2011 and all future periods. The Board of Directors intends to comply with the requirements of the reporting fund regime, for the share classes applied for, going forward. There can, however, be no guarantee that this status will continue to be available for future periods of account of the Fund.

Should the Board of Directors decide to withdraw from the reporting fund regime they will be required to notify all shareholders in the relevant share classes prior to that withdrawal coming into effect. In such an event, it may be possible for shareholders resident or ordinarily resident in the United Kingdom for United Kingdom taxation purposes to make an election for a deemed disposal and reacquisition of their Shares, in order to benefit from the capital gains treatment afforded by reporting fund status up to the date that the Fund leaves the regime.

*Reporting fund status and the taxation of gains on disposal*

Provided that the Fund has been certified as a reporting fund throughout the shareholder’s period of investment, and provided the Shares are not held as trading stock, the gain on disposal (by sale, transfer or redemption) of Shares by shareholders resident in the United Kingdom for United Kingdom taxation purposes should be subject to capital gains tax in the case of an individual shareholder, or United Kingdom corporation tax on chargeable gains in the case of a corporate shareholder. Individuals may have their gains reduced by annual exemptions, whereas companies subject to United Kingdom corporation tax may have their gains reduced by indexation allowance. Where the Fund is at any time more than 60% invested in interest earning assets, shareholders that are subject to United Kingdom corporation tax will be taxed in relation to returns on the Shares in accordance with fair value accounting without regard to the reporting fund status of the Fund.

*Reporting fund status and the taxation of income*

For such time as any class of Shares remains certified as a reporting fund, it will be required to calculate on an annual basis its income (excluding capital gains) as set out in the Regulations and to the extent that the income has not been distributed to shareholders, "report" that income to shareholders on the register on the last day of the period who are resident or ordinarily resident in the United Kingdom for United Kingdom taxation purposes. Income reported to shareholders in this way will be treated for United Kingdom taxation purposes as though it were in fact distributed and will be subject to income tax as income arising on the "fund distribution date". For this purpose, the "fund distribution date" will be the date 6 months after the end of the reporting period.

Relief will be available for these reported but undistributed amounts when the shareholder ultimately calculates their capital gain on disposal of Shares.

***Non-domiciled individual shareholders***

Shareholders who are resident, but either not ordinarily resident or not domiciled in the United Kingdom for United Kingdom taxation purposes, may claim the remittance basis of taxation. Such shareholders who have been tax resident in the United Kingdom for United Kingdom taxation purposes for seven of the previous nine years and who wish to claim the remittance basis of taxation are required to pay an annual charge of £30,000. The new rules apply from 6 April 2008, but previous years' residence will count towards the seven years. If no claim for the remittance basis to apply is made by the individual shareholder, this will result in such individuals becoming subject to United Kingdom tax on their worldwide income and gains. Individuals who are resident or ordinarily resident but not domiciled in the United Kingdom should note that the appointment of a United Kingdom person as a nominee shareholder may result in income or gains from the redemption of Shares being remitted to the United Kingdom.

In addition, the Finance Act 2008 introduced legislation which changed the rules relating to the remittance basis of taxation by introducing a new definition of remittance and bringing non-domiciled individuals within the scope of certain tax provisions from which they were previously excluded. Prospective shareholders who are resident but non-domiciled in the United Kingdom for United Kingdom taxation purposes should take their own tax advice in relation to these changes and the investment they may make in the Fund.

The Board of Directors makes no guarantee that investing in the Fund or the future actions of the Fund will not lead to a remittance.

Shareholders who are neither resident nor ordinarily resident in the United Kingdom for taxation purposes should not generally be subject to United Kingdom taxation on any gain realized on any sale, redemption or other disposal of their Shares unless their holding of Shares is connected with a branch, agency or permanent establishment through which the relevant shareholder carries on a trade, profession or vocation in the United Kingdom.

However, a shareholder who is an individual who has ceased to be resident or ordinarily resident in the United Kingdom for tax purposes for a period of less than five years of assessment and who disposes of Shares during that period may also be liable, on his return to the United Kingdom, to United Kingdom taxation on any chargeable gains (subject to any available exemption or relief that may be available).

*Other tax issues*

The attention of non-corporate shareholders ordinarily resident in the United Kingdom is drawn to the provisions of Sections 714 to 751 of the Income Taxes Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Fund.

The attention of United Kingdom resident corporate shareholders is drawn to the provisions concerning 'Controlled Foreign Companies' in Chapter IV (Sections 747 to 756) of the Income and Corporation Taxes Act 1988 (the "**Taxes Act**") which may have the effect in certain circumstances of subjecting a company resident in the United Kingdom to United Kingdom corporation tax on the profits of a company resident outside the United Kingdom. If the company, resident outside the United Kingdom, is under the "control" of persons resident in the United Kingdom, the company may be a "controlled foreign company" for the purposes of Section 747 of the Taxes Act. It may also be a controlled foreign company where the company is at least 40% controlled by a United Kingdom resident person and at least 40% (but not more than 55%) controlled by a non-United Kingdom resident person.

If the Fund becomes a controlled foreign company then any United Kingdom resident company which, either alone or together with connected or associated persons, has an interest of 25% or more in the Fund may be assessed to corporation tax in respect of the "chargeable" profits of the Fund which are attributable to such shareholder's interest in the Fund. The "chargeable profits" of the Fund do not include any of its capital gains. United Kingdom resident companies holding 25% or more of the Shares of the Fund (directly or indirectly) should take their own specific professional advice.

Shareholders who are resident and ordinarily resident in the United Kingdom for taxation purposes (and who, if individuals, are also domiciled in the United Kingdom for those purposes) should be aware of the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992. Under these provisions, where a chargeable gain (or offshore income gain) accrues to a company that is not resident in the United Kingdom, but which would be a close company if it were resident in the United Kingdom, a person may be treated as though a proportional part of that chargeable gain (or offshore income gain), calculated by reference to their interest in the company, has accrued to them. No liability under Section 13 can be incurred by such a person, however, where such proportion does not exceed one-tenth of the gain.

**D. <u>US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")</u>**

The US Hiring Incentives to Restore Employment Act was signed into law in March 2010. It includes provisions generally known as FATCA. The intention of FATCA is that, as a safeguard against tax evasion, the details of US investors holding assets outside the US will be reported to the US Internal Revenue Service by non-US financial institutions. To encourage compliance, non-US financial institutions that fail to comply with FATCA will be subject to a 30% penalty withholding tax imposed on certain US sourced income and proceeds.

It is likely that the Fund, as a non-US financial institution, will be subject to FATCA. In order to protect its shareholders from the effect of any penalty withholding, the Fund intends to comply with FATCA's reporting requirements. Hence, it is possible that the Fund may be required, as far as legally permitted, to report information relating to certain US shareholders to the US Internal Revenue Service.

The Fund's ability to report to the US Internal Revenue Service will depend on each affected shareholder providing the Fund or its delegate with any information that the Fund determines is necessary to satisfy its obligations under FATCA. By signing the application form to subscribe for Shares in the Fund, each shareholder agrees to provide such information upon request from the Fund or its delegate. Furthermore, the Fund may exercise its right to completely redeem an affected shareholder if such shareholder fails to provide the Fund with the information the Fund requests to satisfy its obligations under FATCA.

Shareholders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their shareholdings in the Fund. In addition, in cases where shareholders invest in the Fund through an intermediary, shareholders are reminded to check whether their intermediary is FATCA compliant. If you are in any doubt, you should consult your usual financial adviser.

**E. <u>Common Reporting Standard</u>**

On 9 December 2014, the Council of the European Union adopted the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between EU Member States (the "**DAC Directive**"). The adoption of the aforementioned directive implements the OECD's CRS and generalizes the automatic exchange of information within the European Union as of 1 January 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement (the "**Multilateral Agreement**") to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. The CRS Law implements this Multilateral Agreement, jointly with the DAC Directive introducing the CRS in Luxembourg law.

Under the terms of the CRS Law, the Fund may be required to annually report to the LTA, the name, address, Member State(s) of residence, TIN(s), as well as the date and place of birth of i) each Reportable Person that is an Account Holder within the meaning of CRS Law, ii) and, in the case of a Passive NFE within the meaning of the CRS Law, of each Controlling Person(s) that is a Reportable Person. Such information may be disclosed by the LTA to foreign tax authorities.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each shareholder providing the Fund with the information, including information regarding direct or indirect owners of each shareholder, along with the required supporting documentary evidence. Upon request of the Fund, each shareholder shall agree to provide the Fund such information.

Although the Fund will attempt to satisfy any obligation imposed on it to avoid any taxes or penalties imposed by the CRS Law, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a tax or penalty as result of the CRS Law, the value of the Shares held by the shareholders may suffer material losses.

Any shareholder that fails to comply with the Fund's documentation requests may be charged with any taxes and penalties imposed on the Fund attributable to such shareholder's failure to provide the information and the Fund may, in its sole discretion, redeem the Shares of such shareholder.

Shareholders should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

**General**

It is expected that shareholders in the Fund will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

**Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.**

## XIX. GENERAL INFORMATION

### 1. Corporate Information

The Fund was incorporated for an unlimited period of time on 6 March 2006 and is governed by the Law of 10 August 1915 on commercial companies, as amended, and by the 2010 Law.

The registered office of the Fund is established at 20, Boulevard Emmanuel Servais, L-2535 Luxembourg. The Fund is recorded at the *Registre de Commerce et des Sociétés* with the District Court of Luxembourg.

The Articles have been published in the *Mémorial C, Recueil des Sociétés et Associations* (the "**Mémorial**") of 20 March 2006 and have been filed with the Chancery of the District Court of Luxembourg. The Articles have been amended for the last time on 13 March 2015. Any interested person may inspect these documents at the Chancery of the District Court of Luxembourg; copies are available on request at the registered office of the Fund.

The minimum capital of the Fund, as provided by law and by Article 5 of the Articles is EUR 1,250,000. The capital of the Fund is represented by fully paid-up Shares of no par value. The initial capital of the Fund has been set at EUR 31,000 divided into 31 fully paid-up Shares of no par value.

The Fund is open-ended which means that it will, at any time on the request of the shareholders, redeem its Shares at prices based on the applicable Net Asset Value per Share of the relevant Sub-Fund.

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Fund is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors of the Fund may, from time to time, and subject to the written approval of the Management Company, decide to create further Sub-Funds; in that event, the Prospectus will be updated and amended so as to include detailed information on the new Sub-Funds.

The share capital of the Fund will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

The Articles, at Article 10, contain provisions enabling the Fund to restrict or prevent the ownership of Shares by U.S. persons.

It is possible that one or more of the Directors or Conducting Persons may, in the course of their business affairs other than acting as a Director or Conducting Person of the Fund, have potential conflicts of interest with the Fund. In the event that such a conflict arises, the relevant Director or Conducting Person will at all times act in the best interest of the Fund having regard to its obligations to investors, and will endeavour to resolve such conflicts fairly.

## 2. Meetings of, and Reports to, shareholders

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund or of any Sub-Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the *Recueil électronique des sociétés et associations* ("**RESA**"), the central electronic platform of the Grand Duchy of Luxembourg which replaced the Mémorial and in any Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, quorum requirements and the conditions of admission.

As all the Shares are only issued in registered form, convening notices may be mailed by registered mail to each registered shareholder without any further publication.

If the Articles are amended, such amendments shall be filed with the Chancery of the District Court of Luxembourg and published in the RESA.

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

The Fund shall further publish semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be available within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Fund.

The accounting year of the Fund commences on 1 January and terminates on 31 December in each year.

The annual general meeting of shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the tenth day in the month of April at 2 p.m. in each year. If such day is not a Business Day, the annual general meeting shall be held on the next following Business Day.

The shareholders of any Sub-Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund.

The combined accounts of the Fund shall be maintained in EUR being the currency of the share capital. The financial statements relating to the various separate Sub-Funds shall also be expressed in the relevant Reference Currency for the Sub-Funds.

The Board of Directors of the Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his/her/its investor rights directly against the Fund, notably the right to participate in general shareholders' meetings if the investor is registered himself/herself/itself and in his/her/its own name in the shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

Shareholders should note that they will in principle only be able to exercise their rights directly against the Fund and that they will not have any direct contractual rights against the Service Providers appointed from time to time.

### 3. Dissolution and Liquidation of the Fund

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

Whenever the share capital falls below two-thirds of the minimum capital indicated in Article 5 of the Articles, the question of the dissolution of the Fund shall be referred to a general meeting of shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by the simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of the minimum capital amounting to EUR 1,250,000 set by Article 5 of the Articles; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the Shares represented at the meeting.

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

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

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

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the 2010 Law. Such law specifies the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provides for a deposit in escrow at the *Caisse de Consignation* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

## 4. Dissolution and Merger

### a) Dissolution of Sub-Funds

In the event that for any reason the value of the net assets in any Sub-Fund has decreased to an amount determined by the Board of Directors and currently fixed at EUR 10.000.000,00 (or its equivalent in another currency) to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or if a change in the economical or political situation relating to the Sub-Fund concerned would have material adverse consequences on the investments of that Sub-Fund or in order to proceed to an economic rationalization, the Board of Directors may decide to compulsorily redeem all the Shares issued in such Sub-Fund at the Net Asset Value per Share (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Fund shall notify in writing the registered holders of the relevant Shares of the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of the redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund concerned may continue to request redemption or conversion of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of shareholders of any Sub-Fund may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund and refund to the shareholders the Net Asset Value of their Shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of the shares present or represented.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Depositary Bank for a period of six months thereafter; after such period, the assets will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

### b) Mergers

**(1) Mergers decided by the Board of Directors**

a) The Fund

The Board of Directors may decide to proceed with a merger (within the meaning of the 2010 Law) of the Fund, either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the "**New UCITS**"); or
- a sub-fund thereof,

and, as appropriate, to redesignate the Shares of the Fund concerned as Shares of this New UCITS, or of the relevant sub-fund thereof as applicable.

In case the Fund involved in a merger is the receiving UCITS (within the meaning of the 2010 Law), solely the Board of Directors will decide on the merger and effective date thereof.

In the case the Fund involved in a merger is the absorbed UCITS (within the meaning of the 2010 Law), and hence ceases to exist, the general meeting of the shareholders, rather than the Board of Directors, has to approve and decide on the effective date of such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes validly cast.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the shareholders.

b) The Sub-Funds

The Board of Directors may decide to proceed with a merger (within the meaning of the 2010 Law) of any Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- another existing Sub-Fund within the Fund or another sub-fund within a New UCITS (the "**New Sub-Fund**"); or
- a New UCITS,

and, as appropriate, to redesignate the Shares of the Sub-Fund concerned as Shares of the New UCITS, or of the New Sub-Fund as applicable.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the shareholders.

**(2) Mergers decided by the Shareholders**

a) The Fund

Notwithstanding the powers conferred to the Board of Directors by the preceding Section, a merger (within the meaning of the 2010 Law) of the Fund, either as receiving or absorbed UCITS, with:

- a New UCITS; or
- a sub-fund thereof,

may be decided by a general meeting of the shareholders for which there shall be no quorum requirement and which will decide on such a merger and its effective date by a resolution adopted at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the shareholders.

b) The Sub-Funds

The general meeting of the shareholders of a Sub-Fund may also decide a merger (within the meaning of the 2010 Law) of the relevant Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- any New UCITS; or
- a New Sub-Fund,

by a resolution adopted with no quorum requirement at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the shareholders.

**General**

Shareholders will in any case be entitled to request, without any charge other than those retained by the Fund or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the 2010 Law.

## 5. Amalgamation of Classes

If for any reason the aggregate share price of a particular class of Shares within a Sub-Fund falls below, or fails to attain, the value considered by the Board of Directors to be the minimum value required to ensure efficient financial management of such class, or in the event of any material change in the political, economic or monetary situation, or in the interest of rationalisation, the Board of Directors may resolve to allocate the assets of any class to those of another existing class within the Fund / Sub-Fund and to re-designate the Shares of the class or classes concerned as Shares of another class. In this respect, the Fund shall send a prior written notice to the shareholders of the relevant class within a reasonable delay to be determined by the Board of Directors. Subject to any other decision in the interest of shareholders, or to ensure the equitable treatment of shareholders overall, shareholders of the relevant class may still apply for Shares to be redeemed or converted free of charge before the amalgamation of classes takes effect.

## 6. Reporting of the Net Asset Value

The Net Asset Value per Share will be available at the registered office of the Fund.

Current and historical Net Asset Values of each Sub-Fund can be found on the website of the administrator: www.edmond-de-rothschild.com (Select "Melchior Selected Trust" in the "Institutional and Fund Services / Central Administration / NAV Centre").

## 7. Information to Investors

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

## 8. Benchmark Regulation

Investors should note that, in accordance with the requirements of Regulation (EU) 2016/1011 of the European Parliament and Council of 6 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), the Investment Manager has adopted a benchmark contingency plan to set out the actions which the Fund would take in the event that a benchmark used by a Sub-Fund materially changes or ceases to be provided (the "**Benchmark Contingency Plan**"). The Benchmark Contingency Plan is available to all investors upon request to the Investment Manager.

PART B: SPECIFIC INFORMATION

**Appendix I. Melchior European Opportunities Fund**

**1. Name**

The name of the Sub-Fund is "**Melchior European Opportunities Fund**" (hereinafter referred to as the "**European Opportunities Fund**").

**2. Specific Investment Policy and Restrictions**

The investment objective of the European Opportunities Fund is to achieve longer term capital growth, from a portfolio primarily made up of the shares of European companies or using derivatives to generate exposure to such equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund will have a blend of investments in larger, medium and smaller sized companies. On an ancillary basis the Sub-Fund may also invest in other transferable securities, short duration government bonds, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

To ensure eligibility for the French *Plan d'Epargne en Actions* (PEA), the European Opportunities Fund will invest at least 75% of its net assets in equities issued by companies which have their head office in the European Union, in Norway and Iceland.

The Sub-Fund may also invest up to 25% of its total assets in bonds issued by supranational organizations worldwide and equities without any geographical restriction.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The European Opportunities Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, contracts for difference, warrants and futures contracts and equity index options to hedge against market and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

**3. Typical Investors' Profile**

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares are being offered in the European Opportunities Fund, for which the Initial Subscription Period has already passed:

Class B1 EUR;
Class I1 EUR;
Class I2 USD;
Class I7 GBP;
Class P1 EUR;
Class X1 EUR;
Class X2 USD; and
Class X7 GBP.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B2 USD;
Class B5 CHF;
Class B2 USD (hedged);
Class B5 CHF (hedged);
Class I5 CHF;
Class I2 USD (hedged);
Class I5 CHF (hedged); and
Class I7 GBP (hedged).

**5. Reference Currency of the European Opportunities Fund**

The Net Asset Value of the European Opportunities Fund will be calculated in EUR.

**Risk *Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.85% for class I and class P shares and 1.65% for class B shares. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Opportunities Fund and calculated on the average of the net assets of the European Opportunities Fund as at each Valuation Day.

**8. Global Exposure**

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

## Appendix II. Melchior Japan Advantage Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Japan Advantage Fund**" (hereinafter referred to as the "**Japan Advantage Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Japan Advantage Fund is to achieve longer term capital growth, from a portfolio primarily made up of the shares of Japanese companies or using derivatives to generate exposure to such equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund will have a blend of investments in larger, medium and smaller sized companies. On an ancillary basis the Sub-Fund may also invest in other transferable securities, short duration government bonds, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

The Sub-Fund will employ a value-based approach to stock selection. The emphasis is on stocks with relatively lower price/earnings ratios as well as relatively lower price/book ratios.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Sub-Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants and futures contracts, to hedge against market and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following additional Classes of Shares are being offered in the Japan Advantage Fund, for which the Initial Subscription Period has already passed:

Class B1 EUR;
Class B2 USD;
Class B3 JPY;
Class B1 EUR (hedged);
Class B2 USD (hedged);
Class B5 CHF (hedged);
Class I3 JPY;
Class I7 GBP;
Class I7 GBP (hedged); and

Class X3 JPY.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B5 CHF;
Class F7 GBP;
Class F7 GBP (hedged);
Class I1 EUR (hedged);
Class I2 USD (hedged);
Class I5 CHF (hedged);
Class P3 JPY;
Class X1 EUR;
Class X2 USD; and
Class X7 GBP.

**5. Reference Currency of the Japan Advantage Fund**

The Net Asset Value of the Japan Advantage Fund will be calculated in JPY.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.65% per annum for class B shares, 0.85% for class I and class P shares and 0.55% for class F shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Japan Advantage Fund and calculated on the average of the net assets of the Japan Advantage Fund as at each Valuation Day.

**8. Sub-Investment Management**

As from 1 April 2017, for this Sub-Fund, the Investment Manager appointed Dalton Capital (Japan) Inc. as the Sub-Investment Manager under the terms of a sub-investment management agreement.

Dalton Capital (Japan) Inc is entirely paid by the Investment Manager. Dalton Capital (Japan) Inc is regulated by the Financial Services Agency in Japan and has its registered office at 27F Tokyo Sankei Building, 1-7-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan. Dalton Capital (Japan) Inc is part of the Dalton Group.

The Board of Directors and the Investment Manager may decide without prior notice to reattribute all or a portion of the assets of the Sub-Fund to Dalton Strategic Partnership LLP.

**9. Global Exposure**

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

## Appendix III. Melchior Global Multi-Asset Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Global Multi-Asset Fund**" (hereinafter referred to as the "**Global Multi-Asset Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Global Multi-Asset Fund is to achieve longer term capital growth investing globally in the full spectrum of permitted investments including equities, fixed income transferable securities issued in developed countries as well as emerging market countries (which may include some high yield fixed income transferable securities, although the direct investment in high yield securities, i.e. investments not through collective investment schemes, will be limited to a maximum of 15% of its net assets), cash, deposits and money market instruments. Equally the Sub-Fund may also invest in permitted collective investment schemes.

The Sub-Fund may invest without limitation in securities denominated in currencies other than the reference currency (GBP). The currency exposure of the Fund is flexibly managed.

The Sub-Fund may invest in aggregate more than 10% of its assets in units or shares of other UCITS or other UCIs as further detailed in Part A, II, C (12).

Notwithstanding the above provisions, and if justified by exceptional market conditions, the Sub-Fund may invest up to 100% of its net assets in cash and cash equivalents, term deposits, money market instruments and monetary collective investment schemes.

The Sub-Fund may use financial derivatives instruments, including currency forward contracts, swaps (excluding total return swaps), warrants and options and futures contracts, to hedge against and take long and synthetic short positions in market, credit and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. Short positions can only be taken through derivative instruments. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following additional Classes of Shares are being offered in the Global Multi-Asset Fund, for which the Initial Subscription Period has already passed:

Class A1 EUR (hedged) Inc;
Class C GBP;
Class I1 EUR (hedged);
Class I1 EUR (hedged) Inc;
Class I2 USD (hedged);
Class P2 USD (hedged);
Class I7 GBP;
Class X1 EUR (hedged);
Class X2 USD (hedged); and
Class X7 GBP.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class P7 GBP.

**5. Reference Currency of the Global Multi-Asset Fund**

The Net Asset Value of the Global Multi-Asset Fund will be calculated in GBP.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.75% per annum for class A and class C shares, 1% per annum for class I shares, and 0.65% per annum for class P shares. The investment management fee is payable in arrears at the end of each month in GBP out of the assets of the Global Multi-Asset Fund and calculated on the average of the net assets of the Global Multi-Asset Fund as at each Valuation Day.

**8. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's Net Asset Value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 300% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

## Appendix IV. Melchior European Absolute Return Fund

### 1. Name

The name of the Sub-Fund is "**Melchior European Absolute Return Fund**" (hereinafter referred to as the "**European Absolute Return Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the European Absolute Return Fund is to achieve longer term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities, which are listed on a stock exchange in the European region or of companies that have their registered office, or carry out a predominant portion of their economic activity in the European region.

The European Absolute Return Fund's investments are selected using both a variety of quantitative techniques and fundamental research in seeking to maximize the European Absolute Return Fund's expected total return. It seeks to maximize returns by purchasing equities and other instruments (or using derivatives to generate exposure to such equities) that are presumed to be undervalued (long position) and by establishing short exposure to equities and other instruments that are presumed to be overvalued. Short exposure may only be attained through the use of derivatives. Physical short sales of transferable securities will not be undertaken. Financial derivatives, used in whole or in part to implement the strategy, may include, among others, options, forwards, futures contracts on financial instruments and options on such contracts, contracts for difference, as well as privately negotiated swap contracts on any type of eligible financial instruments.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

Long positions will typically be taken in companies which are perceived to have one or more of the following attributes: turn-around potential including recent management change; good asset utilization; active in mergers and acquisitions; stable growth rates and cash rich; good management capability, including vision for the company's future direction and the necessary ability to implement that vision; product pricing power and prolonged competitive advantage period; global competitive advantage, where appropriate; a strong balance-sheet and a positive cash-flow profile.

Short positions will typically be taken in companies which are perceived to have one or more of the following attributes: weak leadership; an inability on the part of management to adapt to changing business conditions; poor pricing power; little competitive advantage; and a deteriorating financial condition.

The Sub-Fund may also invest up to 10% in non-European equities or using derivatives to generate exposure to such equities.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The European Absolute Return Fund does not have any target industry or sector.

Furthermore, the Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants, in aggregate a maximum of 25% in non-European worldwide futures contracts and equity index options to hedge against market, region, currency and duration risks, as well as for investment purposes and consistent with the Sub-Fund's investment objectives.

**3. Typical Investors' Profile**

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares are being offered in the European Absolute Return Fund, for which the Initial Subscription Period has already passed:

Class A1 EUR;
Class C GBP (hedged);
Class H GBP (hedged);
Class I1 EUR;
Class I2 USD (hedged);
Class I3 JPY (hedged);
Class I7 GBP (hedged);
Class J1 EUR;
Class J2 USD (hedged);
Class J7 GBP (hedged) Inc;
Class X1 EUR;
Class X2 USD (hedged); and
Class X7 GBP (hedged).

Class M Shares were offered for sale on the first Business Day of previous years and the following classes have been issued:

Class M GBP (2015).

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class A2 USD (hedged);
Class I5 CHF(hedged);
Class J7 GBP (hedged);
Class P1 EUR; and
Class P7 GBP (hedged).

**5. Reference Currency of the European Absolute Return Fund**

The Net Asset Value of the European Absolute Return Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

Payment for subscriptions must be made within three Business Days after the applicable Valuation Day except for class H Shares where the payment for subscriptions must be made within four Business Days after the applicable Valuation Day. The Fund reserves the right to apply a sales charge of up to

5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.50% per annum for class I and class P shares and 2.00% per annum for class A and class C shares and 1.75% for class H shares. The fee for the class J shares will be a maximum of 1.50% per annum. Class M shares do not pay any investment management fee. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Absolute Return Fund and calculated on the average of the net assets of the European Absolute Return Fund as at each Valuation Day.

**8. Performance Fee and Contingent Performance Fee**

In certain circumstances the Investment Manager will also be entitled to receive a Performance Fee and may also be entitled to receive a Contingent Performance Fee out of the assets of the European Absolute Return Fund (borne by the classes of Shares).

***Performance Fee***

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (a "**Performance Period**"). However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the European Absolute Return Fund and ending on 31 December in that year.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Investment Manager in relation to the European Absolute Return Fund only when the following two tests are met:

**A. Performance Test**

Firstly, a performance test must be met for the Performance Period just ended. The performance test will be met if:

> the increase in the Net Asset Value per Share over a Performance Period (taking into account paragraph B (ii) if applicable) is greater than the return of 1 month LIBOR in the currency of the Share Class (the "**Hurdle Return**") over the same Performance Period.

**B. Watermark Test**

Secondly, a watermark test must be met which takes into account the performance of the European Absolute Return Fund over all Performance Periods before the Performance Period just ended (the "**Prior Period**"). The watermark test will be met if:

(i) the change in the Net Asset Value per Share over the Prior Period is greater than the Hurdle Return over the Prior Period; or

(ii) if the Net Asset Value per Share has not increased more than the Hurdle Return in the Prior Period, the Net Asset Value per Share must increase in the Performance Period by an amount equal to that shortfall in the Prior Period before performance test can be met in accordance with paragraph A. above.

**C. High Watermark Test**

Thirdly, a high watermark test must be met which takes into account the performance of the European Absolute Return Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per

Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the three tests are met, the Performance Fee shall be 10% of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B. (ii) above), multiplied by the number of Shares in issue in the European Absolute Return Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in EUR in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the European Absolute Return Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

The Performance Fee calculation will be verified by the Auditor of the Fund.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in relation to the European Absolute Return Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

***Contingent Performance Fee***

The Contingent Performance Fee which may become due to the Investment Manager is intended to ensure that part of the Investment Manager’s return from the management of the Sub-Fund is contingent upon the continued performance of the Sub-Fund, to create an appropriate alignment with investors in the Sub-Fund, and that no entitlement to any such amount should arise for the Investment Manager until the end of the period of two years following the end of a relevant Performance Period (the "Additional Performance Period").

Accordingly, the Contingent Performance Fee payable to the Investment Manager at the end of each Additional Performance Period shall be computed as follows:

1. if, at the end of the Performance Period, both the performance test and the watermark test set out above are met, an amount of the assets of the European Absolute Return Fund shall be set aside ("the Set Aside Amount") equal to 10% of the amount by which the increase in the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B, (ii) above), multiplied by the number of Shares in issue in the European Absolute Return Fund;

2. the Set Aside Amount will be retained in the Sub-Fund, (net of any crystallised tax charge in respect of the Investment Manager’s or its employees’ share of the Contingent Performance Fee), for a period of two years and will be exposed to the investment returns of the Sub-Fund during that two year deferral period; and

3. at the end of the two year deferral period, the resulting Set Aside Amount will be paid out of the Sub-Fund to the Investment Manager.

A 1.50% per annum investment management fee will be levied against the Sub-Fund assets representing the invested Set Aside Amount until the Set Aside Amount is paid to the Investment Manager according to item 3 above.

**9. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 300% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

**Appendix V. Melchior European Enhanced Absolute Return Fund**

**1. Name**

The name of the Sub-Fund is "**Melchior European Enhanced Absolute Return Fund**" (hereinafter referred to as the "**European Enhanced Absolute Return Fund**").

**2. Specific Investment Policy and Restrictions**

The investment objective of the European Enhanced Absolute Return Fund is to achieve longer term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities, which are listed on a stock exchange in the European region or of companies that have their registered office, or carry out a predominant portion of their economic activity in the European region.

The European Enhanced Absolute Return Fund's investments are selected using both a variety of quantitative techniques and fundamental research in seeking to maximize the European Enhanced Absolute Return Fund’s expected total return. It seeks to maximize returns by purchasing equities and other transferable securities (or using derivatives to generate exposure to such equities) that are presumed to be undervalued (long position) and by establishing short exposure to equities and other instruments that are presumed to be overvalued. Short exposure may only be attained through the use of derivatives. Physical short sales of transferable securities will not be undertaken. Financial derivatives, used in whole or in part to implement the strategy, may include, among others, options, forwards, futures contracts on financial instruments and options on such contracts, contracts for difference, as well as privately negotiated swap contracts on any type of eligible financial instruments.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV “Financial Derivative Instruments.

Long positions will typically be taken in companies which are perceived to have one or more of the following attributes: turn-around potential including recent management change; good asset utilization; active in mergers and acquisitions; stable growth rates and cash rich; good management capability, including vision for the company’s future direction and the necessary ability to implement that vision; product pricing power and prolonged competitive advantage period; global competitive advantage, where appropriate; a strong balance-sheet and a positive cash-flow profile.

Short positions will typically be taken in companies which are perceived to have one or more of the following attributes: weak leadership; an inability on the part of management to adapt to changing business conditions; poor pricing power; little competitive advantage; and a deteriorating financial condition.

The Sub-Fund may also invest up to 20% in non-European equities or using derivatives to generate exposure to such equities.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The European Enhanced Absolute Return Fund does not have any target industry or sector.

Furthermore, the Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants, in aggregate a maximum of 50% in non-European worldwide futures contracts and equity index options to hedge against market, region, currency and duration risks, as well as for investment purposes and consistent with the Sub-Fund's investment objectives.

**3. Typical Investors' Profile**

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares are being offered in the European Enhanced Absolute Return Fund for which the Initial Subscription Period has already passed.

Class F1 EUR;
Class F2 USD (hedged);
Class F7 GBP (hedged);
Class I1 EUR;
Class I2 USD (hedged);
Class I7 GBP (hedged);
Class J1 EUR;
Class J2 USD (hedged);
Class J7 GBP (hedged) Inc;
Class X7 GBP (hedged).

Class M Shares were offered for sale on the first Business Day of previous years and the following class have been issued:

Class M GBP (2015).

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class A1 EUR;
Class A2 USD (hedged);
Class J7 GBP (hedged);
Class P1 EUR;
Class P7 GBP (hedged);
Class X1 EUR; and
Class X2 USD (hedged).

**5. Reference Currency of the European Enhanced Absolute Return Fund**

The Net Asset Value of the European Enhanced Absolute Return Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

Payment for subscriptions must be made within three Business Days after the applicable Valuation Day. The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 2.00% per annum for class A, class I, class F and class P shares. The fee for the class J shares will be a maximum of 2.00% per annum. Class M shares do not pay any investment management fee. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Enhanced Absolute Return Fund and calculated on the average of the net assets of the European Enhanced Absolute Return Fund as at each Valuation Day.

**8. Performance Fee and Contingent Performance Fee**

In certain circumstances the Investment Manager will also be entitled to receive a Performance Fee and may also be entitled to receive a Contingent Performance Fee out of the assets of the European Enhanced Absolute Return Fund (borne by the classes of Shares other than the class F shares).

***Performance Fee***

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (a "**Performance Period**"). However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the European Enhanced Absolute Return Fund and ending on 31 December in that year.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Investment Manager in relation to the European Enhanced Absolute Return Fund only when the following three tests are met:

**A. Performance Test**

Firstly, a performance test must be met for the Performance Period just ended. The performance test will be met if the increase in the Net Asset Value per Share over a Performance Period (taking into account paragraph B (ii) if applicable) is greater than the return of 1 month LIBOR in the currency of the Share Class (the "**Hurdle Return**") over the same Performance Period.

**B. Watermark Test**

Secondly, a watermark test must be met which takes into account the performance of the European Enhanced Absolute Return Fund over all Performance Periods before the Performance Period just ended (the "**Prior Period**"). The watermark test will be met if:

(i) the change in the Net Asset Value per Share over the Prior Period is greater than the Hurdle Return over the Prior Period; or

(ii) if the Net Asset Value per Share has not increased more than the Hurdle Return in the Prior Period, the Net Asset Value per Share must increase in the Performance Period by an amount equal to that shortfall in the Prior Periods before performance test can be met in accordance with paragraph A. above.

**C. High Watermark Test**

Thirdly, a high watermark test must be met which takes into account the performance of the European Enhanced Absolute Return Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the three tests are met, the Performance Fee shall be 10% of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B. (ii) above), multiplied by the number of Shares in issue in the European Enhanced Absolute Return Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in EUR in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the European Enhanced Absolute Return Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

The Performance Fee calculation will be verified by the Auditor of the Fund.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in relation to the European Enhanced Absolute Return Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

***Contingent Performance Fee***

The Contingent Performance Fee which may become due to the Investment Manager is intended to ensure that part of the Investment Manager's return from the management of the Sub-Fund is contingent upon the continued performance of the Sub-Fund, to create an appropriate alignment with investors in the Sub-Fund, and that no entitlement to any such amount should arise for the Investment Manager until the end of the period of two years following the end of a relevant Performance Period (the "Additional Performance Period").

Accordingly, the Contingent Performance Fee payable to the Investment Manager at the end of each Additional Performance Period shall be computed as follows:

1. if, at the end of the Performance Period, both the performance test and the watermark test set out above are met, an amount of the assets of the European Enhanced Absolute Return Fund shall be set aside ("the Set Aside Amount") equal to 10% of the amount by which the increase in the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B, (ii) above), multiplied by the number of Shares in issue in the European Enhanced Absolute Return Fund;

2. the Set Aside Amount will be retained in the Sub-Fund, (net of any crystallised tax charge in respect of the Investment Manager's or its employees' share of the Contingent Performance Fee), for a period of two years and will be exposed to the investment returns of the Sub-Fund during that two year deferral period; and

3. at the end of the two year deferral period, the resulting Set Aside Amount will be paid out of the Sub-Fund to the Investment Manager.

A 2.00% per annum investment management fee will be levied against the Sub-Fund assets representing the invested Set Aside Amount until the Set Aside Amount is paid to the Investment Manager according to item 3 above.

**9. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 600% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

## Appendix VI. Melchior Global Conservative Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Global Conservative Fund**" (hereinafter referred to as the "**Global Conservative Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Global Conservative Fund is to achieve longer term capital growth in real terms, with low volatility. The Sub-Fund's investment policy is to invest globally in equities, bonds and indirectly also in alternative asset classes (such as precious metals and real estate) through UCITS eligible collective investment schemes, investment companies and ETFs as well as in UCITS eligible collective investment schemes pursuing an absolute return approach or a hedge fund strategy) and it does not focus on a particular country, region, industry or sector. The Sub-Fund may also invest in shares of closed-ended REITS qualifying as transferable securities within the meaning of article 41(1) of the 2010 Law. The investments of the Sub-Fund will consist of a combination of equity and equity-like assets, with a conservative approach in terms of volatility and correlation and investment grade bonds.

The Sub-Fund may invest in aggregate more than 10% of its assets in units or shares of other UCITS or other UCIs as further detailed in Part A, II, C (12).

The Sub-Fund will offer an exposure to the following types of asset classes (either directly or through the use of financial derivative instruments): equity and equity related securities (including but not limited to ordinary or preferred shares, futures, options, convertible bonds and contracts for difference) debt securities of all types and cash, such as deposits.

There may be occasions of adverse conditions in which the manager will wish to hold positions in cash or near cash instruments.

As specified in Part A, II, B (1) of the Prospectus, the Sub-Fund may invest no more than 10% of its net assets in securities which are not listed on a stock exchange or which are not dealt in on another Regulated Market.

The Sub-Fund shall aim to provide a prudent spread of risk.

Furthermore, the Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants and futures contracts and equity index options to hedge against market and currency risks for investment purposes as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives.

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

Shares subscribed during the Initial Subscription Period have to be issued at the end of such period.

The following additional Classes of Shares are being offered in the Global Conservative Fund, for which the Initial Subscription Period has already passed:

Class I1 EUR (hedged);
Class I2 USD (hedged);
Class I7 GBP;
Class X1 EUR (hedged);
Class X2 USD (hedged); and
Class X7 GBP.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B1 EUR (hedged);
Class B2 USD (hedged); and
Class B7 GBP.

**5. Reference Currency of the Global Conservative Fund**

The Net Asset Value of the Global Conservative Fund will be calculated in GBP.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.5% per annum for class I shares and 0.65% for B shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Global Conservative Fund and calculated on the average of the net assets of the Global Conservative Fund as at each Valuation Day.

**8. Global Exposure**

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

## Appendix VII. Melchior Asian Opportunities Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Asian Opportunities Fund**" (hereinafter referred to as the "**Asian Opportunities Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Asian Opportunities Fund is to achieve longer term capital growth, from a portfolio primarily made up of the shares of Asian companies or using derivatives to generate exposure to such equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund will have a blend of investments in larger, medium and smaller sized companies. On an ancillary basis the Sub-Fund may also invest in other transferable securities, short duration government bonds, units in collective investment schemes, money market instruments and deposits. Derivatives and forward transactions may also be used for investment purposes. The Sub-Fund may invest in China H-Shares, which are shares issued by companies incorporated in the People’s Republic of China, denominated in Hong Kong dollars and traded on the Hong Kong Stock Exchange.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Sub-Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants and futures contracts, to hedge against market and currency risks, as well as for efficient portfolio management, within the limits provided in the Section “Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

### 3. Typical Investors’ Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following Classes of Shares are being offered in the Asian Opportunities Fund, for which the Initial Subscription Period has already passed:

Class B1 EUR;
Class B2 USD;
Class I2 USD;
Class I7 GBP; and
Class X7 GBP.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class I1 EUR;
Class X1 EUR; and
Class X2 USD.

**5. Reference Currency of the Asian Opportunities Fund**

The Net Asset Value of the Asian Opportunities Fund will be calculated in USD.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296. Currently there is no share class hedging in place for the share classes offered.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.65% per annum for class B shares and 0.85% per annum for class I shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Asian Opportunities Fund and calculated on the average of the net assets of the Asian Opportunities Fund as at each Valuation Day.

**8. Global Exposure**

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

## Appendix VIII. Melchior Global Equity Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Global Equity Fund**" (hereinafter referred to as the "**Global Equity Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Global Equity Fund is to achieve longer term capital growth, without undue risk, through diversified investment in listed equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund may also invest in collective investment schemes.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Sub-Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants and futures contracts, to hedge against market and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following Classes of Shares are being offered in the Global Equity Fund, for which the Initial Subscription Period has already passed:

Class F2 USD;
Class F7 GBP;
Class X2 USD; and
Class X7 GBP.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class I1 EUR;
Class I2 USD;
Class I7 GBP;
Class B1 EUR;
Class B2 USD; and
Class X1 EUR.

**5. Reference Currency of the Global Equity Fund**

The Net Asset Value of the Global Equity Fund will be calculated in GBP.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296. Currently there is no share class hedging in place for the share classes offered.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.25% per annum for class F shares, 0.75% per annum for class I shares and 1.50% per annum for class B shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Global Equity Fund and calculated on the average of the net assets of the Global Equity Fund as at each Valuation Day. The total expense ratio of the class F shares will be capped at 40 bps.

**8. Global Exposure**

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

**Appendix IX. Velox Fund**

**1. Name**

The name of the Sub-Fund is "**Velox Fund**" (hereinafter referred to as the "**Velox Fund**").

**2. Specific Investment Policy and Restrictions**

The investment objectives are to achieve consistent capital growth on low volatility and independent of equity market movements utilising a European based equity long-short strategy with a short to medium term trading focus and an investment process that combines fundamental, technical and systematic techniques.

The Sub-Fund may initiate both long and short positions through the use of financial derivative instruments, both for hedging as well as for investment purposes.

On an ancillary basis, the Sub-Fund may also invest in financial derivative instruments outside of the equity asset class for hedging and for investment purposes or for efficient portfolio management.

The Sub-Fund will offer an exposure to the following types of asset classes (either directly or through the use of financial derivative instruments): equity and equity related securities (including but not limited to ordinary or preferred shares, futures, options, convertible bonds and contracts for difference) debt securities of all types and cash, such as deposits.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

There may be times in light of adverse conditions when the Investment Manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Sub-Fund does not have any target industry or sector.

Furthermore, the Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants, convertible bonds and futures contracts and equity index options to hedge against market, region and currency risks for investment purposes as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives.

**3. Typical Investors' Profile**

The Sub-Fund is considered suitable for professional investors seeking long term capital appreciation over a medium to long term investment horizon and who understand and are prepared to accept risks and a low/medium level of volatility. This Sub-Fund is not actively marketed to UK retail investors.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares are being offered in the Velox Fund, for which the initial Subscription Period has already passed:

Class F1 EUR (hedged);

Class F1 EUR (hedged – RF);
Class F2 USD;
Class F2 USD (RF);
Class F7 GBP (hedged);
Class I1 EUR (hedged);
Class I2 USD;
Class I7 GBP (hedged);
Class X1 EUR (hedged); and
Class X2 USD.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class I5 CHF (hedged); and
Class X7 GBP (hedged).

**5. Reference Currency of the Velox Fund**

The Net Asset Value of the Velox Fund will be calculated in USD.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 2.00% per annum for class F shares and 1.75% per annum for class I shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Velox Fund and calculated on the average of the net assets of the Velox Fund as at each Valuation Day.

**8. Performance Fee**

The Investment Manager will also be entitled to receive a Performance Fee out of the assets of the Velox Fund.

The Performance Fee is calculated annually.

The Performance Fee will be calculated (taking into account as appropriate, subscriptions, redemptions, dividends paid) and deemed to be accrued on each Valuation Day.

The Auditor of the Sub-Fund will verify the Performance Fee calculation on an annual basis.

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (each a "**Performance Period**"). However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the Velox Fund and ending on the next relevant Performance Period end.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Sub-Investment Manager in relation to the Velox Fund only when the high watermark test is met. The high watermark test must be met which takes into account the performance of the Velox Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the high watermark test is met, the Performance Fee shall be 20% of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the high watermark as at the end of a Performance Period, multiplied by the number of Shares in issue in the Velox Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in USD in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the Velox Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before the end of a Performance Period, the Performance Fee in relation to the Velox Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period upon approval of the Board of Directors.

**9. Sub-Investment Management**

As at the date of this Prospectus, the Investment Manager will appoint Marble Bar Asset Management LLP as the Sub-Investment Manager for the Velox Fund, under the terms of a sub-investment management agreement. Marble Bar Asset Management LLP will be entirely paid by the Investment Manager.

Marble Bar Asset Management LLP is authorised and regulated by the Financial Conduct Authority and has its registered office at Seventh Floor, South Block, 55, Baker Street, London W1U 8EW.

The Board of Directors and the Investment Manager may decide, with the agreement of Marble Bar Asset Management, subject to one-month prior notice, to reattribute the Sub-Management mandate to a related entity of Marble Bar Asset Management LLP.

**10. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 300% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

**Appendix X. Melchior Credit Risk Premia Fund**

**1. Name**

The name of the Sub-Fund is "**Melchior Credit Risk Premia Fund**" (hereinafter referred to as the "**Credit Risk Premia Fund**" or the "**Sub-Fund**").

**2. Specific Investment Policy and Restrictions**

The investment objective of the Credit Risk Premia Fund is to achieve longer term capital growth, with strong emphasis on capital preservation and maintaining a low volatility through diversified investment in corporate and sovereign bond markets, or using derivatives to generate exposure to such corporate debt issuers, which predominantly have their registered office, or have issued debt in the European markets and currencies.

The Credit Risk Premia Fund's investments are selected using both a variety of quantitative techniques and fundamental research in seeking to maximize the Credit Risk Premia Fund's expected total return. It seeks to maximize returns by purchasing corporate and sovereign bonds and other equity or debt instruments (or using derivatives to generate exposure to such issuers) that are presumed to be undervalued (long position) and by establishing short exposure to corporate debt issuers and other instruments that are presumed to be overvalued. Short exposure may only be attained through the use of derivatives, predominantly using credit default swaps referencing corporate debt of such issuer. Physical short sales of transferable securities will not be undertaken. Financial derivatives, used in whole or in part to implement the strategy, may include, among others, options, forwards, futures contracts on financial instruments and options on such contracts, contracts for difference, as well as privately negotiated swap contracts on any type of eligible financial instruments.

The Sub-Fund will aim to find securities with attractive excess yield using proprietary risk/return filters and investment themes. It will then perform a thorough analysis of credit fundamentals to confirm the long or short investment theses, adding appropriate hedges to isolate the excess yield from common risk factors and lower the risk of each investment. The Sub-Fund will also apply a stringent risk management and liquidity framework to ensure capital preservation.

The portfolio of the Sub-Fund will be constructed by allocation to four underlying strategies:

- Carry - Bonds with low duration, low volatility and high quality. They are generally below two years, where risk and yield is low too.
- Momentum - In a rallying credit market, new bond issues tend to carry a high premium that can be monetized quickly. Parts of the proceeds are used to buy out of the money volatility to hedge the run of the market.
- Value - Bonds which are identified as being cheap but have not yet seen a real trigger for them to start performing.
- Recovery - When the value of the bond starts gaining momentum, having bottomed.

The maximum allocation of risk to each category, measured by VAR and stress, is dependent on market conditions.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

Long positions will typically be taken in companies which are perceived to have one or more of the following attributes: ability to generate predictable and consistent free cash flows over the credit cycle; high asset recovery value and equity cushion with good access to liquidity that covers any short and medium term refinancing and capital needs; turn-around potential including recent management change; good asset utilization; stable growth rates and cash rich; good management capability, including vision for the company's future direction and commitment to run a conservative financial policy with balance sheet deleveraging objective; product pricing power and prolonged competitive advantage period; global competitive advantage, where appropriate.

Short positions will typically be taken in companies which are perceived to have one or more of the following attributes: highly levered balance sheet coupled with low cash flow generation or EBITDA growth, cyclical businesses close to the peak of the cycle; weak leadership; an inability on the part of management to adapt to changing business conditions; poor pricing power; little competitive advantage; and a deteriorating financial condition.

Furthermore, the Sub-Fund may also invest in convertible bonds and warrants on transferable securities which are listed on a stock exchange of a regulated market.

The Sub-Fund may also invest, in aggregate both long and short, up to 10% in corporate debt securities with a composite rating of CCC+ or below, or using derivatives to generate exposure to such securities.

The Sub-Fund may also invest up to 10% in single name equities or using derivatives to generate exposure to such equities.

Any exposure to contingent convertibles (CoCos) will not represent more than 10% of the assets of the Sub-Fund.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Credit Risk Premia Fund does not have any target industry or sector.

**3. Typical Investors' Profile**

The Sub-Fund is suitable for professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives. This Sub-Fund is not actively marketed to UK retail investors.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares are being offered in the Credit Risk Premia Fund, for which the initial Subscription Period has already passed:

Class F1 EUR;
Class F2 USD (hedged);
Class F7 GBP (hedged);
Class I1 EUR;
Class X1 EUR;
Class X2 USD (hedged); and
Class X7 GBP (hedged).

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B1 EUR;
Class B2 USD (hedged);
Class I2 USD;
Class I2 USD (hedged);
Class I5 CHF (hedged);
Class I7 GBP;
Class I7 GBP (hedged);

Class J1 EUR;
Class J2 USD (hedged);
Class J7 GBP (hedged); and
Class P1 EUR.

**5. Reference Currency of the Credit Risk Premia Fund**

The Net Asset Value of the Credit Risk Premia Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.5% per annum for Class B shares, 0% per annum for Class F shares, 0.85% per annum for Class I shares and Class P shares and 0.45% per annum for Class J shares. The investment management fee is payable in arrears at the end of each month out of the assets of the Credit Risk Premia Fund and calculated on the average of the net assets of the Credit Risk Premia Fund as at each Valuation Day.

**8. Performance Fee**

In certain circumstances the Investment Manager will also be entitled to receive a Performance Fee out of the assets of the Credit Risk Premia Fund (borne by the classes of Shares).

***Performance Fee***

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (a "**Performance Period**") for all Classes. However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the Credit Risk Premia Fund and ending on 31 December in that year.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Investment Manager in relation to the Credit Risk Premia Fund only when the following two tests are met:

**A. Performance Test**

Firstly, a performance test must be met for the Performance Period just ended. The performance test will be met if:

> the increase in the Net Asset Value per Share over a Performance Period (taking into account paragraph B (ii) if applicable) is greater than the return of 1 month LIBOR in the currency of the Share Class (the "**Hurdle Return**") over the same Performance Period.

**B. Watermark Test**

Secondly, a watermark test must be met which takes into account the performance of the Credit Risk Premia Fund over all Performance Periods before the Performance Period just ended (the "**Prior Period**"). The watermark test will be met if:

i) the change in the Net Asset Value per Share over the Prior Period is greater than the Hurdle Return over the Prior Period; or

ii) if the Net Asset Value per Share has not increased more than the Hurdle Return in the Prior Period, the Net Asset Value per Share must increase in the Performance Period by an amount equal to that shortfall in the Prior Period before performance test can be met in accordance with paragraph A. above.

**C. High Watermark Test**

Thirdly, a high watermark test must be met which takes into account the performance of the Credit Risk Premia Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the three tests are met, the Performance Fee shall be 15% for all Classes, except for Class J Shares where it shall be 10%, of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B. (ii) above), multiplied by the number of Shares in issue in the Credit Risk Premia Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in EUR in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the Credit Risk Premia Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

The Performance Fee calculation will be verified by the Auditor of the Fund.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in relation to the Credit Risk Premia Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

**9. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund’s VaR may not exceed 20% of the Sub-Fund’s net asset value. The use of financial derivative instruments (FDI) will result in the creation of leverage.

The expected level of leverage of the Sub-Fund based on the "sum-of-notionals" methodology will not exceed 1,500% of the net asset value of the Sub-Fund. In addition, the leverage of the Sub-Fund as measured using the commitment approach, where netting is permissible, is not to exceed 300% (of Net Asset Value of the Sub-Fund).

The level of leverage will vary depending on the positioning of the Sub-Fund and may, under certain circumstances, exceed the aforementioned levels depending on the types and maturity of instruments used. Derivatives can create a high leverage based on the "sum-of-notionals" methodology.

The "sum-of-notionals" methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as currency hedging, duration management and macro hedging. Consequently, the reported level of leverage may exceed, at times considerably, the economic leverage assumed by the Sub-Fund.

## Appendix XI. Melchior Continental European Opportunities Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Continental European Opportunities Fund**" (hereinafter referred to as the "**Continental European Opportunities Fund**" or the "**Sub-Fund**").

**Investors should note that the Sub-Fund is dormant.**

### 2. Specific Investment Policy and Restrictions

The investment objective of the Continental European Opportunities Fund is to achieve longer term capital growth, from a portfolio primarily made up of the shares of European companies or using derivatives to generate exposure to such equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund will have a blend of investments in larger, medium and smaller sized companies. On an ancillary basis the Sub-Fund may also invest in other transferable securities, 2 year duration maximum government bonds, units in collective investment schemes, money market instruments and deposits.

To ensure eligibility for the French *Plan d' Epargne en Actions* (PEA), the Continental European Opportunities Fund will invest at least 75% of its net assets in equities issued by companies which have their head office in the European Union ex.UK, in Norway and Iceland.

The Sub-Fund may also invest up to 25% of its total assets in bonds issued by supranational organizations worldwide and equities without any geographical restriction.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Continental European Opportunities Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, contracts for difference, warrants and futures contracts and equity index options to hedge against market and currency risks, as well as for efficient portfolio management and investment purposes, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares will be offered in the Continental European Opportunities Fund, at the subscription price determined by the Board of Directors at the time of launching of the Sub-Fund:

Class B1 EUR;
Class I1 EUR;
Class I2 USD;
Class I7 GBP;
Class X1 EUR;
Class X2 USD;
Class X7 GBP;

Class P1 EUR;
Class I2 USD (hedged); and
Class I7 GBP (hedged).

**5. Reference Currency of the Continental European Opportunities Fund**

The Net Asset Value of the Continental European Opportunities Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.85% for class I and class P shares and 1.65% for class B shares. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the Continental European Opportunities Fund and calculated on the average of the net assets of the Continental European Opportunities Fund as at each Valuation Day.

**8. Global Exposure**

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

## Appendix XII. Melchior Global Equity Dividend Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Global Equity Dividend Fund**" (hereinafter referred to as the "**Global Equity Dividend Fund**" or the "**Sub-Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Global Equity Dividend Fund is to achieve longer term capital growth and to provide a significant dividend yield, without undue risk, through diversified investment in listed equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund may also invest in collective investment schemes up to a maximum of 10%.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The Sub-Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, warrants and futures contracts, to hedge against market and currency risks, as well as for efficient portfolio management and investment purposes, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following Classes of Shares will be offered in the Global Equity Dividend Fund at the subscription price determined by the Board of Directors at the time of launching of the Sub-Fund:

Class F1 EUR;
Class F2 USD;
Class I1 EUR;
Class I2 USD;
Class I5 CHF;
Class I7 GBP;
Class X1 EUR;
Class X2 USD; and
Class X7 GBP.

### 5. Reference Currency of the Global Equity Dividend Fund

The Net Asset Value of the Global Equity Dividend Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296. Currently there is no share class hedging in place for the share classes offered.

## 6. Sales Charge

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

## 7. Investment Management Fee

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.75% per annum for class I shares and 0.45% per annum for class F shares. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the Global Equity Dividend Fund and calculated on the average of the net assets of the Global Equity Dividend Fund as at each Valuation Day.

## 8. Global Exposure

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

**Appendix XIII. Melchior Global Equity Long Short Fund**

**1. Name**

The name of the Sub-Fund is "**Melchior Global Equity Long Short Fund**" (hereinafter referred to as the "**Global Equity Long Short Fund**" or the "**Sub-Fund**").

**2. Specific Investment Policy and Restrictions**

The investment objective of the Global Equity Long Short Fund is to achieve longer term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities, which are listed on a stock exchange in global developed markets with a focus primarily on the US and Europe.

The Global Equity Long Short Fund's investments are selected using both a variety of quantitative techniques and fundamental research in seeking to maximize the Global Equity Long Short Fund's expected total return. It seeks to maximize returns by purchasing equities and other instruments (or using derivatives to generate exposure to such equities) that are presumed to be undervalued (long position) and by establishing short exposure to equities and other instruments that are presumed to be overvalued. Short exposure may only be attained through the use of derivatives. Physical short sales of transferable securities will not be undertaken. Financial derivatives, used in whole or in part to implement the strategy, may include, among others, options, forwards, futures contracts on financial instruments and options on such contracts, contracts for difference, as well as privately negotiated swap contracts on any type of eligible financial instruments.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

Furthermore, the Sub-Fund may also invest in convertible bonds.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Global Equity Long Short Fund does not have any target industry or sector.

**3. Typical Investors' Profile**

The Sub-Fund is suitable for professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives. This Sub-Fund is not actively marketed to UK retail investors.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

**4. Initial Subscription Period**

The following Classes of Shares will be offered in the Global Equity Long Short Fund at the subscription price determined by the Board of Directors at the time of launching of the Sub-Fund:

Class I1 EUR;
Class I2 USD (hedged);
Class I5 CHF (hedged);
Class I7 GBP (hedged);
Class X1 EUR;
Class X2 USD (hedged); and

Class X7 GBP (hedged).

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B1 EUR;
Class B2 USD (hedged);
Class F1 EUR;
Class F2 USD (hedged); and
Class F7 GBP (hedged).

**5. Reference Currency of the Global Equity Long Short Fund**

The Net Asset Value of the Global Equity Long Short Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee of 1.5% per annum for Class I shares, 1% per annum for Class F shares and 1.65% for class B shares, is payable to the Investment Manager in compensation for its services. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the Global Equity Long Short Fund and calculated on the average of the net assets of the Global Equity Long Short Fund as at each Valuation Day.

**8. Performance Fee**

In certain circumstances the Investment Manager will also be entitled to receive a Performance Fee out of the assets of the Global Equity Long Short Fund (borne by the classes of Shares).

***Performance Fee***

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (a "**Performance Period**"). However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the Global Equity Long Short Fund and ending on 31 December in that year.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Investment Manager in relation to the Global Equity Long Short Fund only when the following two tests are met:

**A. Performance Test**

Firstly, a performance test must be met for the Performance Period just ended. The performance test will be met if the increase in the Net Asset Value per Share over a Performance Period (taking into account paragraph B (ii) if applicable) is greater than the return of 1 month LIBOR in the currency of the Share Class (the "**Hurdle Return**") over the same Performance Period.

**B. Watermark Test**

Secondly, a watermark test must be met which takes into account the performance of the Global Equity Long Short Fund over all Performance Periods before the Performance Period just ended (the "**Prior Period**"). The watermark test will be met if:

i) the change in the Net Asset Value per Share over the Prior Period is greater than the Hurdle Return over the Prior Period; or

ii) if the Net Asset Value per Share has not increased more than the Hurdle Return in the Prior Period, the Net Asset Value per Share must increase in the Performance Period by an amount equal to that shortfall in the Prior Period before performance test can be met in accordance with paragraph A. above.

**C. High Watermark Test**

Thirdly, a high watermark test must be met which takes into account the performance of the Global Equity Long Short Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the three tests are met, the Performance Fee shall be 20% for Class I and B shares and 10% for Class F shares of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B. (ii) above), multiplied by the number of Shares in issue in the Global Equity Long Short Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in EUR in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the Global Equity Long Short Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

The Performance Fee calculation will be verified by the Auditor of the Fund.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in relation to the Global Equity Long Short Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

**9. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 300% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

## Appendix XIV. Melchior North American Long Short Fund

### 1. Name

The name of the Sub-Fund is "**Melchior North American Long Short Fund**" (hereinafter referred to as the "**North American Long Short Fund**" or the "**Sub-Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the North American Long Short Fund is to achieve longer term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities, which are listed on a stock exchange in North America.

The North American Long Short Fund's investments are selected using both a variety of quantitative techniques and fundamental research in seeking to maximize the North American Long Short Fund's expected total return. It seeks to maximize returns by purchasing equities and other instruments (or using derivatives to generate exposure to such equities) that are presumed to be undervalued (long position) and by establishing short exposure to equities and other instruments that are presumed to be overvalued. Short exposure may only be attained through the use of derivatives. Physical short sales of transferable securities will not be undertaken. Financial derivatives, used in whole or in part to implement the strategy, may include, among others, options, forwards, futures contracts on financial instruments and options on such contracts, contracts for difference, as well as privately negotiated swap contracts on any type of eligible financial instruments.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

Furthermore, the Sub-Fund may also invest in convertible bonds.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The North American Long Short Fund does not have any target industry or sector.

### 3. Typical Investors' Profile

The Sub-Fund is suitable for professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives. This Sub-Fund is not actively marketed to UK retail investors.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following Classes of Shares will be offered in the North American Long Short Fund at the subscription price determined by the Board of Directors at the time of launching of the Sub-Fund:

Class I1 EUR (hedged);
Class I2 USD;
Class I5 CHF (hedged);
Class I7 GBP (hedged);
Class X1 EUR (hedged);
Class X2 USD; and
Class X7 GBP (hedged).

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B1 EUR (hedged);
Class B2 USD;
Class F1 EUR (hedged);
Class F2 USD; and
Class F7 GBP (hedged).

**5. Reference Currency of the North American Long Short Fund**

The Net Asset Value of the North American Long Short Fund will be calculated in USD.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee of 1.5% per annum for Class I shares, 0.50% per annum for Class F shares and 1.65% for class B shares, is payable to the Investment Manager in compensation for its services. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the North American Long Short Fund and calculated on the average of the net assets of the North American Long Short Fund as at each Valuation Day.

**8. Performance Fee**

In certain circumstances the Investment Manager will also be entitled to receive a Performance Fee out of the assets of the North American Long Short Fund (borne by the classes of Shares).

***Performance Fee***

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (a "**Performance Period**"). However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the North American Long Short Fund and ending on 31 December in that year.

The Performance Fee will be calculated (taking into account, as appropriate, subscriptions, redemptions, dividends paid) and deemed to accrue on each Valuation Day. The Performance Fee shall be payable to the Investment Manager in relation to the North American Long Short Fund only when the following two tests are met:

**A. Performance Test**

Firstly, a performance test must be met for the Performance Period just ended. The performance test will be met if the increase in the Net Asset Value per Share over a Performance Period (taking into account paragraph B (ii) if applicable) is greater than the return of 1 month LIBOR in the currency of the Share Class (the "**Hurdle Return**") over the same Performance Period.

**B. Watermark Test**

Secondly, a watermark test must be met which takes into account the performance of the North American Long Short Fund over all Performance Periods before the Performance Period just ended (the "**Prior Period**"). The watermark test will be met if:

i) the change in the Net Asset Value per Share over the Prior Period is greater than the Hurdle Return over the Prior Period; or

ii) if the Net Asset Value per Share has not increased more than the Hurdle Return in the Prior Period, the Net Asset Value per Share must increase in the Performance Period by an amount equal to that shortfall in the Prior Period before performance test can be met in accordance with paragraph A. above.

**C. High Watermark Test**

Thirdly, a high watermark test must be met which takes into account the performance of the North American Long Short Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the three tests are met, the Performance Fee shall be 20% for Class I and B shares and 10% for Class F shares of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B. (ii) above), multiplied by the number of Shares in issue in the North American Long Short Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in USD in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the North American Long Short Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

The Performance Fee calculation will be verified by the Auditor of the Fund.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in relation to the North American Long Short Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

**9. Global Exposure**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value.

The use of financial derivative instruments (FDI) will result in the creation of leverage.

The level of leverage is not expected to be in excess of 300% of the net asset value of the Sub-Fund under normal circumstances, but investors should note that higher levels of leverage are possible.

In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated using the sum of the gross notional of each FDI, without any risk adjustment such as deductions resulting from hedging purposes, a delta-factor, or netting between derivatives. Investors should note that this method of calculation results in high leverage figures which do not necessarily imply higher leverage risk in the Sub-Fund.

## Appendix XV. Melchior Systematic Global Macro Fund

### 1. Name

The name of the Sub-Fund is "**Melchior Systematic Global Macro Fund**" (hereinafter referred to as the "**Systematic Global Macro Fund**" or the "**Sub-Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the Systematic Global Macro Fund is to achieve longer term capital growth, with a targeted volatility through diversified investment in multiple global asset classes, holding both long and short positions. Predominantly the sub-fund will utilise a broad range of futures, over the counter derivatives and options to gain exposure to equity indexes, bonds, currencies, interest rates, contracts for differences and futures on the S&P Goldman Sachs Commodity Index (GSCI). Exposure to currencies may also be achieved through foreign exchange forward contracts for currencies. The sub-fund may also invest directly in equities, or use derivatives to generate exposure to such equities. The sub-fund may also invest in eligible ETFs.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

The Systematic Global Macro Fund's investments are selected using quantitative techniques to maximize the Sub-Fund’s expected risk-adjusted return.

The Sub-Fund uses a proprietary investment system which itself uses algebra and geometry and operates across major liquid asset classes and geographies to identify combinations of assets (sub-strategies), which are deemed to display independence. Using a defined risk budget, the proprietary system dynamically allocates across these sub-strategies to produce a portfolio designed to protect against dislocations of cross asset correlations in order to generate consistent, risk adjusted returns over a three year period.

The investment process is based primarily on three, robust building blocks. The most persistent and robust baskets that are detected by the process are:

- Long term strategic allocation, long or short;
- Medium term tactical allocation;
- and short term reversions and arbitrage.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Systematic Global Macro Fund does not have any target industry or sector.

### 3. Typical Investors’ Profile

The Sub-Fund is suitable for professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives. This Sub-Fund is not actively marketed to UK retail investors.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following Classes of Shares will be offered in the Systematic Global Macro Fund at the subscription price determined by the Board of Directors at the time of launching of the Sub-Fund:

Class F1 EUR (hedged);
Class F2 USD;
Class F7 GBP (hedged);
Class I1 EUR (hedged);
Class I2 USD;
Class I7 GBP (hedged);
Class X1 EUR (hedged);
Class X2 USD; and
Class X7 GBP (hedged).

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class B1 EUR (hedged);
Class B2 USD;
Class P1 EUR (hedged);
Class P2 USD and;
Class P7 GBP (hedged)

**5. Reference Currency of the Systematic Global Macro Fund**

The Net Asset Value of the Systematic Global Macro Fund will be calculated in USD.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 1.75% per annum for class B shares, 0.25% per annum for class F shares, and 1.25% per annum for class I shares and class P shares. The fee for the class J shares will be a maximum of 1.25% per annum. The investment management fee is payable in arrears at the end of each month out of the assets of the Systematic Global Macro Fund and calculated on the average of the net assets of the Systematic Global Macro Fund as at each Valuation Day.

**8. Performance Fee**

In certain circumstances the Investment Manager will also be entitled to receive a Performance Fee out of the assets of the Systematic Global Macro Fund (borne by the classes of Shares).

***Performance Fee***

The Performance Fee is calculated in respect of each period of twelve months ending on 31 December in each year (a "**Performance Period**") for all Classes. However, the first Performance Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period relating to the Systematic Global Macro Fund and ending on 31 December in that year.

**A. Performance Test**

Firstly, a performance test must be met for the Performance Period just ended. The performance test will be met if the increase in the Net Asset Value per Share over a Performance Period (taking into account paragraph B (ii) if applicable) is greater than the return of 1 month LIBOR in the currency of the Share Class (the "**Hurdle Return**") over the same Performance Period.

**B. Watermark Test**

Secondly, a watermark test must be met which takes into account the performance of the Systematic Global Macro Fund over all Performance Periods before the Performance Period just ended (the "**Prior Period**"). The watermark test will be met if:

i) the change in the Net Asset Value per Share over the Prior Period is greater than the Hurdle Return over the Prior Period; or

ii) if the Net Asset Value per Share has not increased more than the Hurdle Return in the Prior Period, the Net Asset Value per Share must increase in the Performance Period by an amount equal to that shortfall in the Prior Period before performance test can be met in accordance with paragraph A. above.

**C. High Watermark Test**

Thirdly, a high watermark test must be met which takes into account the performance of the Systematic Global Macro Fund since inception. The high watermark test will be met if the Net Asset Value per Share at the end of the Performance Period is equal to or greater than the highest Net Asset Value per Share as at the end of any previous Performance Period for that Share (or if there is no previous Performance Period, the Net Asset Value per Share on launch of the Share Class).

If the three tests are met, the Performance Fee shall be 20% of the amount by which the Net Asset Value per Share (before the deduction of Performance Fees) exceeds the Hurdle Return as at the end of a Performance Period (less any shortfall amount in accordance with paragraph B. (ii) above), multiplied by the number of Shares in issue in the Systematic Global Macro Fund. In the case of the first Performance Period the initial subscription price per Share in a Sub-Fund shall be the base price for the purpose of calculating the performance over the Performance Period.

The Performance Fee shall be paid annually in USD in arrears within 14 Business Days of the end of a Performance Period.

Where a Performance Fee is payable it will be based on the Net Asset Value per Share of the Systematic Global Macro Fund as at the end of each Performance Period. As a result a Performance Fee may be paid in respect of unrealized gains, which may subsequently never be realised. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid before the end of the period even if provision for performance fees is no longer made at that date.

The Performance Fee calculation will be verified by the Auditor of the Fund.

There will be no cap on the Performance Fee.

If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in relation to the Systematic Global Macro Fund in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

**9. Global Exposure:**

An absolute VaR approach is applied to monitor and measure the global exposure. The Sub-Fund's VaR may not exceed 20% of the Sub-Fund's net asset value. The use of financial derivative instruments (FDI) will result in the creation of leverage.

The expected level of leverage of the Sub-Fund based on the "sum-of-notionals" methodology will not exceed 2,500% of the net asset value of the Sub-Fund. In addition, the leverage of the Sub-Fund as measured using the commitment approach, where netting is permissible, is expected to be between 700% and 1500% (of Net Asset Value of the Sub-Fund). This high leverage can occur when the Sub-Fund seeks to hedge a combination of asset classes with negative correlation by holding a 'long position' on both.

The level of leverage will vary depending on the positioning of the Sub-Fund and may, under certain circumstances, exceed the aforementioned levels depending on the types and maturity of instruments used. Derivatives can create a high leverage based on the "sum-of-notionals" methodology.

The "sum-of-notionals" methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as currency hedging, duration management and macro hedging. Consequently, the reported level of leverage may exceed, at times considerably, the economic leverage assumed by the Sub-Fund.

## Appendix XVI. Melchior European Advantage Fund

### 1. Name

The name of the Sub-Fund is "**Melchior European Advantage Fund**" (hereinafter referred to as the "**European Advantage Fund**").

### 2. Specific Investment Policy and Restrictions

The investment objective of the European Advantage Fund is to achieve longer term capital growth, from a portfolio primarily made up of the shares of European companies or using derivatives to generate exposure to such equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund will have a blend of investments in larger, medium and smaller sized companies, however the strategy will be a mid to larger cap bias. On an ancillary basis the Sub-Fund may also invest in short duration government bonds, units in collective investment schemes up to a maximum of 10%, money market instruments and deposits. Derivatives and forward transactions may also be used for investment purposes.

To ensure eligibility for the French *Plan d'Epargne en Actions* (PEA), the European Advantage Fund will invest at least 75% of its net assets in equities issued by companies which have their head office in the European Union, in Norway and Iceland.

The Sub-Fund may also invest up to 25% of its total assets in bonds issued by supranational organizations worldwide and equities without any geographical restriction.

There may be times in light of adverse conditions when the manager will wish to hold positions in cash or near cash instruments.

The Sub-Fund shall aim to provide a prudent spread of risk.

The Sub-Fund is not expected to have substantially higher volatility than the volatility level of the markets in which the Sub-Fund invests.

The European Advantage Fund does not have any target industry or sector.

The Sub-Fund may use financial derivatives instruments, in particular currency forward contracts, contracts for differences, warrants and futures contracts and equity index options to hedge against market and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives. It is not expected that the Sub-Fund will use any further derivatives to those listed above.

The Sub-Fund will enter into contracts for difference for such percentage of assets as set out in the table in Part A - Section IV "Financial Derivative Instruments".

### 3. Typical Investors' Profile

The Sub-Fund is suitable for retail and professional investors who consider an investment fund as a convenient way of participating in capital market developments. It is also suitable for more experienced investors wishing to attain defined investment objectives.

Investors should also refer to the Section "General Risk Considerations" of this Prospectus.

### 4. Initial Subscription Period

The following Classes of Shares will be offered in the European Advantage Fund at the subscription price determined by the Board of Directors at the time of launching of the Sub-Fund:

Class B1 EUR;
Class I1 EUR;
Class I2 USD;
Class I7 GBP;
Class X1 EUR;
Class X2 USD; and
Class X7 GBP.

In addition, the Board of Directors has decided to create the following share classes, which are not yet launched:

Class P1 EUR;
Class I5 CHF (hedged); and
Class I7 GBP (hedged).

**5. Reference Currency of the European Advantage Fund**

The Net Asset Value of the European Advantage Fund will be calculated in EUR.

***Risk Hedged Share Classes***

The Sub-Fund may use currency forwards in order to hedge against currency fluctuation risks associated with Classes of Shares denominated in a currency other than the Reference Currency of the Sub-Fund. Hedged Classes of Shares are Classes of Shares to which a hedging strategy aiming at mitigating currency risk is applied in accordance with ESMA34-43-296.

**6. Sales Charge**

The Fund reserves the right to apply a sales charge of up to 5% of the Net Asset Value per Share on subscriptions. This is payable to the Global Distributor three business days after the applicable Valuation Day.

**7. Investment Management Fee**

An investment management fee is payable to the Investment Manager in compensation for its services. Such fee is set at 0.85% for class I and class P shares and 1.65% for class B shares. The investment management fee is payable in arrears at the end of each month in EUR out of the assets of the European Advantage Fund and calculated on the average of the net assets of the European Opportunities Fund as at each Valuation Day.

**8. Global Exposure**

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

**DOCUMENTS AVAILABLE**

Copies of the following documents may be obtained during usual business hours on any Business Day in Luxembourg at the registered office of the Fund:

(i) this Prospectus;

(ii) the KIIDs;

(iii) the Articles of Incorporation of the Fund;

(iv) the Depositary Bank Agreement;

(v) the Central Administration Agreement;

(vi) and the latest reports and accounts referred to under the heading "*Meetings of, and Reports to, shareholders*".

**COMPLAINTS HANDLING**

A person having a complaint to make about the operation of the Fund may submit such complaint in writing to the Management Company Edmond de Rothschild Asset Management (Luxembourg), 20, Boulevard Emmanuel Servais, L-2535 Luxembourg, Grand Duchy of Luxembourg. The details of the Management Company's complaint handling procedures may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg.

**BEST EXECUTION**

The Management Company's best execution policy sets out the basis upon which the Management Company will effect transactions and place orders in relation to the Fund whilst complying with its obligations under the CSSF Regulation No. 10-4 and the CSSF Circular 12/546 to obtain the best possible result for the Fund and its shareholders. Details of the Management Company's best execution policy may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg.

**STRATEGY FOR THE EXERCISE OF VOTING RIGHTS**

The Fund has a strategy for determining when and how voting rights attached to ownership of the Fund's investments are to be exercised for the exclusive benefit of the Fund. A summary of this strategy as well as the details of the actions taken on the basis of this strategy in relation to each Sub-Fund may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg and is available on the following websites: www.daltonsp.com and www.edmond-de-rothschild.com.

**POTENTIAL CONFLICTS OF INTEREST**

The Management Company and/or the Investment Manager, or an affiliate of the Investment Manager, may have an interest that may conflict with the ability of the Management Company and/or the Investment Manager to act in the best interests of the Fund or a Sub-Fund.

Dalton Strategic Partnership LLP and its affiliates may invest in, transact with and provide services for the Fund or a Sub-Fund and charge and receive fees in the ordinary course of business.

The Management Company and the Investment Manager have policies and procedures in place to identify and mitigate any potential conflicts of interest arising from related party transactions, with a view to ensuring that all such transactions will be effected on terms which are not materially less favourable to the Fund or a Sub-Fund than if the potential conflict had not existed.

The Investment Manager will also have policies and procedures requiring it to act in the best interests of the Fund and the Sub-Funds so far as it is practicable having regard to its obligations to other clients, when undertaking any investment where potential conflicts of interest may arise.