

**SALES PROSPECTUS**  
(with Annex and Management Regulations)

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**Ethna-AKTIV**

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Management Company:

**ETHENEA Independent Investors S.A. (société anonyme)**

Depositary:

**DZ PRIVATBANK S.A. (société anonyme)**

**As at: 19.02.2021**

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## **Management, distribution and advisory services**

### **Management Company**

#### **ETHENEA Independent Investors S.A.**

16, rue Gabriel Lippmann,  
L-5365 Munsbach

Equity capital as at 31 December 2019: EUR 1,000,000.

### **Board of Directors of the Management Company (management body)**

#### **Chairman of the Board of Directors**

Luca Pesarini  
ETHENEA Independent Investors S.A.

#### **Members of the Board of Directors**

Thomas Bernard  
ETHENEA Independent Investors S.A.

Nikolaus Rummler  
IPConcept (Luxembourg) S.A. (société anonyme)

Arnoldo Valsangiacomo  
ETHENEA Independent Investors S.A.

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

Frank Hauprich  
Thomas Bernard  
Josiane Jennes

#### **Auditor of the Management Company**

##### **Ernst & Young S.A. (société anonyme)**

35E, Avenue John F. Kennedy  
L-1855 Luxembourg

**Depository**

**DZ PRIVATBANK S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Paying agent**

Grand Duchy of Luxembourg

**DZ PRIVATBANK S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Registrar and transfer agent as well as Central  
Administration Agent**

**DZ PRIVATBANK S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Auditor of the Fund**

**Ernst & Young S.A.**

35E, Avenue John F. Kennedy  
L-1855 Luxembourg

The investment fund described in this Sales Prospectus (with its Annex and the Management Regulations) (the "Sales Prospectus") is a Luxembourg investment fund (*fonds commun de placement*) that has been established for an unlimited period in the form of a mono fund in accordance with Part I of the Luxembourg Law of 17 December 2010, as amended, relating to undertakings for collective investment (the "Law of 17 December 2010").

This Sales Prospectus is only valid in conjunction with the most recently published annual report, which may not be more than 16 months old. If the annual report is older than eight months, the buyer will also be provided with the semi-annual report. The currently valid Sales Prospectus and the "Key Investor Information Document" shall form the legal foundation for the purchase of units. In purchasing units, the investor acknowledges the Sales Prospectus, the "Key Investor Information Document" and any approved amendments published thereto.

The investor will be provided with the "Key Investor Information Document" at no charge and on a timely basis prior to the acquisition of Fund units.

No information or explanations may be given which are at variance with the Sales Prospectus or the "Key Investor Information Document". The Management Company shall not be liable if any information or explanations are given which deviate from the terms of the current Sales Prospectus or the "Key Investor Information Document".

The Sales Prospectus and the "Key Investor Information Document" as well as the relevant annual and semi-annual reports for the Fund are available on a durable medium free of charge at the registered office of the Management Company, the Depositary, the paying agents and sales agent. The Sales Prospectus and the "Key Investor Information Document" may also be downloaded from the website [www.ethenea.com](http://www.ethenea.com). Upon request by the investor, these documents will also be provided in hard copy. For further information, please see the section entitled "Information for investors".

## Sales Prospectus

The investment fund ("Fund") described in this Sales Prospectus is managed by **ETHENEA Independent Investors S.A.**

This Sales Prospectus includes the Annex and the Management Regulations applicable to the Fund. The Management Regulations first entered into force on 28 January 2002. They were filed with the Luxembourg Trade and Companies Register, and a notice of deposit was first published in the "*Mémorial, Recueil des Sociétés et Associations*", the Official Gazette of the Grand Duchy of Luxembourg ("Mémorial") on 2 March 2002. On 1 June 2016, the Mémorial was replaced by the *Recueil Électronique des Sociétés et Associations* ("RESA"), the new information platform of the Luxembourg Trade and Companies Register.

Its Management Regulations were last amended and published in the RESA on 1 January 2020.

The Sales Prospectus (with Annex) and Management Regulations constitute a whole in terms of their substance and thus complement each other.

### The Management Company

The Management Company of the Fund is **ETHENEA Independent Investors S.A.** ("Management Company"), a public limited company (Aktiengesellschaft) under the law of the Grand Duchy of Luxembourg with its registered office located at 16, Rue Gabriel Lippmann, L-5365 Munsbach. It was established for an indefinite period on 10 September 2010. Its Articles of Association were published in the Mémorial on 15 September 2010. The most recent amendment to the Articles of Association of the Management Company came into effect on 1 January 2015 and was published in the Mémorial on 13 February 2015. The Management Company is entered in the Luxembourg Trade and Companies Register under registration number R.C.S. Luxembourg B -155427. The financial year of the Management Company ends on 31 December of each year. The equity capital of the Management Company amounted to EUR 1,000,000 on 31 December 2019.

The purpose of the Management Company is the founding and administration of undertakings licensed by the Luxembourg supervisory authorities for collective investments in securities pursuant to amended Council Directive 2009/65/EEC (hereinafter "Directive 2009/65/EEC") and all other undertakings for collective investments that do not fall under Council Directive 2009/65/EEC and for which the Management Company is responsible for supervision.

The Management Company meets the requirements contained in amended Council Directive 2009/65/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

The Management Company is responsible for the management and administration of the Fund. Acting on behalf of the Fund, it may take all management and administrative measures and exercise all rights directly or indirectly connected with the Fund's assets.

The Management Company acts honestly, fairly, professionally and independently of the Depositary and solely in the interests of the investors when carrying out its tasks.

The Management Company carries out its obligations with the care of a paid authorised agent.

The Board of Directors of the Management Company has appointed Messrs Frank Hauprich, Thomas Bernard and Ms Josiane Jennes as chief executives and transferred all management responsibilities to them.

In addition to the Fund described in this Sales Prospectus, the Management Company also currently manages the following investment funds: Ethna-CARES, Ethna-DEFENSIV, Ethna-DYNAMISCH, Ethna SICAV and HESPER FUND.

In connection with the management of the Fund's assets, the Management Company may consult an investment adviser/fund manager under its own responsibility and control.

Investment decisions, the placement of orders and the selection of brokers are solely the responsibility of the Management Company, insofar as no fund manager has been appointed to manage the Fund's assets.

The Management Company is entitled to outsource its activities to a third party, under its own responsibility and control.

The delegation of duties must not impair the effectiveness of supervision by the Management Company in any way. In particular, the delegation of duties must not prevent the Management Company from acting in the interests of investors.

### **The fund management**

Fund management is carried out by the management company, **ETHENEA Independent Investors S.A.**, itself.

Fund management tasks include, in particular, the daily implementation of the investment policy, as well as direct investment decisions.

The Management Company may also, at its own responsibility, expense and control, delegate fund management tasks to **ETHENEA Independent Investors (Schweiz) AG**, with its registered office at Sihleggstrasse 17, CH-8832 Wollerau, which is authorised to manage assets and is subject to appropriate supervision.

The Management Company shall bear all expenses incurred in connection with the services it performs. Commissions for brokers, transaction fees and other transaction costs arising in connection with the purchase and sale of assets are borne by the Fund.

### **The Depositary**

The sole Depositary of the Fund is **DZ PRIVATBANK S.A.** with its registered office located at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Depositary is a public limited company (*Aktiengesellschaft*) pursuant to the law of the Grand Duchy of Luxembourg and conducts banking business.

The rights and obligations of the Depositary are governed by the Law of 17 December 2010, the applicable regulations, the Depositary Agreement, the Management Regulations (Article 3) and the Sales Pro-

spectus (with Annex). It acts honestly, fairly, professionally and independently of the Management Company and solely in the interest of the Fund and the investors.

Pursuant to Article 3 of the Management Regulations, the Depositary may delegate some of its duties to third parties ("sub-custodians").

An up-to-date overview of sub-custodians can be found on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)) or requested free of charge from the Management Company.

Upon request, the Management Company will provide investors with the latest information regarding the identity of the Fund's depositary, the Depositary's obligations and any conflicts of interest that could arise and with a description of all depositary functions transferred by the Depositary, the list of sub-custodians and information on any conflicts of interest that could arise from the transfer of functions.

The appointment of the Depositary and/or sub-custodians may cause potential conflicts of interest, which are described in more detail in the section entitled "Potential conflicts of interest".

### **The registrar and transfer agent**

The registrar and transfer agent of the Fund is **DZ PRIVATBANK S.A.**, with its registered office located at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The registrar and transfer agent is a public limited company (*Aktiengesellschaft*) pursuant to the law of the Grand Duchy of Luxembourg. The duties of the registrar and transfer agent include the processing of applications and execution of orders for the subscription, redemption, exchange and transfer of units, as well as the keeping of the unit register.

### **The Central Administration Agent**

The Central Administration Agent of the Fund is **DZ PRIVATBANK S.A.** with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Central Administration Agent is a public limited company (*Aktiengesellschaft*) pursuant to the law of the Grand Duchy of Luxembourg and its duties include, in particular, accounting and bookkeeping, calculation of the unit value and the drawing up of annual reports.

The Central Administration Agent has transferred, under its own responsibility and control, various administrative tasks, e.g. calculation of net asset values, to **Attrax Financial Services S.A. (société anonyme)**, with its registered office at 308, route d'Esch, L-1471 Luxembourg.

### **Legal position of investors**

The Management Company invests money paid into the Fund in its own name and for the collective account of the investors, in keeping with the principle of risk diversification in transferable securities and/or other legally permissible assets pursuant to Article 41 of the Law of 17 December 2010. The funds invested and the assets acquired thereby constitute the Fund's assets, which are held separately from the Management Company's own assets.

The investors are co-owners of the Fund's assets in proportion to their number of units. The units of the Fund shall be issued in the certificates and denominations stated in the Annex. If registered units are is-



sued, these are documented by the registrar and transfer agent in the unit register kept on behalf of the Fund. Confirmation of entry into the unit register shall be sent to the investors at the address specified in the unit register. Unitholders are not entitled to the delivery of physical certificates.

In principle, all units in the Fund have the same rights, unless the Management Company decides to issue different unit classes within the same Fund pursuant to Article 5(3) of the Management Regulations.

The Management Company asks investors to note that they can directly assert all of their investor rights in relation to the Fund only if they are registered in the unitholders' register for the Fund under their own name. In cases where an investor has invested in a fund through an intermediary which undertakes investments in its own name but on behalf of the investor, it is possible that said investor may not be able to directly assert all his rights in relation to the fund. Therefore, investors are advised to seek information regarding their rights.

### **General information on trading in units of the Fund**

Investing in the Fund should be regarded as a long-term commitment. The Management Company opposes arbitrage techniques such as "market timing" and "late trading".

Market timing is understood to mean the arbitrage technique whereby an investor systematically subscribes, exchanges and redeems units in the Fund within a short period by exploiting time differences and/or the imperfections or weaknesses in the valuation system for calculating the Fund's net asset value. The Management Company takes the appropriate protection and/or control measures to avoid such practices. It also reserves the right to reject, cancel or suspend an order from a investor for the subscription or exchange of units if the investor is suspected of engaging in market timing.

The Management Company strictly opposes the purchase or sale of units after the close of trading at already established or foreseeable closing prices ("late trading"). In any case, the Management Company ensures that units are issued and redeemed on the basis of a unit value previously unknown to the investor. If, however, an investor is suspected of engaging in late trading, the Investment Company may reject the redemption or subscription order until the applicant has cleared up any doubts with regard to his order.

The possibility cannot be ruled out that the units of the Fund may also be traded on an official stock exchange or on other markets.

The market price underlying stock market dealings or trading on other markets is not determined exclusively by the value of the assets held in the Fund, but also by supply and demand. Said market price can therefore differ from the unit price.

### **Investment objectives and investment policy**

The objective of the Fund's investment policy is to achieve an appropriate increase in value in the Fund currency (as defined in the Annex), taking into account the criteria of value stability, security of capital and

liquidity of the Fund's assets. The Fund's specific investment policy is described in the Annex to the Sales Prospectus.

The general investment principles and restrictions specified in Article 4 of the Management Regulations apply to this Fund, insofar as no deviations or supplements are contained in the Annex to the Sales Prospectus for the Fund.

The Fund's assets are invested pursuant to the principle of risk diversification within the meaning of the provisions of Part I of the Law of 17 December 2010 and in accordance with the investment policy principles described in Article 4 of the Management Regulations, as well as within the investment restrictions.

### **Information on derivatives and other techniques and instruments**

In accordance with the general provisions of the investment policy referred to in Article 4 of the Management Regulations, the Management Company may use derivatives, securities financing transactions and other techniques and instruments that correspond to the Fund's investment objectives in order to achieve such as part of efficient portfolio management. The counterparties or financial counterparties (as defined in Article 3(3) of 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 ("SFTR")) to the aforementioned transactions must be subject to supervision and have their registered office in an EU member state, another signatory state to the EEA Agreement or a third country whose supervisory provisions, in the opinion of the CSSF, are equivalent to those of EU law. The counterparty or financial counterparty must generally have at least an investment grade rating, which may, however, be waived in justified exceptions. This may be the case, for example, if the counterparty or financial counterparty falls below this rating after selection. In this case, the Management Company will carry out a separate examination. They must also specialise in this type of transaction. When selecting counterparties and financial counterparties for securities financing transactions and total return swaps, criteria such as legal status, country of origin and credit rating of the counterparty are taken into account. Details can be viewed free of charge on the Management Company's website referred to in the section entitled "Information for investors". Here, the possibility cannot be excluded that the counterparty or the financial counterparty is a company affiliated with the Management Company or the Fund Manager / Investment Adviser. In this context, we refer to the section "Potential conflicts of interest".

Derivatives and other techniques and instruments carry considerable opportunities but also high risks. Due to the leverage effect of these products, the Fund may incur substantial losses using relatively little capital. The following is a non-exhaustive list of derivatives, techniques and instruments that can be used for the Fund:

#### **1. Option rights**

An option right is a right to buy ("call option") or sell ("put option") a particular asset at a predetermined time ("exercise date") or during a predetermined period at a predetermined price ("strike price"). The price of a call or put option is the option premium.

Both call and put options may only be bought or sold for the Fund, insofar as it is permitted to invest in the underlying assets pursuant to its investment policy described in the Annex.

## 2. Financial futures contracts

Financial futures contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of a certain base value at a pre-determined time (maturity date) at a price agreed in advance.

Financial futures contracts may only be concluded for the Fund insofar as it is permitted to invest in the underlying assets pursuant to its investment policy as described in the Annex.

## 3. Derivatives embedded in financial instruments

Financial instruments with embedded derivatives may be acquired for the Fund, provided that the underlying assets of the derivative consist of instruments within the meaning of Article 41(1) of the Law of 17 December 2010 or, for example, financial indices, interest rates, foreign exchange rates or currencies. Financial instruments with embedded derivatives may consist of structured products (certificates, reverse convertible bonds, warrant-linked bonds, convertible bonds, credit-linked notes, etc.) or warrants. The main feature of products included under “Derivatives embedded in financial instruments” is that the embedded derivative components affect the payment flows for the entire product. Alongside risk characteristics of transferable securities, the risk characteristics of derivatives and other techniques and instruments are also decisive.

Structured products may be used on condition that they are transferable securities within the meaning of Article 2 of the Grand-Ducal Regulation of 8 February 2008.

## 4. Securities financing transactions

Securities financing transactions include, for example:

- Securities Lending Transactions
- Repurchase agreements

Securities financing transactions can be used for efficient portfolio management, e.g. to achieve the investment objective or to increase returns. They may affect the performance of the Fund. This may at least temporarily increase the Fund's risk profile / risk of loss.

The types of assets used in securities financing transactions may be those that are permissible in accordance with the investment policy of the Fund.

All returns generated from securities financing transactions accrue to the Fund's assets net of all related costs including any transaction costs. However, at least 50% of the gross return generated by the securities financing transactions must accrue to the Fund's assets.

### 4.1 Securities lending

A securities lending transaction is a transaction whereby a counterparty transfers securities subject to an obligation that the party borrowing the securities will return equivalent securities at a later date or at the request of the transferring party; for the counterparty transferring the securities this is a securi-

ties lending transaction and for the counterparty to whom they are transferred this is a securities borrowing transaction.

In this context, in order to generate additional capital or income or to reduce its costs or risks, the Fund may carry out transferable securities lending transactions, provided such transactions are in line with the applicable Luxembourg laws and regulations, as well as CSSF circulars (including CSSF 08/356, CSSF 11/512 and CSSF 14/592) and the SFTR.

- (aa) The Fund may lend securities either directly or within the framework of a standardised securities lending system organised by a recognised securities settlement or clearing institution such as CLEARSTREAM and EUROCLEAR or by a financial institution specialising in such transactions. The Fund shall ensure that securities transferred within the framework of securities lending can be transferred back at any time and that the securities lending transaction entered into can be terminated at any time. If the aforementioned institution is acting on its own account, it shall be considered to be the counterparty in the transferable securities lending agreement. If the Fund lends its transferable securities to companies affiliated with the Fund by way of common management or control, specific attention must be paid to any conflicts of interest that may arise therefrom. The Fund must receive collateral in accordance with the prudential supervisory requirements in respect of the counterparty risk and collateral provision, either prior to or simultaneously with the loaned securities being transferred. At maturity of the transferable securities lending agreement, the collateral shall be remitted simultaneously or subsequently to the restitution of the transferable securities lent. Within the framework of a standardised securities lending system organised by a recognised securities settlement institution or a securities lending system organised by a financial institution which is subject to supervisory provisions that the CSSF considers to be equivalent to EU stipulations, and which specialises in this type of transaction, the transferable securities lent may be transferred before the receipt of the collateral if the intermediary (*intermédiaire*) in question assures the proper execution of the transaction. Such an intermediary may, instead of the borrower, provide the Fund with collateral that meets prudential supervisory requirements regarding counterparty risk and collateral provision. In this case, the agent is contractually bound to provide the collateral.
- (bb) The Fund must ensure that the volume of the transferable securities lending transactions is kept to an appropriate level or that it is entitled to request the return of the transferable securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the Fund's assets in accordance with its investment policy. Up to 100% of the assets that can be used in securities lending transactions may be loaned. For each completed securities lending transaction, the respective Fund must ensure that the market value of the security is at least as high as the market value of the reused assets throughout the term of the lending agreement.
- (cc) Receipt of appropriate collateral

The Fund may take into account collateral conforming to the requirements stated herein in order to take into consideration the counterparty risk in transactions that include repurchase rights.

The Fund must proceed on a daily basis with the valuation of the collateral received. The agreement concluded between the Fund and the counterparty must include provisions to the effect that the counterparty must provide additional collateral at very short term if the value of the collateral already provided proves to be insufficient in relation to the amount to be covered. In addition, this agreement must stipulate safety margins which take into consideration the exchange risks or market risks inherent to the assets accepted as collateral.

The assets accepted as collateral are those forms of collateral stated in the section entitled “Counterparty risk”.

The proportion of assets under management that are expected to be used in these transactions is 0%. This is a forecast; the actual proportion may differ depending on the fund-specific investment policy.

#### 4.2 Repurchase agreements

A repurchase agreement is a transaction pursuant to an agreement through which a counterparty sells transferable securities or guaranteed rights to transferable securities, and the agreement contains a commitment to repurchase the same transferable securities or rights – or failing that, securities with the same characteristics – at a fixed price and at a time fixed by the lender or to be fixed at a later date. Rights to transferable securities may be the subject of such a transaction only if they are guaranteed by a recognised exchange which holds the rights to the transferable securities, and if the agreement does not allow one of the counterparties to transfer or pledge a particular transferable security at the same time to more than one other counterparty. For the counterparty that sells the transferable securities, the transaction is a repurchase agreement, and for the other party that acquires them, the transaction is a reverse repurchase agreement.

On behalf of the Fund, the Management Company (acting as a buyer) may engage in transactions that include repurchase rights. Said transactions involve the purchase of securities where the contractual conditions grant the seller (counterparty) the right to buy back the sold securities from the Fund at a particular price and within a particular time period agreed between the parties upon conclusion of the agreement. On behalf of the Fund, the Management Company (acting as a seller) may engage in transactions where the contractual conditions grant the Fund the right to buy back the sold securities from the buyer (counterparty) at a particular price and within a particular time period agreed between the parties upon conclusion of the agreement.

The Management Company may enter into repurchase agreements either as the buyer or seller. However, any transactions of this kind are subject to the following guidelines:

- (a) Transferable securities may only be bought or sold via a repurchase agreement if the counterparty in the agreement is a financial institution that specialises in this type of transaction.
- (b) During the term of the repurchase agreement, the securities that are the subject matter of the agreement may not be sold before the exercise of the right to repurchase the securities or before expiry of the repurchase period.

When the Management Company concludes a repurchase agreement, it must ensure that it is able, at any time, to recall the full amount of cash or to terminate the repurchase agreement on either an ac-

crued basis or a market-to-market basis. In addition, the Management Company must ensure that it is able, at any time, to recall any transferable securities subject to the repurchase agreement and to terminate the repurchase agreement into which it has entered.

Up to 100% of the Fund's assets may be transferred to third parties as part of a repurchase agreement.

The proportion of assets under management that are expected to be used in these transactions is 0%. This is a forecast; the actual proportion may differ depending on the fund-specific investment policy.

#### 5. Forward exchange contracts

The Management Company may enter into forward exchange contracts for the Fund.

Forward exchange contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of the underlying foreign currencies at a certain time (maturity date) at a price agreed in advance.

#### 6. Swaps

The Management Company may conclude swaps on behalf of the Fund within the framework of the investment principles.

A swap is a contract between two parties based on the exchange of payment flows, assets, income or risk. The swaps made for the Fund may include, but are not limited to, the following: interest, currency, equity and credit default transactions.

An interest swap is a transaction in which two parties swap cash flows which are based on fixed or variable interest payments. The transaction can be compared with the adding of funds at a fixed interest rate and the simultaneous allocation of funds at a variable interest rate, with the nominal sums of the assets not being swapped.

Currency swaps usually consist of the swapping of nominal sums of assets. They can be compared to borrowing in one currency and simultaneously lending in another.

Asset swaps, also known as "synthetic securities", are transactions that convert the yield from a particular asset into another rate of interest (fixed or variable) or into another currency, by combining the asset (e.g. bond, floating-rate note, bank deposit, mortgage) with an interest swap or currency swap.

An equity swap is the exchange of payment flows, value adjustments and/or income from an asset in return for payment flows, value adjustments and/or income from another asset, where at least one of the exchanged payment flows or incomes from an asset represents a share or a share index.

A total return swap is a derivative contract as defined in Article 2, point 7 of Regulation (EU) 648/2012, in which one counterparty transfers to another the total return of a benchmark liability including income from interest and fees, gains and losses from exchange rate fluctuations, and credit losses.

The contracting parties may not exert any influence on the composition or management of the UCITS' investment portfolio or the underlying assets of the derivatives. Transactions in connection with the UCITS' investment portfolio do not require the consent of the counterparty.

Total return swaps may be used within the limits of the risk management process applied. The fund-specific Annex describes which risk management process is used.

The types of assets used in total return swaps may be those that are permissible in accordance with the investment policy of the Fund.

All returns generated from total return swaps accrue to the Fund's assets net of all related costs including any transaction costs. However, at least 50% of the gross returns generated by total return swaps must accrue to the fund assets.

The Management Company may use total return swaps for the Fund both for hedging purposes and as part of the investment strategy/objective. This includes transactions for efficient portfolio management. This may at least temporarily increase the Fund's risk profile / risk of loss.

The proportion of assets under management that are expected to be used in these transactions is 0%. This is a forecast; the actual proportion may differ depending on the fund-specific investment policy.

## 7. Swaptions

A swaption is the right, but not the obligation, to enter into a swap, the conditions of which are clearly specified, at a given time or within a given period. In addition, the principles listed in connection with option dealing apply.

## 8. Techniques for the management of credit risks

The Management Company may also use credit default swaps ("CDS") for the Fund with a view to efficient management of the Fund's assets. Within the market for credit derivatives, a CDS represents the most widespread and the most quantitatively significant instrument. A CDS enables the credit risk to be separated from the underlying financial relationship. This separate trading of default risks extends the range of possibilities for systematic risk and income management. With a CDS, a protection buyer can hedge against certain risks arising from a debtor-creditor relationship by paying a periodic premium (calculated on the basis of the nominal amount) for transferring the credit risk to a protection seller for a defined period. This premium depends, among other things, on the quality of the underlying reference debtor(s) (= credit risk). The transferred risks are defined in advance as so-called credit events. As long as no credit event occurs, the CDS seller does not have to render a performance. If a credit event occurs, the seller pays the predefined amount (such as the par value or an adjustment payment equalling the difference between the par value of the reference assets and their market value) after the credit event occurs ("cash settlement"). The buyer then has the right to tender an asset of the reference debtor which is qualified in the agreement, whilst the buyer's premium payments are stopped as of this point. The Fund can act either as protection buyer or protection seller.

CDS are traded over the counter (OTC market), such that more specific, non-standard requirements of both counterparties can be addressed - at the price of lower liquidity.

The commitment of the obligations arising from the CDS must not only be in the exclusive interests of the Fund, but also be in line with its investment policy. For the purpose of the investment limits in accordance with Article 4(5) of the Management Regulations, both the loans underlying the CDS and the particular issuer must be taken into account.

A CDS is valued on a regular basis using verifiable and transparent methods. The Management Company and the auditor will monitor the verifiability and transparency of the valuation methods. The Management Company will rectify any differences ascertained as a result of the monitoring procedure.

## 9. Remarks

The use of techniques and instruments for efficient portfolio management may give rise to various direct/indirect costs, which are charged to the relevant Fund's assets or which reduce the Fund's assets. These costs may be incurred both in relation to third parties and parties associated with the Management Company or Depositary.

The above-mentioned techniques and instruments can, where appropriate, be supplemented by the Management Company if new instruments corresponding to the investment objective are offered on the market, which the Fund may employ in accordance with the prudential supervisory and statutory provisions.

All income arising from efficient portfolio management techniques and instruments – net of direct and indirect operational costs – is paid to the Fund and comprise an integral part of the Fund's net asset value.

Information on the returns arising from the techniques and instruments used for efficient portfolio management for the entire reporting period will be disclosed in the Fund's current annual report together with the information on direct/indirect costs to the extent that they are related to the management of the Fund.

### **Calculation of the unit value**

The Fund's net assets are denominated in euro ("reference currency").

The value of a unit ("unit value") is denominated in the currency laid down in the Annex to the Sales Prospectus ("Fund currency"), if no other currency is stipulated for any unit classes in the Annex to the Sales Prospectus ("unit class currency").

The unit value is calculated by the Management Company or a third party commissioned for this purpose by the Management Company, under the supervision of the Depositary, on each banking day in Luxembourg with the exception of 24 and 31 December of each year ("valuation day"). In order to calculate the unit value, the value of the Fund's assets less the Fund's liabilities (the "Fund's net assets") is determined on each valuation day, and this is divided by the number of Fund units in circulation on the valuation day



and rounded to two decimal places. Further details on the calculation of the unit value are specified in Article 6 of the Management Regulations.

### **Issue of units**

1. Units are issued on each valuation day at the issue price. The issue price is the unit value pursuant to Article 6 paragraph 4 of the management regulations plus a front-end fee, the maximum value of which is set out for the Fund in the Annex to the Sales Prospectus. The issue price may be increased by fees or other charges payable in the particular countries where the Fund is on sale.
2. Subscription orders for the acquisition of registered units may be submitted to the Management Company, Depositary, registrar and transfer agent, sales agent and paying agents. The receiving agents are obliged to immediately forward all subscription orders to the registrar and transfer agent. Receipt by the registrar and transfer agent is decisive. This agent accepts the subscription orders on behalf of the Management Company. Purchase orders for the acquisition of units certified in the form of global certificates ("bearer units") are forwarded to the registrar and transfer agent by the entity at which the subscriber holds his custody account. Receipt by the registrar and transfer agent is decisive.

Complete subscription applications for registered units or purchase orders for bearer units received by the relevant agent at the latest by 17:00 on a valuation day are allocated the issue price of the following valuation day, provided the transaction value for the subscribed units is available. In any case, the Management Company ensures that units are issued on the basis of a unit value previously unknown to the investor. If, however, an investor is suspected of engaging in late trading, the Management Company may reject the subscription application / purchase order until the applicant has cleared up any relevant doubts. Complete subscription applications received by the relevant agent after 17:00 on a valuation day shall be settled at the issue price of the second following valuation day.

If the equivalent of the registered units to be subscribed is not available at the time of receipt of the complete subscription application by the registrar and transfer agent or if the subscription application is incorrect or incomplete, the application shall be regarded as having been received by the registrar and transfer agent on the date on which the equivalent of the subscribed units is available and the application is submitted properly.

The bearer units are transferred to the entity where the subscriber maintains his custody account via "payment/delivery transactions" immediately upon payment of the investment amount due, after settlement has been effected with the registrar and transfer agent.

3. The issue price is payable at the Depositary in Luxembourg in the Fund currency or, if there are several unit classes, in the respective unit class currency, within the number of banking days specified in the Annex to Fund after the corresponding valuation day.
4. The circumstances under which the issue of units may be suspended are specified in Article 9 in conjunction with Article 7 of the Management Regulations.

## Redeeming and exchanging units

1. Investors are entitled to request the redemption of their units at any time at the unit value in accordance with Article 6(4) of the Management Regulations, less any redemption fee if applicable ("redemption price"). This redemption will only be carried out on a valuation day. If a redemption fee is payable, the maximum amount of this fee for the Fund is contained in the Annex to this Sales Prospectus.

In certain countries, the payment of the redemption price may be reduced by local taxes and other charges. The corresponding unit is cancelled upon payment of the redemption price.

2. Payment of the redemption price as well as any other payments to the investors shall be made via the Depositary or the paying agents. The Depositary is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depositary's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Management Company may buy back units unilaterally against payment of the redemption price if this appears necessary in the interests of the investors or for the protection of the investors or the Fund.

3. In the event that different unit classes are offered within the Fund, units of one class may also be exchanged for those of another within the Fund, unless otherwise stipulated in the Annex to this Sales Prospectus. In this case, no exchange fee is charged.

The Management Company may reject an order for the exchange of units, if this is deemed in the interests of the Fund or the unit classes or in the interests of the investors.

4. Complete orders for the redemption or exchange of registered units can be submitted to the Management Company, Depositary, registrar and transfer agent, sales agent and paying agents. The receiving agents are obliged to immediately forward the redemption or exchange orders to the registrar and transfer agent.

An order for the redemption or exchange of registered units shall only be deemed complete if it contains the name and address of the investor, the number and/or transaction value of the units to be redeemed or exchanged, the name of the Fund and the signature of the investor.

Complete sales orders for the redemption of bearer units will be forwarded to the registrar and transfer agent by the agent with whom the investor holds his custody account. The exchange of bearer units is excluded.

Complete orders for the redemption, sale or exchange of units received no later than 17:00 on a valuation day shall be settled at the unit value of the following valuation day, less any applicable redemption and/or exchange fees. In any case, the Management Company ensures that units are redeemed, sold or exchanged on the basis of a unit value previously unknown to the investor. Complete orders for the redemption, sale or exchange of units received after 17:00 on a valuation day shall be settled at the unit value of the second following valuation day, less any applicable redemption and/or exchange fees.

The time of receipt of the redemption, sale or exchange order by the registrar and transfer agent shall be decisive.

The redemption price is payable within the number of banking days indicated in the Annex to the Fund following the valuation day in the Fund currency, or if there are several unit classes, in the respective unit class currency. In the case of registered units, payment is made to the account specified by the investor.

5. The Management Company is obliged to temporarily suspend the redemption or exchange of units due to the suspension of the calculation of the unit value.
6. Subject to prior approval from the Depositary and while preserving the interests of the investors, the Management Company shall only be entitled to process significant volumes of redemptions after selling corresponding assets of the Fund without delay. In this case, the redemption shall occur at the redemption price valid at that time. The same shall apply for orders for the exchange of units. The Management Company shall, however, ensure that the Fund has sufficient liquid funds at its disposal such that, under normal circumstances, the redemption or exchange of units may take place immediately upon application from investors.

## **General risk information**

### **General market risk**

The assets in which the Management Company invests for the account of the Fund are associated with risks as well as opportunities for growth in value. If the Fund invests directly or indirectly in transferable securities and other assets, it is subject to the general trends and tendencies of the markets, particularly the transferable securities markets, which are attributable to various and partially irrational factors. Losses can occur if the market value of the assets decreases compared to the cost price. If a unitholder sells units of the Fund at a time when the market price of assets in the Fund has decreased compared to the time of unit purchase, he will not get back the money he invested in the Fund to the full amount. Despite the fact that the Fund aims to achieve constant growth, this cannot be guaranteed. However, the investor's risk is limited to the amount invested. Investors are not obliged to provide any supplementary funding in addition to the money invested.

### **Interest rate risk**

Investing in fixed-rate transferable securities is associated with the possibility that the interest rate at the time of issuance of a security might change. If the interest rate increases compared to the interest at the time of issue, fixed-rate transferable securities will generally decrease in value. In contrast, if the interest rate falls, the price of fixed-rate transferable securities increases. These developments mean that the current yield of fixed-rate transferable securities roughly corresponds to the current interest rate. However, such fluctuations can vary depending on the maturity of the fixed-rate transferable securities. On the one hand, fixed-rate transferable securities with short maturities bear lower price risks than fixed-rate transferable securities with long maturities. On the other hand, fixed-rate transferable securities with short maturities generally have smaller yields than fixed-rate transferable securities with long maturities.

## **Risk of negative deposit rates**

The Management Company invests the liquid assets of the Fund with the Depositary or other financial institutions on behalf of the Fund. An interest rate is agreed for some of these bank balances that corresponds to international interest rates, less an applicable margin. If these interest rates fall below the agreed margin, this leads to negative interest rates on the corresponding account. Depending on the development of the interest rate policy of each of the central banks, short, medium and long-term bank balances may all generate a negative interest rate at banks.

## **Credit risk**

The creditworthiness of the issuer (its ability and willingness to pay) of a transferable security or money market instrument held directly or indirectly by the Fund may subsequently fall. This normally leads to a fall in the price of the respective asset that exceeds general market fluctuations.

## **Company-specific risk**

The performance of the transferable securities and money market instruments held directly or indirectly by the Fund also depends on company-specific factors, such as the business position of the issuer. If the company-specific factors deteriorate, the market value of a given asset may fall substantially and permanently, even if stock market developments are otherwise generally positive.

## **Counterparty default risk**

The issuer of a transferable security held directly or indirectly by the Fund or the debtor of a claim belonging to the Fund may become insolvent. The corresponding assets of the Fund may become worthless as a result.

## **Counterparty risk**

In the case of transactions not conducted via a stock exchange or a regulated market (OTC transactions) or securities financing transactions, there is – in addition to the counterparty default risk – the risk that the counterparty to the transaction may fail to meet its obligations or fail to do so to the fullest extent. This applies in particular to transactions that use techniques and instruments. In order to reduce the counterparty risk associated with OTC derivatives and securities financing transactions, the Management Company is authorised to accept collateral. This shall be carried out in accordance with the requirements of ES-MA Guidelines 2014/937. Collateral may take the form of cash, government bonds or debt securities issued by a public international body belonging to one or more EU member states or covered bonds. Collateral in the form of cash may not be invested anew. All other collateral received is neither sold, reinvested nor pledged. The Management Company implements incremental valuation discounts (a “haircut strategy”) for the collateral received, taking into account the specific characteristics of the collateral and the issuer. Details of the minimum haircuts applied depending on the type of collateral are shown in the following table:

<b>Collateral</b>	<b>Minimum haircut</b>
Cash (Fund currency)	0%
Cash (foreign currencies)	0%
Government bonds (maturity less than one year)	0%
Government bonds (maturity of one year or more)	0.50%

Debt securities issued by public international bodies belonging to one or more EU member states and covered bonds	0.50%
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Further details of the haircuts applied may be requested from the Management Company free of charge at any time.

Collateral received by the Management Company within the framework of OTC derivatives and securities financing transactions must, inter alia, meet the following criteria:

- i) Non-cash collateral should be sufficiently liquid and traded on a regulated market or a multilateral trading system.
- ii) The collateral will be monitored and valued daily in accordance with market value.
- iii) Securities which high price volatility should not be accepted without adequate haircuts (discounts).
- iv) The creditworthiness of the issuer should be high.
- v) Collateral must be sufficiently diversified by countries, markets and issuers. Correlations between the collateral are not taken into account. However, the collateral received must be issued by a party that is not affiliated with the counterparty.
- vi) Any collateral which is not provided in cash must be issued by a company which is not affiliated with the counterparty.

There are no specifications for restricting the residual maturity of securities.

The provision of collateral is based on individual contractual agreements between the counterparty and the Management Company, in which, inter alia, the type and quality of collateral, haircuts, allowances and minimum transfer amounts are defined. The value of OTC derivatives and any collateral already provided is calculated on a daily basis. If, due to individual contractual agreements, an increase or decrease in collateral is necessary, this collateral shall be requested or claimed back from the counterparty. Information on the agreements may be requested from the Management Company free of charge at any time.

With respect to the risk diversification of the collateral received, the maximum exposure to a particular issuer may not exceed 20% of net fund assets. By way of exception, Article 4(5)(h) of the Management Regulations shall apply to issuer risk on receipt of collateral from specific issuers.

On behalf of the Fund, the Management Company may accept securities as collateral within the framework of derivatives and securities financing transactions. If these securities were pledged as collateral, they must be held in custody by the Depositary. If the Management Company has pledged the securities as collateral within the framework of derivative transactions, custody is at the discretion of the secured party.

## **Currency risk**

If the Fund directly or indirectly holds assets which are denominated in foreign currencies, then it is subject to currency risk, unless the foreign currency positions are hedged. In the event of a devaluation of the foreign currency against the reference currency of the Fund, the value of the assets held in this foreign currency shall fall.

Unit classes denominated in a currency other than that of the Fund may be subject to a correspondingly different currency risk. This currency risk can be hedged against the Fund currency in individual cases.

### **Specific risks associated with currency-hedged unit classes**

Unit classes denominated in a currency other than that of the Fund are subject to a currency risk that can be hedged through the use of financial derivatives. The costs, liabilities and/or benefits associated with such hedging will be borne solely by the relevant unit class.

The use of financial derivatives for a single unit class may give rise to counterparty risks and operational risks also for investors in other unit classes of the Fund.

Hedging is used to reduce any exchange rate fluctuations between the Fund currency and the hedged unit class currency. This hedging strategy aims to match the currency exposure of the hedged unit class in such a way that the performance of the hedged unit class tracks the performance of a unit class in the Fund currency as closely as possible.

The use of this hedging strategy may provide investors in the relevant unit class with significant protection against the risk of declines in the value of the unit class currency relative to the value of the Fund currency. However, it may also result in investors in the hedged unit class not being able to benefit from an increase in value against the Fund currency. There may also be mismatches between the currency position of the Fund and the currency position of the hedged unit class, particularly in the event of severe market turbulence.

In the event of a net flow in the hedged unit class, this currency hedge may only take place or be adjusted retrospectively so that it is only reflected in the net asset value of the hedged unit class at a later date.

## **Industry risk**

If a fund focuses its investments on specific industries, this reduces the risk spreading. As a result, the Fund shall be particularly dependent on both the general development of individual industries and the development of individual company profits within these industries, as well as the development of industries that mutually influence each other.

## **Country and regional risk**

If a Fund focuses its investment on specific countries or regions, this shall also reduce the risk diversification. Accordingly, the Fund shall be particularly dependent on the development of individual or mutually interdependent countries and regions, and/or on companies which are located and/or active in these countries or regions.

## **Legal and tax risk**

The legal and tax treatment of the Fund may change in unforeseeable and uncontrollable ways.

## **Country and transfer risk**

Economic or political instability in countries in which a fund invests may mean that despite the solvency of the issuer of the respective transferable security or other form of asset, the funds owed to a fund are received either in part or not at all, in another currency or not in good time. Decisive factors in this may include currency or transfer restrictions, a lack of willingness or capacity to carry out the transfer, or other legal changes. If the issuer pays in another currency, this position is additionally subject to a currency risk.

## **Risk due to force majeure**

Force majeure is defined as events whose occurrence cannot be controlled by the persons affected. These include, for example, serious traffic accidents, pandemics, earthquakes, floods, hurricanes, nuclear energy accidents, war and terrorism, design and construction defects beyond the control of the Fund, environmental legislation, general economic circumstances or labour disputes. If the Fund is affected by one or more such events, this may result in losses or even the total loss of the Fund.

## **Liquidity risk**

The Fund may also acquire assets and derivatives not admitted for trading on a stock exchange, or not admitted to trading or included in another organised market. In some situations it might be impossible to sell such assets except subject to considerable discounts or delays, if at all. In some cases, even the sale of assets admitted to a stock exchange may only be possible with sizeable discounts, or not at all, depending on market conditions, volumes, time frames and planned costs. Although the Fund may only acquire assets that can generally be liquidated at any time, it is possible that these assets may temporarily or permanently only be sold at a loss.

## **Custody risk**

A risk of loss is associated with the custody of assets, which may result from insolvency or violations of due diligence on the part of the Depositary or a sub-custodian, or by external events.

## **Emerging markets risks**

Investing in emerging markets entails investing in countries that, inter alia, are not included in the World Bank's definition of "high GDP per capita", i.e. are not classified as "developed" countries. In addition to the risks specific to the asset class, investments in these countries are generally subject to higher risks, in particular heightened liquidity risk and general market risk. In emerging markets, political, economic or social instability or diplomatic incidents may hamper investments in these countries. Moreover, the processing of transactions in transferable securities from such countries may entail greater risks and be harmful to the investor, particularly due to the fact that it may not be possible or customary for transferable securities to be delivered immediately upon payment in such countries. The country and transfer risks described above are also significantly greater in these countries.

In addition, the legal and regulatory environment and the accounting, auditing and reporting standards in emerging markets may differ significantly from the level and standards which are otherwise customary on an international scale, to the detriment of an investor. This may not only lead to differences in govern-

ment monitoring and regulation, but also to additional risks in connection with the assertion and settlement of claims of the Fund. In addition, a higher custody risk may exist in such countries, which can result in particular from different forms of the transfer of ownership of acquired assets. Emerging markets are generally more volatile and less liquid than markets in developed countries, which can entail greater fluctuations in the unit values of the Fund.

### **Inflation risk**

Inflation risk means the danger of financial losses as a result of the devaluation of currency. As a result of inflation, the income of a Fund as well as the value of the asset as such may decrease in terms of the purchasing power. Different currencies are subject to inflation risk to a greater or lesser extent.

### **Concentration risk**

Additional risks may be incurred if the investments are concentrated in certain assets or markets. In these cases, events affecting these assets or markets may have a greater impact on the Fund's assets and cause comparably greater losses than would be the case with a more diversified investment policy.

### **Performance risk**

Positive performance cannot be ensured without a guarantee issued by a third party. Furthermore, assets acquired for the Fund may perform differently than anticipated upon acquisition.

### **Settlement risk**

Transferable securities transactions carry the risk that one of the contracting parties delays, does not pay as agreed or does not deliver the transferable securities in good time. This settlement risk also exists with the reversal of securities for the Fund.

### **Risks associated with using derivatives and other techniques and instruments**

The leverage effect of option rights may result in a greater impact on the value of the Fund's assets - both positive and negative - than would be the case with the direct acquisition of transferable securities and other assets. To this extent, their use is associated with special risks.

Financial futures contracts which are used for a purpose other than hedging are also associated with considerable opportunities and risks, as only a fraction of the contract value (the margin) needs to be provided immediately.

Price changes may therefore lead to substantial profits or losses. As a result, the risk and the volatility of the Fund may increase.

Depending on the structure of swaps, the value thereof can be affected by any future change in the market interest rate (interest rate risk), counterparty insolvency (counterparty risk) or a change in the underlying. In principle, any future (value) changes to the underlying payment flows, assets, income or risks may lead to gains as well as losses in the Fund.

Techniques and instruments are associated with specific investment and liquidity risks.



Since the use of derivatives embedded in financial instruments can be associated with a leverage effect, the use thereof can lead to strong fluctuations – both positive and negative – in the value of the Fund's assets.

- Risks of securities lending agreements

If the Management Company lends securities for the account of the Fund, it transfers the securities to another counterparty, which, at the end of the lending agreement, returns securities of the same type, quantity and quality. For the entire duration of the agreement, the Management Company has no control over the loaned transferable securities. If the security decreases in value during the transaction and the Management Company wants to dispose of the security altogether, it must terminate the securities lending transaction and wait for the usual settlement cycle, which can create a risk of loss for the Fund.

- Risks of repurchase agreements

If the Management Company transfers securities under a repurchase agreement, then it sells the security and undertakes to repurchase it at a premium after the end of the term. The repurchase price plus premium to be paid by the seller at the end of the term will be determined upon completion of the transaction. If the transferable securities included in the repurchase agreement should depreciate in value during the course of the contract and the Management Company should wish to sell these in order to limit its losses, then it can only do so by exercising the right of early termination. Any early termination of an agreement may have financial consequences for the Fund. In addition, the premium to be paid at the end of the term may also be higher than the income that the Management Company has generated through the reinvestment of the cash received through the sale price.

If the Management Company accepts securities in under a repurchase agreement, then it purchases the security and must resell it at the end of the term. The repurchase price (plus a surcharge) shall be determined when the transaction is concluded. Securities accepted under repurchase agreements serve as collateral for the provision of liquidity to the party to the agreement. The fund does not benefit from any increases in value of securities.

### **Risks related to receiving and providing collateral**

The Management Company receives or provides collateral for OTC derivatives and securities financing transactions. The value of OTC derivatives and securities financing transactions is subject to change. There is a risk that the collateral received may no longer be enough to fully cover the entitlement of the Management Company against the counterparty for delivery or return. To minimise this risk, as part of collateral management, the Management Company shall, on a daily basis, reconcile the value of the collateral with the value of the OTC derivatives and securities financing transactions and request additional collateral in agreement with the counterparty.

This collateral may take the form of cash, government bonds or debt securities issued by public international bodies to which one or more EU Member States belong or covered bonds. However, the credit institution where the cash is held might default. Government bonds and debt securities issued by interna-

tional bodies can decrease in value. If the transaction is cancelled, the invested collateral could no longer be fully available, despite taking haircuts into account and despite the Management Company's obligation to return it in the original amount on behalf of the Fund. To minimise this risk, as part of collateral management, the Management Company shall, on a daily basis, determine the value of the collateral and agree additional collateral if there is increased risk.

### **Risks associated with target funds**

The risks of target fund units acquired for the Fund are closely connected with the risks of the assets in such target funds and/or the investment strategies pursued by them. However, these risks may be reduced by diversifying the assets in the investment funds whose units are acquired, as well as through diversification within the Fund itself.

Since the managers of these individual target funds act independently of each other, it is possible for several target funds to act according to the same or opposite investment strategies. This may result in existing risks being built up and possible opportunities cancelling each other out.

The Management Company is not normally in a position to control the management of target funds. Their investment decisions do not necessarily have to conform to the assumptions or expectations of the Company.

Often, the Management Company may not be completely up to date on the current composition of the target funds. In the event that this composition does not meet the Management Company's assumptions or expectations, it may, where applicable, only be able to react with considerable delay by way of redeeming units of the target funds.

Open-end investment funds, units of which are acquired for the Fund, may also temporarily suspend the redemption of units. The Management Company would then be prevented from disposing of the units in the target fund by returning them to the Management Company or depositary of the target fund against payment of the redemption price.

Furthermore, fees may be incurred at the level of the target fund upon the acquisition of target fund units. This would result in double charging when investing in target funds.

### **Risk of redemption suspension**

Investors may, in principle, request the redemption of their units from the Management Company on any valuation date. However, the Management Company may temporarily suspend the redemption of units under extraordinary circumstances and buy back the units at a later point at the price valid at that time (see Article 7 of the Management Regulations entitled "Suspension of calculation of the unit value" and Article 10 of the Management Regulations entitled "Redemption and exchange of units"). This price may be lower than the price before the suspension of redemption.

The Management Company may also be forced to suspend the redemption of units, particularly if one or more funds whose units were acquired for the Fund suspend(s) the redemption of their units, and such units make up a significant proportion of the Fund's net assets.

### **Risks in connection with the acquisition of distressed securities:**

Individual funds may, in accordance with their investment policy, invest in distressed securities. Distressed securities are securities of companies that are in bankruptcy, otherwise threatened with default or experiencing economic difficulties of another nature. These circumstances will result in a rating downgrade – if this has not already transpired – such that these securities will generally be in the “speculative grade” range or worse. Such securities are associated with considerable risks, and the earnings situation is extremely uncertain. There is a risk that restructuring plans, exchange offers, etc. may not be feasible and may have a negative impact on the value of these securities. The current value can rise or fall in an abrupt manner. There is a risk of total loss. The value of investments in these securities may fluctuate significantly as it depends on future circumstances of the issuer which are not known at the time of investment. In some situations, it might be impossible to sell such assets except subject to considerable discounts or delays, if at all. There is a risk of a complete default, so that the Fund loses its entire investment in the relevant securities.

### **Risks in connection with the acquisition of contingent convertible bonds (“CoCo bonds”)**

CoCo bonds are subordinated debt instruments of indefinite duration that are converted from debt capital into equity capital of the issuing company – usually banks – according to predefined criteria (“trigger events”; e.g. falling below a defined equity ratio). In contrast to traditional convertible bonds, the investor does not have a voting right. Depending on the structure, either a mandatory conversion into shares or a partial or full write-off can be made. Upon conversion, the investor changes from a lender to an equity investor. In relation to the same issuer, CoCo bond investors may suffer a capital loss before equity investors.

Coco bonds may be subject to other special risks, such as

- Trigger level risk

Thresholds can be applied in different ways and determine the risk of conversion or write-down depending on the distance between equity and the threshold. In the context of a mandatory conversion, the CoCo bonds can be converted into equity securities. CoCo bond investors may lose their invested capital in the event of a write-down or conversion. Transparency is critical to mitigating risk.

- Coupon cancellation risk

For CoCo bond investors, there is a risk of not receiving all expected coupon payments. Coupon payments may be suspended by the issuer at any time for any period. In the event of resumption, there is a risk that deferred coupon payments will not be paid.

- Capital structure inversion risk

Under certain circumstances, if a trigger is activated, CoCo bond investors may suffer losses before shareholders (contrary to the classical capital hierarchy).

- Rollover risk

CoCo bonds are issued as instruments with an unlimited duration, which can only be called at pre-defined levels with the approval of the competent authority. Due to the flexible callability of CoCo-Bonds, there is a possibility that the maturity of the bond will be postponed and thus the investor will not receive the principal repayment at the expected time, which may lead to a change in the yield and the valuation of the CoCo-Bond as well as a deteriorated liquidity situation in the fund.

- Unknown risks

CoCo bonds have an innovative and untested structure. The effects of tense market situations on the underlying characteristics of CoCo bonds cannot yet be clearly classified.

- Risks of yield/valuation

The often attractive yield, which is due to the aforementioned risks and the complexity of these investments, is the primary reason to invest in CoCo bonds. To date, however, it does not seem certain that investors take sufficient account of the underlying risks in the context of valuation and risk measurement.

The foregoing list of risk factors is not an exhaustive list of all risks associated with an investment in CoCo bonds. Activation of the trigger or suspension of the coupon payment by an individual issuer can, under certain circumstances, lead to an overreaction and consequently to an increase in volatility as well as to illiquidity for the entire asset class. In an illiquid market, pricing may also come under pressure.

Further information regarding potential risks of investing in CoCo bonds can be found in the statement of the European Securities and Markets Authority (ESMA/2014/944) dated 31 July 2014.

### **Risks associated with investments in asset-backed securities**

Asset-backed securities (“ABS”) is the generic term for a bond issued by an issuer that is backed or collateralised by an underlying pool of assets. The underlying assets are generally loan receivables. These are bundled in a pool of receivables, which is managed in trust by a financing company. This special purpose vehicle securitises the receivables and resells them to investors. These are considered highly complex financial instruments, and as such, their risk levels are difficult to estimate. Mortgage-backed securities (“MBS”) are a subcategory of ABS. MBS are bonds which are backed or collateralised by a pool of receivables secured by mortgages.

Collateralized debt obligations (“CDOs”) are another form of collateral. CDOs are structured bonds backed by a pool of various types of receivables, in particular loan and mortgage receivables or others, such as lease receivables.

ABS are complex and structured securities whose risk potential can only be assessed after thorough analysis. A generally valid assessment is not possible due to their diverse forms. Compared to other interest-bearing securities, these asset-backed securities may be subject to additional or higher risks, including:

- Counterparty risks

As a result of changing capital market interest rates, the debtor may no longer be able to meet its obligations, which may lead to an increase in the counterparty default risk in the pool of receivables.

- Liquidity risks

Despite being listed on stock markets, ABS investments may be illiquid.

- Risks involving interest-rate changes

Due to early redemption options in the underlying pool, interest rates may change.

- Credit default risks

There is a risk that claims from the underlying pool will not be serviced.

- Reinvestment risks

Due to the limited tradability, it is possible that the Fund may not always be fully invested.

- Default risks

Despite risk-limiting measures, the default risk inherent in this investment cannot be ruled out and may lead to a total loss.

- Correlation risk

The various underlying exposures in a pool may be interdependent and affected by interactions that are reflected in the valuation of the asset-backed securities. In extreme situations, sharp price losses can occur if a defaulted exposure contaminates other exposures in the pool.

- Complexity risks

Due to the complexity of the asset class, the extent of the individual risk types in relation to investments in ABS can often only be estimated. More accurate forecasts are only possible for short periods of time. Since investments in ABS are generally planned for the longer term, this poses a significant risk for investors.

The types of risk described are not exhaustive, but rather constitute the main risks of the investment fund. In general, other risks may exist and occur.

### **Sustainability risks**

The occurrence of an environmental, social or governance (“ESG”) event or condition that could have a material adverse effect, actual or potential, on the value of the investment and therefore on the performance of the Fund is considered a sustainability risk. Sustainability risks can have a significant impact on other types of risk – e.g. such as market price risks or counterparty default risks – and can substantially

influence the risk within these risk types. Failure to take ESG risks into account could have a negative impact on returns in the long term.

### **Risks arising from the ESG strategy**

To the extent that ESG criteria are considered as a component of the Fund's investment decision-making process in accordance with its investment strategy, the Fund's choice of target investments may be limited and the Fund's performance may be reduced compared to funds that do not take ESG criteria into consideration. The decision as to which component is decisive from the point of view of overall risk and return is subject to the subjective assessment of the fund management.

### **Potential conflicts of interests**

The Management Company, its employees, representatives and/or associated companies may act as a member of the Board of Directors, Investment Adviser, Fund Manager, Central Administration Agent, registrar and transfer agent or as any other service provider on behalf of the Fund. The role of the Depository or sub-custodians entrusted with depository functions can also be carried out by an associated company of the Management Company. If there is an association between the Management Company and the Depository, they shall have appropriate structures to avoid any conflicts of interest arising from this association. If conflicts of interest cannot be avoided, the Management Company and the Depository shall identify, manage, monitor and disclose these conflicts. The Management Company is aware that conflicts of interest may arise as a result of the various activities it carries out with respect to the administration of the Fund. In accordance with the Law of 17 December 2010 and the applicable administrative provisions of the CSSF, the Management Company has put in place adequate and appropriate organisational structures and control mechanisms. In particular, it acts in the best interest of the Fund. The potential conflicts of interest arising from the delegation of tasks are described in the *principles for handling conflicts of interest*. These can be found on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)). If a conflict of interest arises that adversely affects the interests of the investors, the Management Company shall disclose the general nature and/or sources of the existing conflict of interest on its website. When outsourcing tasks to third parties, the Management Company ensures that the third parties have taken the necessary and equivalent measures for complying with all requirements pertaining to organisational structure and the prevention of conflicts of interest, as set forth in the applicable Luxembourg laws and regulations, and that these third parties monitor compliance with these requirements.

### **Risk profile**

The investment funds administered by the Management Company are classified as belonging to one of the following risk profiles. The risk profile of each fund is shown in the specific Annex. The descriptions of the following profiles were prepared under the assumption of normally functioning markets. In unforeseen market situations or market disturbances, non-functioning markets may result in additional risks beyond those listed in the risk profile.

#### **Risk profile – Security-oriented**

The Fund is appropriate for security-oriented investors. Due to the composition of the Fund's net assets, there is a low degree of overall risk, but also a corresponding degree of profit potential. The risks may

consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Conservative**

The Fund is appropriate for conservative investors. Due to the composition of the Fund's net assets, there is a moderate degree of overall risk, but also a moderate degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Growth-oriented**

The Fund is suitable for growth-oriented investors. Due to the composition of the Fund's net assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Speculative**

The Fund is suitable for speculative investors. Due to the composition of the Fund's net assets, there is a very high degree of overall risk, but also a very high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk management process**

The Management Company employs a risk management process enabling it to monitor and assess the risk connected with investment holdings as well as their share in the total risk profile of the investment portfolio of the funds it manages at any time. In accordance with the Law of 17 December 2010 and the applicable prudential supervisory requirements of the CSSF, the Management Company reports regularly to the CSSF about the risk management process used. Within the framework of the risk management process and using the necessary and appropriate methods, the Management Company ensures that the overall risk associated with derivatives of the funds managed does not go beyond the total net value of their portfolios. To this end, the Management Company makes use of the following methods:

- Commitment approach:

With the commitment approach, the positions from derivative financial instruments are converted into their corresponding (possibly delta-weighted) underlying equivalents or nominal values. In doing so, the netting and hedging effects between derivative financial instruments and their underlying assets are taken into account. The total of these underlying equivalents may not exceed the total net value of the Fund's portfolio.

- Value-at-risk (VaR) approach:

The VaR figure is a mathematical-statistical concept and is used as a standard risk measure in the financial sector. VaR indicates the possible loss of a portfolio that will not be exceeded during a certain period (the holding period) with a certain probability (the confidence level).

- Relative VaR approach:

With the relative VaR approach, the VaR of the Fund must not exceed the VaR of a reference portfolio by more than a factor dependent on the amount of the Fund's risk profile. The maximum permissible factor specified by the supervisory authority is 200%. The reference portfolio is essentially an accurate reflection of the Fund's investment policy.

- Absolute VaR approach:

With the absolute VaR approach, the VaR (99% confidence level, 20-day holding period) of the Fund may not exceed a portion of the Fund's assets dependent on the Fund's risk profile. The maximum permissible factor specified by the supervisory authority is 20% of the Fund's assets.

For funds whose total risk is determined using VaR approaches, the Management Company estimates the anticipated degree of leverage. Depending on the respective market situation, this degree of leverage may deviate from the actual value and may be exceeded or fallen short of. Investors should be aware that no conclusions regarding the risk content of the Fund may be drawn from this data. In addition, the published anticipated degree of leverage is explicitly not to be considered an investment limit. The method used for determining the total risk and, if applicable, the disclosure of the benchmark portfolio and the anticipated degree of leverage, as well as its method of calculation, are indicated in the Annex to the Fund.

### **Liquidity management**

The Management Company has established written policies and procedures for the Fund which enable it to monitor the liquidity risk of the Fund and to ensure that the liquidity profile of the Fund's investments is consistent with the underlying liabilities of the Fund. Taking into account the investment strategy, the liquidity profile of the Fund is as follows: The overall liquidity profile of a fund is determined by its structure in terms of the assets and liabilities contained in the fund, as well as the investor structure of the fund and the redemption terms and conditions outlined in the Sales Prospectus.

Policies and procedures include:

- The Management Company monitors the liquidity risks that may arise at the level of the Fund or the assets. In so doing, it assesses the liquidity of the assets held in the Fund in relation to the fund assets and defines liquidity classes for this purpose. The assessment of liquidity includes, for example, an analysis of the trading volume, complexity or other typical characteristics and, where appropriate, a qualitative assessment of an asset.
- The Management Company monitors the liquidity risks that may arise as a result of increased investor demand for unit redemption or large-scale calls. For this purpose, it generates expectations about net cash flow, taking into account available information about empirical values from historical net cash flows.
- The Management Company monitors current receivables and liabilities of the Fund and assesses their impact on the Fund's liquidity situation.



- The Management Company has set adequate limits for the Fund's liquidity risks. It monitors compliance with these limits and has established procedures for scenarios where the limits are or may be exceeded.
- The procedures put in place by the Management Company ensure consistency between the liquidity classes, liquidity risk limits and expected net cash flows.

The Management Company regularly reviews these rules and updates them as appropriate.

The Management Company regularly carries out stress tests which enable it to assess the Fund's liquidity risk. The Management Company conducts these stress tests based on reliable, up-to-date quantitative information or – if required – qualitative information. These include the investment strategy, redemption periods, payment obligations and periods during which assets may be sold, as well as information about past events or hypothetical assumptions. The stress tests simulate a situation of lacking liquidity of the assets in the Fund, as well as – to a certain extent – atypical requests for unit redemptions. They cover market risks and their effects, including the effects of margin calls, collateral calls or credit lines. They are performed with a frequency appropriate for the Fund and take account of the investment strategy, liquidity profile, investor profile and redemption principles of the Fund.

## **Fund taxation**

From a Luxembourg tax perspective, the Fund, as an investment fund, has no legal personality and is tax transparent.

The Fund is not subject to taxation on its income and gains in the Grand Duchy of Luxembourg. The Fund's assets are only subject to the "*taxe d'abonnement*" in the Grand Duchy of Luxembourg at the current rate of 0.05% p.a. A reduced "*taxe d'abonnement*" of 0.01% p.a. is applicable to (i) the unit classes whose units are issued exclusively to institutional investors within the meaning of Article 174 of the Law of 17 December 2010, (ii) funds whose exclusive purpose is to invest in money market instruments, in time deposits with credit institutions or both. The "*taxe d'abonnement*" is payable quarterly on the Fund's net assets reported at the end of each quarter. The amount of the "*taxe d'abonnement*" is specified for the Fund or the unit classes in the Annex to the Sales Prospectus. An exemption from the "*taxe d'abonnement*" applies if the fund assets are invested in other Luxembourg investment funds that are themselves already subject to the "*taxe d'abonnement*".

Income received by the Fund (in particular, interest and dividends) may be subject to withholding tax or assessment tax in the countries in which the Fund's assets are invested. The Fund may also be subject to taxation on realised or unrealised capital gains on its investments in the source country.

Distributions of the Fund as well as liquidation and capital gains are not subject to withholding tax in the Grand Duchy of Luxembourg. In such cases, neither the Depositary nor the Management Company is obliged to collect tax certificates.

Prospective investors and investors are advised to inform themselves about laws and regulations applicable to the taxation of the Fund's assets, the subscription, purchase, holding, redemption or transfer of units and to seek advice from external third parties – in particular, a tax adviser.

## **Taxation of income from units held by the investor in the investment fund**

Investors who are not or were not resident for tax purposes in the Grand Duchy of Luxembourg and do not maintain a permanent establishment there or do not have a permanent representative there are not subject to Luxembourg income taxation in respect of their income or capital gains from their units in the Fund.

Individuals who are resident for tax purposes in the Grand Duchy of Luxembourg are subject to the Luxembourg progressive income tax.

Companies that are resident for tax purposes in the Grand Duchy of Luxembourg are subject to the corporation tax on the income from the Fund units.

Prospective investors and investors are advised to inform themselves about laws and regulations applicable to the taxation of the Fund's assets, the subscription, purchase, holding, redemption or transfer of units and to seek advice from external third parties – in particular, a tax adviser.

## **Publication of the unit value and issue and redemption price**

The respective applicable unit value, issue and redemption price, as well as any other investor information, may be obtained at any time from the registered office of the Management Company, the Depositary, the paying agents and any sales agent. The issue and redemption prices are also published in the "Tageblatt" newspaper every stock-market trading day in the Grand Duchy of Luxembourg. The Management Company also publishes the issue and redemption prices on a daily basis on its website ([www.ethenea.com](http://www.ethenea.com)).

## **Information for investors**

Information, particularly notices to investors, is also published on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)). In addition, notices will be published in Luxembourg in the "RESA", where required by law, and a Luxembourg daily newspaper.

The following documents are available for inspection free of charge during normal business hours on banking days in Luxembourg (except for 24 and 31 December of each year) at the registered office of the Management Company:

- Articles of Association of the Management Company,
- Depositary Agreement,
- Agreement on the transfer of the functions of Central Administration Agent, registrar and transfer agent and paying agent.

The current Sales Prospectus, the "Key Investor Information Document" as well as the annual and semi-annual reports of the Fund can be obtained free of charge from the Management Company's website ([www.ethenea.com](http://www.ethenea.com)). The current Sales Prospectus and the "Key Investor Information Document" as well as the relevant annual and semi-annual reports of the Fund are available on hard copy free of charge at the registered office of the Management Company, the Depositary, the paying agents and any sales agent.

Investors may receive at no charge information on the principles and strategies of the Management Company on the exercise of voting rights based on the assets held for the Fund at the website [www.ethenea.com](http://www.ethenea.com).

When executing decisions on the acquisition or sale of assets for a Fund, the Management Company acts in the best interest of the investment fund. Information on the principles set forth by the Management Company in this regard can be found on its website ([www.ethenea.com](http://www.ethenea.com)).

If the loss of a financial instrument is determined, the Management Company shall inform the investor immediately through the use of a durable medium. For more detailed information, please refer to Article 3(12) of the Management Regulations.

Investors may address questions, comments and complaints to the Management Company in writing, including by e-mail. Information on the complaint procedure can be downloaded at no charge on the website of the Management Company at [www.ethenea.com](http://www.ethenea.com).

Information on payments the Management Company receives from third parties or pays to third parties may be requested from the Management Company free of charge at any time.

Information on the management of sustainability risks and the strategies defined for this purpose can be found on the Management Company's website ([www.ethenea.com](http://www.ethenea.com)).

The Management Company has determined and applies remuneration policies and practices that comply with the legal requirements, in particular the principles listed in Article 111ter of the Law of 17 December 2010. These practices and policies are compatible and consistent with the risk-management process defined by the Management Company and neither encourage the acceptance of risks that are incompatible with the risk profiles and the Management Regulations of the funds under its management nor prevent the Management Company from acting at its own discretion in the best interests of the Fund.

The remuneration policies and practices include fixed and variable portions of salaries and voluntary pension benefits.

The remuneration policies and practices apply to categories of employees, including senior management, risk bearers, employees with oversight functions and employees whose overall remuneration places them in the same income bracket as senior management and risk bearers, whose activities have a material influence on the risk profiles of the Management Company or the funds under its management.

The remuneration policies and practices are compatible with sound and effective risk management and are consistent with the business strategy, the objectives, values and interests of the Management Company and of the UCITS under its management and investors in such UCITS as well as any sustainability risks. Compliance with the remuneration principles, including the implementation thereof, shall be verified once a year. Fixed and variable components of the total remuneration are appropriately balanced, whereby the proportion of the fixed component of the total remuneration is high enough to provide complete flexibility with regard to the variable remuneration components, including the possibility of waiving the payment of a variable component. Performance fees are based on employees' qualifications and skills as well as their level of responsibility and contribution towards the Management Company's added value. Where applicable, performance is assessed under a multi-year framework in order to ensure that the assessment is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-

related remuneration components is spread over the same period. The pension scheme is consistent with the business strategy, the objectives, values and long-term interests of both the Management Company and the UCITS under its management.

Details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, may be downloaded free of charge from the Management Company's website ([www.ethenea.com](http://www.ethenea.com)). A hard copy will be made available free of charge to investors on request.

### **Information for investors with regard to the United States of America**

The Fund's units are not, have not been and will not be authorised in accordance with the latest version of the *U.S. Securities Act of 1933* (the "**Securities Act**") or the stock market regulations of individual federal states or local authorities of the United States of America or its territories or possessions either in the ownership or under the jurisdiction of the United States of America, including the Commonwealth of Puerto Rico (the "**United States**"), or otherwise registered or transferred, offered or sold directly or indirectly to or in favour of a U.S. person, as defined in the Securities Act.

The Fund is not and will not be authorised or registered in accordance with the latest version of the US Investment Company Act of 1940 (the "**Investment Company Act of 1940**") or in accordance with the laws of individual federal states of the USA, and investors have no claim to the benefit of registration under said act.

In addition to the other requirements set out in the Prospectus, Management Regulations/Articles of Association or the subscription certificate, investors must (a) not be "U.S. persons" within the meaning of the definition of Regulation S of the Securities Act, (b) not be "specified U.S. persons" as defined in the Foreign Account Tax Compliance Act ("**FATCA**"), (c) be "non-U.S. persons" within the meaning of the Commodity Exchange Act and (d) not be "U.S. persons" within the meaning of the latest version of the U.S. Internal Revenue Code of 1986 (the "**Code**") and in accordance with the U.S. Treasury Regulations enacted pursuant to the Code. If you require further information, please contact the Management Company.

Persons who wish to acquire units must give written confirmation that they meet the requirements of the previous paragraph.

FATCA was passed as part of the *Hiring Incentives to Restore Employment Act* of March 2010 in the United States. FATCA obliges financial institutions outside of the United States of America ("foreign financial institutions" or "FFIs") to transfer information on an annual basis regarding the financial accounts held directly or indirectly by specified US persons to the US tax authorities (*Internal Revenue Service* or *IRS*). A withholding tax of 30% will be deducted from certain types of US income from FFIs which do not meet this obligation.

On 28 March 2014, the Grand Duchy of Luxembourg entered into an Intergovernmental Agreement ("**IGA**"), in accordance with model 1, and a related memorandum of understanding with the United States of America.

The Management Company and the Fund both comply with the FATCA regulations.

The Fund's unit classes may be either

- (i) subscribed to by investors via a FATCA-compliant independent intermediary (*nominee*), or
- (ii) directly and indirectly via a sales agent (which only serves as an intermediary and does not act as a nominee) with the exception of:

- *Specified U.S. persons*

This investor group includes those US persons who are classified by the United States government as at risk with regard to tax avoidance and tax evasion practices. However this does not affect, inter alia, listed companies, tax-exempt organisations, real estate investment trusts (REITs), trusts, US securities dealers or similar entities.

- *passive non-financial foreign entities (or passive NFFE), whose substantial ownership is held by a U.S. person*

This investor group generally refers to all NFFE which (i) do not qualify as active NFFE or (ii) or which are not retained foreign partnerships or trusts in accordance with the relevant U.S. Treasury Regulations.

- *Non-participating financial institutions*

The United States of America grants this status due to the non-compliance of a financial institution which has not fulfilled stated requirements due to the breach of the terms of the respective country-specific IGAs within 18 months of first being advised.

In the event that an investor who has already invested in the Fund has the status of one of the above-mentioned investor groups, the investor is required to immediately notify the Management Company and to sell his entire holding in the Fund.

If the Fund were to become subject to a withholding tax or reporting requirements or suffer other damages due to the absence of FATCA compliance by an investor, the Fund reserves the right, notwithstanding other rights, to enforce damages claims against the respective investor.

For any questions concerning FATCA and the FATCA status of the Fund, investors and potential investors are advised to contact their financial, tax and/or legal advisers.

### **Information for investors with respect to the automatic exchange of information**

Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation and the Common Reporting Standard ("CRS"), a reporting and due diligence standard developed by the OECD for the international automatic exchange of information on financial accounts implements the automatic exchange of information in accordance with intergovernmental agreements and Luxembourg regulations (Law implementing the automatic exchange of information in tax matters on financial accounts of 18 December 2015). The automatic exchange of information will be implemented in Luxembourg for the first time for the 2016 tax year.

To this end, information on the applicants and the registers subject to reporting requirements is reported by reporting financial institutions on an annual basis to the Luxembourg tax authority (“Administration des Contributions Directes” in Luxembourg), which in turn forwards it to the tax authorities of the countries in which the applicant(s) is/are resident for tax purposes.

In particular, this involves the communication of:

- Name, address, tax identification number, country of residence and date and place of birth of each person required to report,
- Register number,
- Register balance or value,
- Credited investment income including proceeds from sales.

The reportable information for a specific tax year, which must be submitted to the Luxembourg tax authorities by 30 June of the subsequent year, is exchanged between the tax authorities concerned by 30 September of that year, for the first time in September 2017 based on the data from 2016.

### **Combating money laundering**

In accordance with international regulations and Luxembourg laws and regulations, including but not limited to the Law of 12 November 2004 on the fight against money laundering and the financing of terrorism, the Grand-Ducal Regulation of 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 and the CSSF circulars CSSF 13/556, CSSF 15/609, CSSF 17/650 and CSSF 17/661 relating to the fight against money laundering and the financing of terrorism as well as any amendments thereto and follow-up regulations, it is incumbent upon all obligated parties to prevent undertakings for collective investment from being misused for the purposes of laundering money and financing terrorism. The Management Company or its delegate may request from an applicant any document it deems necessary to establish the applicant's identity. In addition, the Management Company (or one of its delegates) may request any other information it requires to comply with applicable legal and regulatory requirements including, but not limited to, the CRS and FATCA.

If an applicant submits the requested documents late, not at all or not completely, the subscription application will be rejected. In the case of redemptions, incomplete documentation may lead to a delay in the payment of the redemption price. The Management Company bears no responsibility for the late settlement or default of a transaction if the applicant has submitted the documents late, not at all or incompletely.

Investors may be required by the Management Company (or one of its delegates) from time to time to provide additional or updated documentation relating to their identity in accordance with applicable laws and regulations relating to its obligations to monitor and control its customers on an ongoing basis. If these documents are not provided without delay, the Management Company is obliged and entitled to block the fund units of the investors concerned.

For the purposes of transposing Article 30 of Directive (EU) 2015/849 of the European Parliament and of the Council, the 4th EU Anti-money Laundering Directive, the Law of 13 January 2019 establishing a Register of beneficial owners was adopted. This requires registered entities to report their beneficial owners to the register established for this purpose.

Investment companies and investment funds, inter alia, are defined by law as “registered entities” in Luxembourg.

For example, a “beneficial owner” within the meaning of the Law of 12 November 2004 is any natural person who regularly holds more than 25% of the shares of an entity or controls it in any other way.

Depending on the specific situation, this could mean that end investors in the investment company or investment fund would also have to be reported to the register of beneficial owners with their names and other personal details. The following data of a beneficial owner can be consulted free of charge by anyone on the website of the “Luxembourg Business Registers” as from 1 September 2019: Surname, first name(s), nationality(-ies), date and place of birth, country of residence and nature and extent of the economic interest. Only in exceptional circumstances may public inspection be restricted following an individual assessment, subject to a charge.

### **Data protection**

Personal data is processed in accordance with Regulation (EU) 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 and repealing Directive 95/46/EC (“General Data Protection Regulation”) and the data protection legislation applicable in Luxembourg (including, but not limited to, the amended Law of 2 August 2002 on the protection of personal data in data processing).

Thus, personal data provided in connection with an investment in the Fund may be stored on a computer and processed by the Management Company on behalf of the Fund and by the Depositary, with each acting as controller.

Personal data will be processed for the purpose of processing subscription and redemption requests, maintaining the unit register and for the purpose of carrying out the duties of the parties referred to above and complying with applicable laws or regulations, in Luxembourg as well as in other jurisdictions, including but not limited to applicable corporate law, laws and regulations relating to anti-money laundering and anti-terrorist financing and tax law, such as FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standard) or similar laws or regulations (such as at OECD level).

Personal data is only disclosed to third parties if this is necessary due to justified business interests or for the exercise or defence of legal claims in court or if laws or regulations make disclosure obligatory. This may include disclosure to third parties such as governmental or supervisory authorities, including tax authorities and auditors in Luxembourg as well as in other jurisdictions.

Except in the cases mentioned above, no personal data will be transferred to countries outside the European Union or the European Economic Area.

By subscribing to and/or holding units, investors give their consent, at least implicitly, to the aforementioned processing of their personal data and, in particular, to the disclosure of such data to, and the processing of such data by, the aforementioned parties, including affiliates in countries outside the European Union, which may not offer the same level of protection as Luxembourg data protection law.

Investors hereby acknowledge and accept that failure to provide the personal data requested by the Management Company in the context of their relationship with the Fund may prevent their continued partici-

pation in the Fund and may result in the Management Company issuing a corresponding notification to the competent Luxembourg authorities.

Investors hereby acknowledge and accept that the Management Company will report all relevant information in connection with their investment in the Fund to the Luxembourg tax authorities, which will share this information in an automated procedure with the competent authorities of the relevant countries or other approved jurisdictions in accordance with the CRS law or corresponding European and Luxembourg legislation.

Where the personal data provided in connection with an investment in the Fund includes personal data of representatives/proxies, authorised signatories or beneficial owners of the investors, the investors are deemed to have obtained the consent of the data subjects to the aforementioned processing of their personal data and, in particular, to the disclosure of their data to and processing of their data by the aforementioned parties, including parties in countries outside the European Union which may not offer the same level of protection as Luxembourg data protection law.

Investors may, in accordance with applicable data protection law, request access, rectification or deletion of their personal data. Such requests are to be made in writing to the Management Company. Investors are expected to inform such representatives/proxies, authorised signatories or beneficial owners whose personal data is processed of these rights.

Although the above-mentioned parties have taken reasonable measures to ensure the confidentiality of personal data, due to the fact that such data is transmitted electronically and is available outside Luxembourg, the same level of confidentiality and protection as provided by the data protection law currently applicable in Luxembourg cannot be guaranteed as long as the personal data is located abroad.

Personal data is only kept until the purpose of the data processing has been fulfilled, although the applicable statutory minimum retention periods must always be taken into account.



## Annex

### Investment objectives and investment strategy

The primary objective of the investment policy of the Fund is to achieve a judicious increase in value (EUR) while taking into account sustainability, value stability, capital security and the liquidity of fund assets. The performance of the different unit classes of the Fund shall be indicated in the relevant “Key Investor Information Document”. The Fund is actively managed. The composition of the portfolio is determined by the Fund Manager in accordance with the criteria laid down in the investment objectives / the investment policy, is regularly reviewed and, if necessary, adjusted. The Fund is not managed using an index as a benchmark.

In compliance with the fund manager's ESG strategy, ESG criteria – in particular, sustainability risks – are taken into account in the investment decision-making process for the Fund.

ETHENEA Independent Investors S.A. (Management Company and Fund Manager of the Fund) has signed the UN PRI (UN-supported Principles for Responsible Investment).

The investment universe contains equities and bonds of companies worldwide that have undergone a systematic selection process. This selection process also takes ESG aspects into account on the basis of proprietary analyses and with the help of external research services. The Fund invests only in corporate stocks that apply good corporate governance practices and which do not fall under the general exclusion criteria.

In addition, the fund management of the Management Company uses external research from one or more sustainability rating agencies. Their results are taken into account as one component in the Fund Manager's investment decision process.

For the assessment of the suitability of investments for the Fund's assets, the individual ESG criteria are thus also taken into account in addition to the traditional parameters for risk and return expectations.

Detailed information on the Management Company's responsible investment principles and the naming of sustainability rating agencies used can be found at [www.ethenea.com](http://www.ethenea.com) under “ABOUT ETHENEA”.

The Fund Manager does not currently consider any adverse impact of investment decisions on sustainability factors for this Fund. In the market, the relevant data that must be used to determine and weight the adverse sustainability impacts are currently not available to a sufficient extent. No later than 30 December 2022, the Fund Manager will provide information on whether and how the main adverse effects of investment decisions on sustainability factors are taken into account.

It should be noted that the Fund does not have the objective of sustainable investment and the underlying investments in the Fund do not take into account mandatory EU criteria for environmentally sustainable economic activities under Regulation (EU) 2019/2088 and under Regulation (EU) 2020/852.

**Past performance is not a guarantee of future performance. We cannot guarantee that the objectives of the investment policy will be achieved.**

### Investment policy

In order to achieve this investment objective, the Fund's assets are invested in accordance with the principle of risk diversification, whereby acquisitions are made of equities as well as fixed-interest or variable-interest bonds, debt securities, convertible bonds and warrant-linked bonds whose warrants are denomi-

nated in transferable securities as well as certificates. This also includes certificates on precious metals and commodities and their indices, which track the performance of the respective underlying asset on a 1:1 basis and for which physical delivery is excluded. Investments in these certificates may not exceed 20% of the fund's net assets. The share in units, equity funds and equity-like securities may not exceed 49% of the fund's net assets.

Up to 49% of the Fund's assets may also be invested in securities and money market instruments from new issues ("IPOs") in accordance with Article 4(2d) of the Management Regulations. Furthermore, the fund's assets may be invested in new issues that are in the pre-IPO stage ("off-market investments" or "pre-IPOs"). Off-market investments or pre-IPOs are subject to the investment limit provisions of Article 4(3) of the Management Regulations. Off-market investments, IPOs or pre-IPOs will be valued at cost unless the valuation rules of Article 6 of the Management Regulations do not lead to valuation results which are fair and in good faith.

Units in UCITS or other UCIs ("target funds") may be acquired up to a maximum limit of **10%** of the Fund's net assets, making the Fund **eligible as a target fund**. With regard to the target funds that can be acquired for the Fund, there is no restriction with regard to the permissible types of target funds that can be acquired.

Depending on market conditions and in the interest of the unitholders, the Fund's assets may also be up to 100% invested in time deposits, money market instruments or liquid funds, including demand deposits.

The securities acquired by the Fund are primarily issued by issuers domiciled in an OECD member state. The Fund's assets may also be invested in other legally permissible assets.

The right to demand delivery of assets (call option) may only be granted to a third party for the account of the Fund ("short call") if the assets forming the object of the call option belong to the Fund at the time the call option is granted and during the holding period of the call option. This rule applies to call options with physical delivery or call options which are based on an option right and whereby physical delivery has not been excluded. The right to demand the purchase of assets (put option) may only be granted to a third party for the account of the Fund ("short put") if the shortfall in liquid assets does not exceed 5% of the NAV. A shortfall exists if the sum of the commitments of all short put options is not covered by current accounts and call money accounts.

Investments in distressed securities, CoCo bonds and asset-backed securities may be made up to a total limit of 10% of the fund's assets. The use of these financial instruments may give rise to increased risks, which are described in greater detail – along with the functionality and other risks – in the section of the Sales Prospectus entitled "General risk information".

The Management Company may, within the investment guidelines and investment restrictions under Article 4 of the Management Regulations printed below, make use of techniques and instruments that have securities, currencies, financial futures and other financial instruments as their underlying asset. In addition total return swaps may be used. By using these, the profit and loss profile of the underlying instruments can be artificially replicated without investing in the specific underlying instrument. The income from this total return swap is governed for the investor by the performance of the underlying instrument in terms of its income (dividends, coupons, etc.) and the performance of the derivative instrument that was used.

Specific details of the investment limits can be found in Article 4 of the Management Regulations attached to this Sales Prospectus.

## Risk profile of the Fund

### Risk profile – Growth-oriented

The Fund is suitable for growth-oriented investors. Due to the composition of the Fund's net assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

The Fund invests in various assets in accordance with the principle of risk diversification.

When selecting investment assets, the expected performance of the assets is the primary consideration. It should be noted that, in addition to the opportunities arising from price gains and income, securities also entail risks, as prices may fall below the purchase prices.

**Units in funds** are transferable securities whose prices are determined by the daily price fluctuations of the assets in the Fund and can therefore rise or fall. **Thus, no assurance can ever be given that the stated investment objectives will be met.**

Historically, shares and equity-like securities have been susceptible to significant price fluctuations. Consequently, they offer the possibility of significant price gains, while also facing corresponding risks of loss. The main factors that influence share prices are the earnings performance of individual companies and sectors as well as general economic developments and political forecasts, which determine the expectations for securities markets and therefore the prices. **Investments in secondary stocks** as well as in **IP-Os, off-market investments or pre-IPOs** may be subject to **strong price fluctuations**. A **narrower market** (low sales activity) can also lead to **increased liquidity risks** with the consequence that sell orders which have been placed cannot be executed promptly.

Factors influencing changes in the prices of **fixed-income securities** are primarily interest rate developments on the capital markets, which in turn are influenced by macroeconomic factors. When capital market interest rates rise, fixed-income securities may fall, while they may register price gains when there are declines in capital market interest rates. The price changes are also dependent on the term or residual maturity of the fixed-income securities. As a rule, fixed-rate transferable securities with short maturities bear lower price risks than fixed-rate transferable securities with longer maturities. In return, however, lower returns and higher reinvestment costs due to the more frequent maturities of the securities portfolios are generally accepted. In the case of fixed-income securities, the credit risk – i.e. the risk of loss due to the insolvency of issuers (issuer risk) – should also be emphasised.

The value of **units in investment funds** (target funds) may be affected by exchange control measures, tax regulations, including the levying of withholding taxes, and other economic or political conditions or changes in the countries where the target fund invests.

The investment of the Fund's assets in units in target funds is subject to the risk that the redemption of units may be subject to restrictions, with the result that such investments may be less liquid than other investments.

Insofar as the target funds are sub-funds of an umbrella fund, the acquisition of the target fund units is associated with an additional risk if the umbrella fund is liable to third parties in total for the liabilities of each sub-fund.

When selling units, the purchaser of units only makes a profit if the performance exceeds the front-end load that is paid on acquisition after taking into consideration the redemption commission. For short investment periods, the front-end load can reduce the performance for the investor or even result in losses.

Insofar as the respective fund assets are invested in commodity funds as target funds, this may entail opportunities as well as risks resulting from changes in the value of the investments that these funds make. Such risks may include, but are not limited to, the fact that commodity prices are subject to cyclical fluctuations and that currency fluctuations may also occur when prices are calculated in a foreign currency.

**Warrants** are investment instruments with a leverage effect, which means that large volumes can be traded with a relatively small capital investment. Due to this leverage effect, warrants are investment instruments with increased volatility. Both price increases and price losses of the security underlying the warrant have a disproportionate effect on the performance of the warrant.

**Convertible bonds and warrant-linked bonds** are fixed-interest bonds which give the holder the securitised right to exchange the bond for shares within a certain period at a fixed exchange ratio, possibly with an additional payment. Convertible bonds and warrant-linked bonds thus involve both the typical risks of shares and the typical risks of fixed-interest securities.

**Even with careful selection of the securities to be acquired, the issuer risk cannot be excluded.** If an issuer defaults, the Fund may thus entirely lose its claims to capital payments as well as income payments.

When selling units, the purchaser of units only makes a profit if the performance exceeds the front-end load that is paid on acquisition after taking into consideration the redemption commission. For short investment periods, the front-end load can reduce the performance for the investor or even result in losses.

**The assets of the Fund are denominated in Euro. When investing in assets denominated in another currency, there are opportunities and risks that arise from the exchange rate. The “exchange rate risk” can work to the investor’s benefit or disadvantage.**

**Derivatives and other techniques and instruments** (such as options, futures, financial future transactions) carry considerable opportunities but also high risks. Due to the leverage effect of these products, the Fund may incur substantial losses using relatively little capital. Therefore, the level of the loss risk can often not be determined beforehand and may even exceed any collateral that may have been provided. The risk of loss may increase if the obligations arising from these transactions are denominated in currencies other than the Fund currency.

Investors should be aware of the potential risks that an investment in the Fund may involve and seek advice from their personal investment adviser. Overall, investors are advised to regularly check with their investment advisers regarding the Fund's performance.

### **Absolute VaR approach**

The absolute VaR approach is used for monitoring and measuring the total risk of the investment holdings of the UCITS.

## Expected degree of leverage

Leverage means any method by which the level of investment in a fund can be increased. This can be generated in particular by the acquisition of derivatives. Further information on derivatives can be found in the section of the Sales Prospectus entitled "Information on derivatives and other techniques and instruments". The expected degree of leverage is determined using the nominal value method. This method only takes derivatives into account and determines the sum of the absolute nominal values of all derivatives. It is not permissible to offset individual derivative transactions or securities positions against each other. The expected degree of leverage does not make a distinction between the different purposes of the derivative use. Derivatives used for hedging also increase leverage. The indication of the expected leverage does not allow any conclusions to be drawn as to the actual risk content of the fund.

The expected average rate of the leverage effect was estimated at up to 500% of the Fund's volume. The use of derivatives is permitted in order to achieve the above-mentioned investment objectives, as well as for investment and hedging purposes. Depending on the respective assessment of the market situation, the use of derivatives can vary considerably.

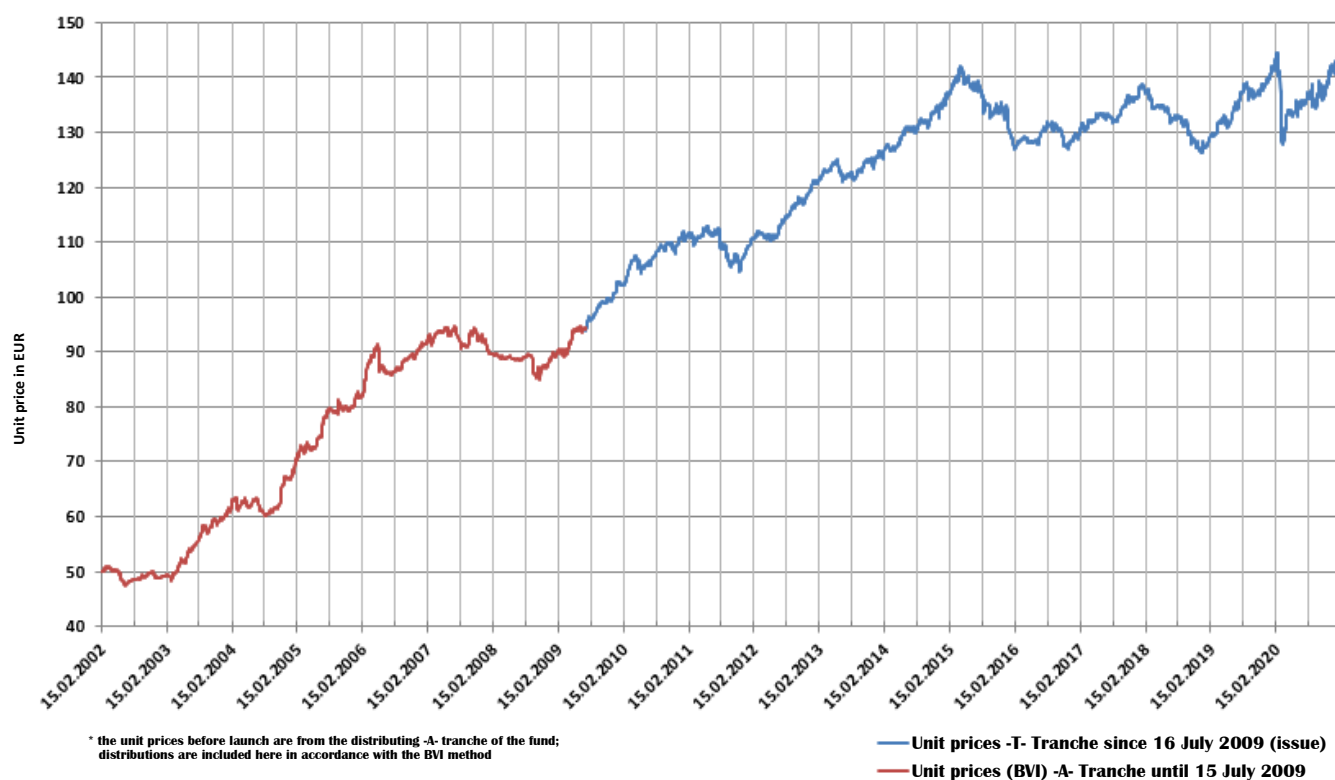
It should be noted that higher or lower leverage within the legal limits is possible.

Furthermore, the Fund may use derivatives whose volatility is rather low compared to other asset classes and which therefore require the use of correspondingly large numbers of contracts in order to achieve a significant effect at Fund level.

<b>Unit classes:</b>	<b>Unit class A</b>	<b>Unit class T</b>
Securities ID number	764930	A0X8U6
ISIN	LU0136412771	LU0431139764
Initial issue date / transfer date	With effect from 1 January 2011, the Fund was transferred to the Management Company ETHENEA Independent Investors S.A.	
Issue price on transfer date (plus front-end load)	Net asset value	
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	
Unit class currency	EUR	EUR
Calculation of the unit value	each banking day in Luxembourg, except for 24 and 31 December of each year.	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund		

Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	
Type of certificates	Bearer units are denominated in global certificates; registered units are managed exclusively by the registrar and transfer agent and are entered in the unit register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Use of income	Distributing	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05% p.a.

### Historical development of the Ethna-AKTIV -T- unit prices \*



**Past performance is not a guarantee of future performance.**

Unit class:	Unit class R-A	Unit class R-T
Securities ID number	A1CV36	A1CVQR
ISIN	LU0564177706	LU0564184074
Initial issue date	27 November 2012	24 April 2012
Initial issue price (plus front-end load)	EUR 100	EUR 100
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	
Unit class currency	EUR	EUR
Calculation of the unit value	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	

Type of certificates	Bearer units are denominated in global certificates; registered units are managed exclusively by the registrar and transfer agent and are entered in the unit register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units held in a bank custody account:	Information can be obtained from the institution that maintains your custody account	
Use of income	Distribution, fixed 3%	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05%p.a.

**Unit classes R-A and R-T are intended for sale exclusively in Italy, France and Spain.**

<b>Unit class:</b>	<b>Unit class CHF-A</b>	<b>Unit class CHF-T</b>
Securities ID number	A1JEEK	A1JEEL
ISIN	LU0666480289	LU0666484190
Initial issue date	3 October 2012	28 September 2011
Initial issue price (plus front-end load)	100.- CHF	100.- CHF
Payment of the initial issue price:	5 October 2012	30 September 2011
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	
Unit class currency	CHF	CHF
Calculation of the unit value	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	
Type of certificates	Bearer units are denominated in global certificates;	



	registered units are managed exclusively by the registrar and transfer agent and are entered in the unit register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Use of income	Distributing	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05%p.a.

<b>Unit class:</b>	<b>Unit class SIA-A</b>	<b>Unit class SIA-T</b>
Securities ID number	A1J5U4	A1J5U5
ISIN	LU0841179350	LU0841179863
Initial issue date	30 October 2012	30 October 2012
Initial issue price (plus front-end load)	500.- EURO	500.- EURO
Payment of the initial issue price	2 November 2012	
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	EUR
Unit class currency	EUR	EUR
Calculation of the unit value	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	30 June 31 December
Type of certificates	Bearer units are denominated in global certificates; registered units are managed exclusively by the registrar and transfer agent and are entered in the unit	

	register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Use of income	Distributing	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05% p.a.

#### Specific comments relating to unit classes SIA-T and SIA-A

The Management Company has decided to reserve the units issued in unit classes SIA-T and SIA-A exclusively for certain financial intermediaries. These are financial intermediaries that are remunerated exclusively by their customers, that have either a separate fee-based advisory agreement with their customers, or provide independent investment consultation or discretionary portfolio management. The Management Company reserves the right not to accept subscriptions until investors have proved that they are qualifying investors.

Unit class:	Unit class SIA CHF-A	Unit class SIA CHF-T
Securities ID number	A1W66A	A1W66B
ISIN	LU0985093052	LU0985093136
Initial issue date	2 December 2013	2 December 2013
Initial issue price (plus front-end load)	500.- CHF	500.- CHF
Payment of the initial issue price	4 December 2013	
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	EUR
Unit class currency	CHF	CHF
Calculation of the unit value	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund		

Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	30 June 31 December
Type of certificates	Bearer units are denominated in global certificates; registered units are managed exclusively by the registrar and transfer agent and are entered in the unit register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Use of income	Distributing	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05% p.a.

#### Specific comments relating to unit classes SIA CHF-A and SIA CHF-T

The Management Company has decided to reserve the units issued in unit classes SIA CHF-A and SIA CHF-T exclusively for certain financial intermediaries. These are financial intermediaries that are remunerated exclusively by their customers, that have either a separate fee-based advisory agreement with their customers, or provide independent investment consultation or discretionary portfolio management. The Management Company reserves the right not to accept subscriptions until investors have proved that they are qualifying investors.

Unit class:	Unit class USD-A	Unit class USD-T
Securities ID number	A1W66C	A1W66D
ISIN	LU0985093219	LU0985094027
Initial issue date	2 December 2013	2 December 2013
Initial issue price (plus front-end load)	100.- USD	100.- USD
Payment of the initial issue price	4 December 2013	
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	EUR
Unit class currency	USD	USD

Calculation of the unit value	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	30 June 31 December
Type of certificates	Bearer units are denominated in global certificates; registered units are managed exclusively by the registrar and transfer agent and are entered in the unit register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Minimum initial investment:	None	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Use of income	Distributing	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05% p.a.

<b>Unit class:</b>	<b>Unit class SIA USD-A</b>	<b>Unit class SIA USD-T</b>
Securities ID number	A1W66E	A1W66F
ISIN	LU0985094290	LU0985094373
Initial issue date	2 December 2013	2 December 2013
Initial issue price (plus front-end load)	500.- USD	500.- USD
Payment of the initial issue price	4 December 2013	
Payment of the issue and redemption prices	Within 2 banking days	
Fund currency	EUR	EUR

Unit class currency	USD	USD
Calculation of the unit value	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year	
Financial year-end of the fund	31 December	
Annual report/semi-annual report of the Fund Semi-annual report (unaudited) Annual report (audited)	30 June 31 December	30 June 31 December
Type of certificates	Bearer units are denominated in global certificates; registered units are managed exclusively by the registrar and transfer agent and are entered in the unit register.	
Denominations	Bearer and registered units will be issued with up to three decimal places.	
Savings plans for registered units which are contained in the unit register	None	
Savings plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Withdrawal plans for registered units which are contained in the unit register	None	
Withdrawal plans for bearer units which are contained in a bank custody account	Information can be obtained from the institution that maintains your custody account	
Use of income	Distributing	Reinvested
Taxe d'abonnement	0.05% p.a.	0.05% p.a.

#### **Specific comments relating to unit classes SIA USD-A and SIA USD-T**

The Management Company has decided to reserve the units issued in unit classes SIA USD-A and SIA USD-T exclusively for certain financial intermediaries. These are financial intermediaries that are remunerated exclusively by their customers, that have either a separate fee-based advisory agreement with their customers, or they provide independent investment consultation or discretionary portfolio management. The Management Company reserves the right not to accept subscriptions until investors have proved that they are qualifying investors.

#### **The Fund is set up for an indefinite period.**

#### **Special features for unit classes CHF-A, CHF-T, SIA CHF-A, SIA CHF-T, USD-A, USD-T, SIA USD-A, SIA USD-T**

The aforementioned unit classes are hedged against currency fluctuations vis-à-vis the fund currency.

The implementation of hedging entails inefficiencies. For this reason, there can be no guarantee that hedging will completely reduce currency fluctuations at all times.

Information on any associated risks can be found in the "Risk information" section of the Sales Prospectus.

### **Costs paid from the Fund's assets:**

#### **1. Management fee**

For the management of the Fund, the Management Company shall receive from the Fund's assets a fee of up to 1.70% p.a. for unit classes A and T, CHF-A and CHF-T, USD-A and USD-T, up to 1.10% p.a. for unit classes SIA-A and SIA-T, SIA CHF-A and SIA CHF-T, SIA USD-A and SIA USD-T, and up to 2.10% p.a. for unit classes R-A and R-T of the Fund's net assets.

The remuneration is used to pay for the services of the Management Company, the Central Administration Agent and the Depositary.

These fees are calculated and paid pro rata monthly in arrears on the basis of the net assets of the Fund at the end of the month.

In addition to this fixed fee, the Management Company receives a performance fee amounting to 20% of the performance in excess of 5% (hurdle rate), which can be withdrawn from the Fund at the expense of the unit class concerned at the end of the financial year. Increases in value are calculated according to what is known as the "net capital increase method" ("Nettokapitalzuwachsmethode"), which means the calculation is performed for the fund on the basis of the last net asset value per share at the end of the preceding financial year for which a profit-sharing bonus was disbursed. In the year of the IPO, the calculation is based on the initial offering price.

If the net asset value at the end of the past financial year shows an increase in value compared to the net asset value at the end of the previous financial year, but the hurdle rate has not been exceeded, this last net asset value of the past financial year is the high-water mark for the next financial year.

Any net value reductions which must be reported in a financial year must be carried forward for calculation of the performance fee for the next financial year and then taken into account: no performance fee is paid out as long as the unit value remains below a certain limit, which last gave rise to payment of a performance fee.

VAT shall be added to these fees, as applicable.

#### **2. Registrar and transfer agent fee**

For the fulfilment of its responsibilities, the registrar and transfer agent currently receives no fee under the registrar and transfer agent agreement.

#### **3. Additional costs**

The Fund's assets may also be obliged to bear the costs described in Article 11 of the Management Regulations.

### Costs to be borne by the investors

Unit class	Unit class A	Unit class T	Unit class R-A	Unit class R-T
Front-end load: (in favour of the relevant intermediary)	Up to 3 %	Up to 3 %	Up to 1%	Up to 1%
Redemption fee:	N/A	N/A	N/A	N/A
Exchange fee	N/A	N/A	N/A	N/A

Unit class	Unit class CHF-A	Unit class CHF-T	Unit class SIA-A	Unit class SIA-T
Front-end load: (in favour of the relevant intermediary)	Up to 3 %	Up to 3%	Up to 3%	Up to 3%
Redemption fee:	N/A	N/A	N/A	N/A
Exchange fee	N/A	N/A	N/A	N/A

Unit class	Unit class SIA CHF-A	Unit class SIA CHF-T	Unit class USD-A	Unit class USD-T
Front-end load: (in favour of the relevant intermediary)	Up to 3 %	Up to 3%	Up to 3%	Up to 3%
Redemption fee:	N/A	N/A	N/A	N/A
Exchange fee	N/A	N/A	N/A	N/A

Unit class	Unit class SIA USD-A	Unit class SIA USD-T
Front-end load: (in favour of the relevant intermediary)	Up to 3 %	Up to 3%
Redemption fee:	N/A	N/A
Exchange fee	N/A	N/A

### Note on cost reporting

If the investor is advised by a third party when purchasing units or if the third party acts as an intermediary for the purchase, the third party may indicate costs or cost ratios that do not align entirely with the cost information in this Sales Prospectus and in the Key Investor Information Document. This may be, in partic-

ular, due to the fact that the third party additionally takes into account the costs of its own activity (e.g. brokerage, advisory services or custody account management). In addition, it may also take into account one-off costs such as front-end loads and generally uses other calculation methods or estimates for the costs incurred at fund level, which include in particular the fund's transaction costs.

Deviations in cost reporting may arise both in the case of information provided prior to the conclusion of a contract and in the case of regular cost information on the existing fund investment as part of a long-term customer relationship.

### **Use of income**

The income of unit class T, unit class R-T, unit class CHF-T, unit class SIA-T, unit class SIA CHF-T, unit class USD-T and unit class SIA USD-T is reinvested. The income of unit class A, unit class R-A, unit class CHF-A, unit class SIA-A, unit class SIA CHF-A, unit class USD-A and unit class SIA USD-A is distributed. The Management Company shall determine the timing and amount of distributions at intermittently determined intervals. The bearers of registered units will be accounted for in the unit register with a number of Fund units corresponding to the amount of the distribution. Upon request, distributions will be paid directly to an account indicated by the investor. If the issuing fee was originally paid by direct debit, distributions will be paid to the same account.

### **Unit class R-A**

Regardless of the income and performance, a fixed amount of 3% of the net asset value at the financial year-end of unit class R-A will be distributed, provided the Fund's net assets do not fall below the minimum level of EUR 1,250,000 as a result of the distribution. For the 2014 financial year, the fixed distribution will be made for the first time in 2015.



## Management Regulations

The Management Regulations set forth the contractual rights and obligations of the Management Company, the Depositary and the investors in relation to the investment fund. The management regulations first entered into force on 28 January 2002 and were published on 2 March 2002 in the "*Mémorial, Recueil des Sociétés et Associations*", the official journal of the Grand Duchy of Luxembourg ("Mémorial"). On 1 June 2016, the Mémorial was replaced by the *Recueil Électronique des Sociétés et Associations* ("RESA"), the new information platform of the Luxembourg Trade and Companies Register.

Its Management Regulations were last amended and published in the RESA on 1 January 2020.

### Article 1 – The Fund

1. The **Ethna-AKTIV** Fund (the "Fund") is a legally dependent investment fund (*fonds commun de placement*) consisting of securities and other assets (the "Fund assets") which are managed for the joint account of the unitholders ("investors") observing the principle of risk spreading. Investors own a share of the Fund pro rata to the units they hold.
2. The contractual rights and obligations of the investors, Management Company and the Depositary are governed by these Management Regulations, whose valid version is deposited with the Trade and Companies Register in Luxembourg and a notice of this deposit is published in the RESA. In purchasing units, the investor acknowledges the Management Regulations and any approved and published amendments thereto.
3. The Management Company shall also prepare a Sales Prospectus (with Annex) in accordance with the law of the Grand Duchy of Luxembourg.
4. The Fund's net assets (i.e. the total of all assets less all liabilities of the Fund) must reach EUR 1,250,000 within six months of the time of approval of the Fund.
5. The Fund is considered a separate investment fund. The Fund's assets are only liable to third parties for liabilities that the Fund has assumed.
6. The unit value is calculated separately for each unit class in accordance with the rules set forth in Article 6 of these Management Regulations.

### Article 2 – The Management Company

1. The Management Company of the Fund is **ETHENEA Independent Investors S.A.** (the "Management Company"), a public limited company (Aktiengesellschaft) under the law of the Grand Duchy of Luxembourg with its registered office located at 16, Rue Gabriel Lippmann, L-5365 Munsbach. It was established for an indefinite period on 10 September 2010.
2. The Management Company is represented by its Board of Directors. The Board of Directors may entrust one or several of its members and/or employees of the Management Company with conducting the day-to-day business operations as well as other persons with the execution of management functions and/or the day-to-day investment policy.

3. The Management Company manages the Fund, independently of the Depositary, on its own behalf but exclusively in the interests of and for the joint account of the investors in accordance with these Management Regulations. Management authority extends to the exercise of all rights related directly or indirectly to the assets of the Fund.
4. The Management Company shall determine the investment policy of the Fund, taking account of the legal and contractual investment restrictions. The Management Company is authorised to invest the Fund's assets in accordance with the provisions stated in these Management Regulations and in the Fund's Annex to the Sales Prospectus and otherwise to undertake all transactions necessary to manage the Fund's assets.
5. The Management Company is obliged to employ a risk-management process enabling it to monitor and measure the risk connected with the investment holdings, as well as their contribution to the overall risk profile of the investment portfolio, at all times. It must also employ a process for accurate and independent assessment of the value of OTC derivatives. It must provide regular information to the Luxembourg supervisory authorities, in accordance with the process these have laid down, concerning the kinds of derivatives in the portfolio, the risks connected with the underlying instruments, the investment limits and the methods employed to assess the risks bound up with derivative transactions.
6. The Management Company may, under its own responsibility and control, call on the services of an Investment Adviser and/or Fund Manager at the expense of the respective fund assets.

Fund management duties may only be transferred to a company that holds approval or authorisation for asset management. The transfer of fund management is subject to a positive "due diligence review" by the Management Company and the approval of the CSSF.

Moreover, the Management Company may seek the counsel of an investment committee, whose composition shall be determined by the Management Company.

7. At its own expense and under its own responsibility, any investment adviser and/or the Fund Manager may make use of third-party natural or legal persons in order to carry out its duties, provided it has obtained the prior consent of the Management Company.

### **Article 3 – The Depositary**

1. The Management Company has appointed a single depositary, **DZ PRIVATBANK S.A.**, for the Fund. The appointment of the Depositary is agreed in writing in the Depositary Agreement. DZ PRIVATBANK S.A. is a public limited company (*Aktiengesellschaft*) pursuant to the law of the Grand Duchy of Luxembourg, with its registered office located at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg, which carries out banking activities. The rights and obligations of the Depositary are governed by the Law of 17 December 2010, the applicable regulations, the Depositary Agreement, the Management Regulations and the Sales Prospectus (with Annex).

2. The Depositary shall
  - a) ensure that the sale, issue, repurchase, redemption and cancellation of Fund units are carried out in accordance with the applicable statutory provisions and the procedure set out in the Management Regulations;
  - b) ensure that the unit value of the Fund is calculated in accordance with the applicable statutory provisions and the procedure set out in the Management Regulations;
  - c) carry out the instructions of the Management Company, unless they conflict with the applicable statutory provisions or the Management Regulations;
  - d) ensure that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits;
  - e) ensure that Fund income is applied in accordance with the applicable statutory provisions and the procedure set out in the Management Regulations.
  
3. The Depositary shall ensure that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of Fund units have been received and that all of the cash of the Fund has been booked in cash accounts that are:
  - (a) opened in the name of the Fund, of the Management Company acting on behalf of the Fund or of the Depositary acting on behalf of the Fund;
  - (b) are opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (“Directive 2006/73/EC”) and
  - (c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

Where the cash accounts are opened in the name of the Depositary acting on behalf of the Fund, no cash of the entity referred to in point 3(b) and none of the own cash of the depositary shall be booked on such accounts.

4. The assets of the Fund shall be entrusted to the Depositary for safekeeping as follows:
  - (a) For financial instruments that may be held in custody:
    - i. the Depositary shall hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
    - ii. the Depositary shall ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within segregated accounts in accordance with the principles set out in Arti-

cle 16 of Directive 2006/73/EC, opened in the name of the UCITS or the management company acting on behalf of the Fund, so that they can be clearly identified as belonging to the Fund in accordance with the applicable law at all times.

- b) For other assets, the Depositary shall:
  - i. verify the ownership by the Fund, or by the Management Company acting on behalf of the Fund, of such assets by assessing whether the Fund or the Management Company acting on behalf of the Fund holds the ownership based on information or documents provided by the Fund or by the Management Company and, where available, on external evidence;
  - ii. maintain a record of those assets for which it is satisfied that the Fund or the management company acting on behalf of the Fund holds the ownership and keep that record up to date.
- 5. The Depositary shall provide the Management Company, on a regular basis, with a comprehensive inventory of all of the assets of the Fund.
- 6. The assets held in custody by the Depositary shall not be reused by the Depositary, or by any third party to which the custody function has been delegated, for their own account. Reuse comprises any transaction of assets held in custody including, but not limited to, transferring, pledging, selling and lending.

The assets held in custody by the Depositary are allowed to be reused only where:

- (a) the assets are re-used on behalf of the Fund,
- (b) the Depositary is carrying out the instructions of the Management Company on behalf of the Fund,
- (c) the reuse is for the benefit of the Fund and in the interest of the unitholders, and
- (d) the transaction is covered by high-quality and liquid collateral received by the Fund under a title transfer arrangement.

The market value of the collateral shall, at all times, amount to at least the market value of the re-used assets plus a premium.

- 7. In the event of insolvency of the Depositary to which custody of fund assets has been delegated, the assets of a Fund held in custody are unavailable for distribution among, or realisation for the benefit of, creditors of such a Depositary.
- 8. The Depositary may delegate its depositary duties under point 4 above to another company (sub-custodian) in accordance with the statutory provisions. Sub-custodians may, in turn, delegate the depositary duties transferred to them in accordance with the statutory provisions. The Depositary may not transfer the duties described in points 2 and 3 above to third parties.

9. In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and its investors.
10. No company shall act as both Management Company and Depositary.
11. The Depositary shall not carry out activities with regard to the Fund or the Management Company acting on behalf of the Fund that may create conflicts of interest between the Fund, the investors in the Fund, the Management Company, the delegates of the Depositary and itself. This does not apply if the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the Fund.
12. The Depositary shall be liable vis-à-vis the Fund and its unitholders for the loss by the Depositary or a third party to which the custody of financial instruments has been delegated.

In the case of a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of an identical type or a corresponding amount to the Fund or the Management Company acting on behalf of the Fund without undue delay. In accordance with the Law of 17 December 2010 and the applicable regulations, the Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary is also liable to the Fund, and to the investors of the Fund, for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its statutory obligations.

The liability of the Depositary shall not be affected by any delegation as referred to in point 8.

Investors in the Fund may invoke the liability of the Depositary directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the investors.

#### **Article 4 – General provisions of the investment policy**

The objective of the Fund's investment policy is to achieve a reasonable performance in the currency of the Fund. Details of the Fund's investment policy are described in the Annex to the Sales Prospectus.

The Fund may buy and sell only those assets that can be valued in accordance with the valuation criteria set out in Article 6 of the Management Regulations.

The following general investment principles and restrictions apply to the Fund, insofar as no deviations or supplements are contained in the Annex to this Sales Prospectus.

The Fund's assets are invested pursuant to the principle of risk diversification within the sense of the provisions of Part I of the Law of 17 December 2010 and in accordance with the following investment policy principles and investment restrictions.

1. Definitions:

a) (a) "regulated market"

A regulated market is a market for financial instruments within the meaning of Article 4(21) of Directive 2014/65/EU of the European Parliament and Council dated 15 May 2014 on markets for financial instruments as well as amending Directives 2002/92/EC and 2011/61/EU.

b) (b) "transferable securities"

The term "transferable securities" denotes:

- shares or other securities equivalent to shares (hereinafter "shares"),
- bonds or other forms of securitised debt (hereinafter "debt securities"),
- all other marketable transferable securities giving the right to acquire transferable securities via subscription or exchange.

The techniques and instruments specified in Article 42 of the Law of 17 December 2010 are excluded.

(c) "Money market instruments"

The term "money market instruments" refers to instruments that are normally traded on the money markets, are liquid and the value of which can be determined at any time.

(d) "UCIs"

Undertakings for collective investment.

(e) "UCITS"

Undertakings for collective investment in transferable securities which are subject to Directive 2009/65/EC.

For each UCITS that consists of multiple sub-funds, each sub-fund is considered to be its own UCITS for the purposes of applying the investment limits.

2. Only the following may be acquired:

- a) transferable securities and money market instruments that have been admitted to a regulated market as defined in Directive 2014/65/EC or are traded thereon;
- b) transferable securities and money market instruments that are traded on another regulated market in an EU Member State ("Member State") which is recognised, open to the public and operates regularly;

- c) transferable securities and money market instruments that are officially listed on a stock exchange in a non-Member State of the European Union or traded on another regulated market of a non-Member State of the European Union which is recognised, open to the public and whose manner of operation is in accordance with the regulations;
- d) recently issued transferable securities and money market instruments may be acquired, provided their terms of issue include an undertaking that an application will be made for admission to official listing to a stock exchange or another regulated market which is recognised, open to the public and operates regularly and that this admission is secured within one year of the issue date.

The transferable securities and money market instruments referred to in point 2(c) and (d) above shall be officially listed or traded in North America, South America, Australia (including Oceania), Africa, Asia and/or Europe.

- e) units in undertakings for collective investment in transferable securities (“UCITS”) may be acquired, which have been approved in accordance with Directive 2009/65/EC, and/or other undertakings for collective investment (“UCIs”) within the meaning of Article 1(2)(a) and (b) of Directive 2009/65/EC, irrespective of whether they are established in a Member State, provided that:
  - such UCIs have been approved in accordance with statutory rules subjecting them to supervision which, in the opinion of the Luxembourg supervisory authority, is equivalent to that which applies under EU law, and that adequate provision exists for ensuring cooperation between authorities;
  - the level of protection for the investors in these UCIs is equivalent to that provided for the investors in a UCITS, and particularly the provisions concerning the asset 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 semi-annual and annual reports which enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or other UCIs, whose acquisition is contemplated, may, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCIs.
- (f) deposits may be placed with credit institutions that are repayable on demand or have the right to be withdrawn, and that mature in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the credit institution has its registered office in a non-EU Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authorities as equivalent to those laid down in EU law;
- (g) derivative financial instruments (“derivatives”) may be acquired, including equivalent instruments settled in cash, which are traded on one of the regulated markets referred to in (a),

(b) or (c), and/or derivative financial instruments which are traded over the counter (“OTC derivatives”), provided that

- the underlying of the derivative consists of instruments within the meaning of Article 41(1) of the Law of 17 December 2010, or financial indices, interest rates, foreign exchange rates or currencies in which the Fund may invest according to its investment objectives as stated in these Management Regulations;
  - the counterparties to OTC derivative transactions are institutions subject to official prudential supervision, and belonging to the categories approved by the CSSF; 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;
- h) money market instruments may be acquired, which are not traded on a regulated market and which fall under Article 1 of the Law of 17 December 2010, if the issue or the issuer of these instruments is already regulated for the purpose of protecting investors and deposits, and provided they are:
- issued or guaranteed by a central, regional or local authority or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a federal state, by one of the members making up the federation, or by a public international body, to which at least one Member State belongs, or
  - issued by an undertaking, any securities of which are traded on regulated markets referred to in (a), (b) or (c) of this Article;
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law;
  - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority, provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third bullet points and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with Fourth Council Directive 78/660/EEC, which is an entity which, within a group of companies that 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 that benefit from a banking liquidity line.
3. However, up to 10% of the Fund's net assets may be invested in transferable securities and money market instruments other than those mentioned in point 2 of this Article.



#### 4. Techniques and instruments

- (a) Under the conditions and within the limits set out by the Luxembourg supervisory authority, the Fund may employ techniques and instruments stated in the Sales Prospectus, provided that such techniques and instruments are used to ensure the efficient management of the Fund's assets. If these operations concern the use of derivative instruments, the conditions and limits must comply with the Law of 17 December 2010.

Moreover, in making use of techniques and instruments, the Fund is not permitted to diverge from its investment policy as set out in the Annex.

- (b) The Management Company is required to employ a risk-management process in accordance with Article 42(1) of the Law of 17 December 2010 enabling it to monitor and measure at any time the risk connected with the investment holdings as well as their contribution to the overall risk profile of the investment portfolio. The Management Company must ensure that the overall risk of managed funds associated with derivatives does not exceed the total net value of their portfolios. In particular, it shall not solely or mechanically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the Fund's assets. The process used for the Fund to measure risk and any more detailed information are stated in the Annex to the Fund. As part of its investment policy and within the limits laid down by Article 43(5) of the Law of 17 December 2010, the Fund may invest in derivatives as long as the exposure to the underlying assets does not exceed in aggregate the investment limits in Article 43 of the Law of 17 December 2010. Should the Fund invest in index-based derivatives, such investments will not be taken into account in connection with the investment limits referred to in Article 43 of the Law of 17 December 2010. If a derivative is embedded in a security or money market instrument, it must be taken into account with regard to compliance with Article 42 of the Law of 17 December 2010.

The Management Company is authorised to make all necessary arrangements and, with the consent of the Depositary, impose all necessary additional investment restrictions in order to comply with the conditions in countries in which units are to be sold.

#### 5. Risk diversification

- a) A maximum of 10% of the Fund's net assets may be invested in transferable securities or money market instruments of a single issuer. The Fund may not invest more than 20% of its assets in investments in a single body.

The risk exposure to a counterparty in transactions of the Fund in an OTC derivative transaction must not exceed the following:

- 10% of the Fund's net assets, if the counterparty is a credit institution within the sense of Article 41(1)(f) of the Law of 17 December 2010, and
- 5% of the Fund's net assets in all other cases.

- b) The total value of the transferable securities and money market instruments of issuers, in whose transferable securities and money market instruments the Management Company has invested more than 5% of the Fund's net assets, may not exceed 40% of the Fund's net assets. Such limitation shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to prudential supervision.

Notwithstanding the individual upper limits listed under (a), the Management Company may invest a maximum of 20% of the Fund's net assets in a single body in a combination of

- transferable securities or money market instruments issued by that body and/or
  - deposits made with that body and/or
  - OTC derivatives acquired from that body.
- c) The investment limit of 10% of the Fund's net assets referred to in sentence 1 of section 5(a) of this Article shall be increased to 35% of the Fund's net assets in cases where the securities or money market instruments to be purchased are issued or guaranteed by a Member State, its local authorities, a non-member state or other international organisations under public law, to which one or more Member States belong.
- d) The investment limit of 10% of the Fund's net assets referred to in sentence 1 of section 5(a) of this Article shall be increased to 25% of the Fund's net assets in cases where the bonds to be purchased are issued by a credit institution which has its registered office in an EU Member State and is by law subject to a specific public supervision, through which the bearers of such bonds are protected. In particular, proceeds from the issue of such bonds shall be invested, in accordance with the law, in assets which cover the resulting obligations to a sufficient extent over the entire term of the bonds, and which are available for repayment of the principal and current interest payments via a prior security interest in the event of default of the issuer.

If more than 5% of the Fund's net assets are invested in bonds issued by such issuers, the total value of the investments in those bonds must not exceed 80% of the Fund's net assets.

- e) The restriction of the total value to 40% of the Fund's net assets set out in sentence 1 of section 5(b) of this Article does not apply in the cases referred to in (c) and (d).
- f) The investment limits of 10%, 25% and 35% of the Fund's net assets set out in sections 5(a)–(d) of this Article may not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments transacted with this body shall not exceed a total of 35% of the Fund's net assets.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Council Directive 83/349/EEC of 13 June 1983 on the basis of Article 54(3)(g) of the Agreement on Consolidated Financial Statements (OJ L 193 of 18 July 1983, p.1) or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in sections 5(a) to (f) of this Article.

The Fund is permitted to invest 20% of its net assets on a cumulative basis in transferable securities and money market instruments of one and the same company group.

- g) Without prejudice to the investment limits laid down in Article 48 of the Law of 17 December 2010, the Management Company may raise the upper limits laid down in Article 43 of the Law of 17 December 2010 to a maximum of 20% of the Fund's net assets for investments in shares and/or debt securities issued by the same body when the aim of the Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the Luxembourg supervisory authority. However, this is conditional upon the fact that:

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

The above-mentioned investment limit is increased to 35% of the Fund's net assets 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. This investment limit only applies to investments with a single issuer.

Whether the Management Company has made use of this option is stated for the Fund in the Annex to this Sales Prospectus.

- h) **Notwithstanding the conditions set forth in Article 43 of the Law of 17 December 2010 and whilst simultaneously observing the principle of risk diversification, up to 100% of the Fund's net assets may be invested in transferable securities and money market instruments that are issued or guaranteed by an EU Member State, its local authorities, an OECD Member State or international organisations to which one or more EU Member States belong. The Fund's net assets shall hold securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the Fund's net assets.**

- i) The Fund may not invest more than 10% of its net assets in UCITS or UCIs pursuant to subparagraph 2(e) of this Article, unless otherwise stipulated in the fund-specific Annex to the Sales Prospectus. Insofar as the investment policy of the Fund provides for an investment of more than 10% of the net fund assets in UCITS or UCIs pursuant to section 2(e) of this Article, the following letters (j) and (k) shall apply.

- j) The Fund may not invest more than 20% of its net fund assets in units of a single UCITS or a single UCI pursuant to Article 41(1)(e) of the Law of 17 December 2010.

For the purposes of applying this investment restriction, each sub-fund of a UCI with several sub-funds is treated as a separate issuer, provided that the principle of the separation of the liabilities of the individual sub-funds is ensured with regard to third parties.

- k) The Fund may not invest more than 30% of the net fund assets in other UCIs than UCITS. If the Fund has acquired units of another UCITS and/or other UCI, the assets of the UCITS or other UCI in question are not taken into account in respect of the upper limits referred to sections 5(a) to (f).
- l) If a UCITS acquires units of other UCITS and/or other UCIs managed directly, or on the basis of assignment, by the same Management Company or another company with which the Management Company is related through common management or control or by a significant direct or indirect holding of more than 10% of the capital or votes, the Management Company or other company may make no charge for subscribing to or redeeming units of these other UCITS and/or UCIs through the UCITS (including the front-load fees and redemption fees).

Upon acquisition of units in target funds, a management fee may generally be charged at the level of the target fund, and allowance must be made for any front-end load or redemption fees, if applicable. The Fund will not invest in target funds that are subject to a management fee higher than 3% p.a. The Fund's annual report shall contain information on the maximum level of the management fee that may be charged to the Fund and the target funds.

- m) The Management Company is not permitted to use the UCITS pursuant to Part I of the Law of 17 December 2010 under its management in order to acquire a quantity of shares with voting rights which would enable it to exercise a significant influence on the management of an issuer.
- n) Furthermore, the Management Company may acquire the following for the Fund:
- up to 10% of non-voting shares of a single issuer,
  - up to 10% of the debt securities of a single issuer,
  - not more than 25% of the units of a single UCITS and/or UCI and
  - not more than 10% of the money market instruments of a single issuer.
- o) The investment limits stated in point 5(m) and (n) do not apply in the case of:
- transferable securities and money market instruments which are issued or guaranteed by an EU Member State or its local authorities, or by a state which is not a member of the European Union;
  - transferable securities and money market instruments issued by a public international body to which one or more EU Member States belong;
  - shares which the Fund owns in the capital of a company from a non-member state which mainly invests its assets in securities of issuers having their registered office in such non-member state, if such an involvement is the only opportunity for the Fund – because of the legal regulations in that state – to make investments in securities of issuers from that state. However, this exception shall only apply under the condition

that the company of the non-EU Member State complies in its investment policy with the limits laid out in Articles 43, 46 and 48(1) and (2) of the Law of 17 December 2010. If the limits set out in Articles 43 and 46 of the Law of 17 December 2010 are exceeded, Article 49 of the Law of 17 December 2010 shall apply *mutatis mutandis*.

- shares held by an investment company or investment companies in the capital of subsidiary companies pursuing, in the country where the subsidiary is established, administration, advisory or sales activities in regard to the redemption of units at the unitholders' request exclusively on its or their behalf.

#### 6. Liquid assets

The Fund may also hold liquid assets in the form of investment accounts (current accounts) and overnight money, which may, however, be held only on an ancillary basis.

#### 7. Subscription rights

On exercise of subscription rights linked to transferable securities or money market instruments which are part of its assets, a UCITS does not necessarily need to meet the investment limits stated in this Article.

If the investment restrictions stated in this Article are not taken into account or exceeded in the event of exercise of subscription rights, the Management Company must endeavour in its sales as a priority to observe the investment limits and implementation of the investment policy, whilst giving consideration to the interests of the investors.

While ensuring observance of the principle of risk diversification, recently authorised UCITS may deviate from the investment limits stated in point 5(a)–(l) for six months following the date of their authorisation.

#### 8. Restrictions on borrowing and pledging

- a) The Fund's assets must not be pledged or otherwise encumbered, transferred or ceded as collateral, unless this involves borrowing in the sense of (b) below or the provision of collateral within the scope of the settlement of transactions in financial instruments.
- b) Loans encumbering the Fund may only be taken out for a short period of time and may not exceed 10% of the Fund's net assets. An exception to this is the acquisition of foreign currencies through *back-to-back* loans.
- c) Loans may not be granted nor may guarantee commitments be entered into for third parties to the detriment of the Fund, however, this does not prevent the acquisition of yet fully paid-up transferable securities, money market instruments or other financial instruments pursuant to Article 41(1)(e), (g) and (h) of the Law of 17 December 2010.

#### 9. Additional investment guidelines

- a) The short-selling of transferable securities is not permitted.

- b) The Fund's assets must not be invested in real estate, precious metals or certificates concerning precious metals, precious metal contracts, goods or goods contracts.
10. The investment restrictions referred to in this Article relate to the point in time at which transferable securities are acquired. If the percentages are subsequently exceeded through price changes or for reasons other than purchases, the Management Company shall seek to return to the specified limits without delay, taking into account the interests of the investors.

#### **Article 5 – Units**

1. Units are units in the Fund. The type of securitisation and denomination of the units is specified in the fund-specific Annex. If registered units are issued, these are documented by the registrar and transfer agent in the unit register kept on behalf of the Fund. Confirmation of entry into the unit register shall be sent to the investors at the address specified in the unit register. The investors shall not be entitled to the physical delivery of unit certificates, regardless of whether bearer or registered units are issued.
2. All units in the Fund have, fundamentally, the same rights, unless the Management Company decides to issue different unit classes within the same the Fund, pursuant to paragraph 3 of this Article.
3. The Management Company may decide, from time to time, to establish two or more unit classes within the Fund. The unit classes may differ from one another in their characteristics and rights, their use of income, fee structures – as relates to the investors allowed to acquire and hold units – or other specific characteristics and rights. From their date of issue, all units are entitled in the same manner to the income, price gains and liquidation proceeds of their respective unit class. Insofar as unit classes are established for the Fund, this is mentioned – along with details of the specific characteristics or rights – in the Annex to the Sales Prospectus.
4. Pursuant to a decision of the Board of Directors of the Management Company, the unit classes of the Fund may be subject to a unit split.
5. Pursuant to a decision of the Board of Directors of the Management Company, the unit classes within the Fund may be merged.

#### **Article 6 – Calculation of the unit value**

1. The Fund's net assets are denominated in euro (EUR) (“reference currency”).
2. The value of a unit (“unit value”) is denominated in the currency laid down in the Annex to the Sales Prospectus (“Fund currency”), if no other currency is stipulated for other unit classes in the Annex to the Sales Prospectus (“unit class currency”).
3. The unit value is calculated by the Management Company or a third party commissioned for this purpose by the Management Company, under the supervision of the depositary, on each banking day in Luxembourg with the exception of 24 and 31 December of each year (“valuation day”) and rounded off to two decimal places. The Management Company may decide on a different ar-

rangement for the Fund, in which case it should be taken into account that the unit value should be calculated at least twice a month.

The Management Company may, however, decide to determine the unit value on 24 and 31 December without these determinations of value being considered calculations of the unit value on a valuation day within the meaning of the first sentence of this point 3. Consequently, investors cannot demand the issue, redemption and/or exchange of units on the basis of a unit value determined on 24 December and/or 31 December of a given year.

4. In order to calculate the unit value, the value of the Fund's assets less the Fund's liabilities ("Fund's net assets") is determined on each valuation day and divided by the number of Fund units in circulation on the valuation day.
5. If applicable legal regulations or the provisions of these Management Regulations require the situation of the Fund assets in their entirety to be described in the annual or semi-annual reports and/or in other financial statistics, the Fund's assets will be converted into the reference currency. The Fund's net assets will be calculated according to the following principles:
  - (a) Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available trade price which provides a reliable valuation on the trading day preceding the valuation day. If securities, money market instruments, derivative financial instruments (derivatives) and other investments are officially listed on several securities exchanges, the stock exchange with the highest liquidity will be the definitive one.

The Management Company may stipulate for the Fund that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available closing price which provides a reliable valuation. This is mentioned in the Annex to the Fund.

- b) Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rate is not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market, shall be valued at a price no less than the bid price and no more than the offer price of the trading day preceding the valuation day, and which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold.

The Management Company may stipulate for the Fund that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rates are not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market, be valued at the latest available price which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold. This is mentioned in the Annex to the Fund.

- (c) OTC derivatives are valued on a daily basis by means of a valuation to be determined and able to be checked by the Management Company.
- (d) Units in UCIs/UCITS are determined at the last redemption price set before the valuation day or are valued at the latest available price which provides a reliable valuation. If the redemption is suspended or no redemption prices are established for certain of investment units, these units and all other assets will be valued at their appropriate market value, as determined in good faith by the Management Company in line with generally accepted and verifiable valuation rules.
- (e) If the prices in question are not fair market prices, if the financial instruments under (b) are not traded on a regulated market, and if no prices are set for financial instruments different from those listed under (a)–(d), then these financial instruments and the other legally permissible assets shall be valued at their current market value, which shall be established in good faith by the Management Company on the basis of generally accepted and verifiable valuation rules (e.g. suitable valuation models taking account of current market conditions).
- (f) Liquid assets are valued at their par value, plus interest.
- (g) Amounts due (e.g. deferred interest claims and liabilities) shall, in principle, be rated at their par value.
- (h) The market value of transferable securities, money-market instruments, derivatives and other assets denominated in a currency other than that of the Fund shall be converted into the Fund currency at the exchange rate of the trading day preceding the valuation day, using WM/Reuters fixing at 17:00 (16:00 GMT). Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted.

The Management Company may stipulate for the Fund that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets denominated in a currency other than that of the fund be converted into the corresponding fund currency at the exchange rate of the valuation day. Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted. This is mentioned in the Annex to the Fund.

The Fund's net assets shall be reduced by any distributions paid to the investors in the Fund, where applicable.

The unit value is calculated pursuant to the aforementioned criteria. If the Fund does contain different unit classes, the unit value will be calculated separately for each unit class pursuant to the aforementioned criteria.

#### **Article 7 – Suspension of unit value calculation**

1. The Management Company is entitled to temporarily suspend the calculation of the unit value if and for as long as circumstances exist which render such suspension necessary and if this suspension is justified in view of the interests of investors. This is particularly the case



- (a) during times when a stock exchange or other regulated market on which a significant proportion of the assets are officially listed or traded is closed (other than for public or bank holidays) or trading on such stock exchange or on the relevant market is suspended or restricted;
- (b) in emergency situations in which the Management Company cannot have access to the investments of a fund, or in which it is impossible to transfer the countervalue of investment purchases or sales freely, or in which the calculation of the share value cannot be properly conducted.
- (c) if disruptions in the communications network, or any other reason, make it impossible to calculate the value of a considerable part of the net assets either quickly or sufficiently.

As long as the calculation of the net asset value per unit has been temporarily suspended, the issue, redemption and exchange of units will also be temporarily suspended.

- 2. Investors who have issued a subscription, redemption or exchange order shall be immediately informed of any suspension of the unit value calculation and shall be immediately notified after the resumption of unit value calculation.
- 3. Subscription, redemption and exchange orders shall automatically become invalid if the calculation of the net asset value is suspended. The investors or potential investors shall be informed that the subscription, redemption or exchange orders must be resubmitted after the resumption of the calculation of the net asset value.

#### **Article 8 – Issue of units**

- 1. Units are issued on each valuation day at the issue price. The issue price is the unit value pursuant to Article 6(4) of these Management Regulations, plus a front-load fee, the maximum amount of which is listed for the Fund in the Annex to this Sales Prospectus. The issue price may be increased by fees or other charges payable in the particular countries where the Fund is on sale.
- 2. Subscription orders for the acquisition of registered units may be submitted to the Management Company, the Depositary, the registrar and transfer agent, any sales agent and the paying agents. The receiving agents are obliged to immediately forward all subscription orders to the registrar and transfer agent. Receipt by the registrar and transfer agent is decisive. This agent accepts the subscription orders on behalf of the Management Company.

Purchase orders for the acquisition of bearer units are forwarded to the registrar and transfer agent by the entity at which the subscriber holds his custody account. Receipt by the registrar and transfer agent is decisive.

Complete subscription applications for registered units or purchase orders for bearer units received by the relevant entity by the time specified in the Sales Prospectus on a valuation day are allocated at the issue price of the following valuation day. In any case, the Management Company ensures that units are issued on the basis of a unit value previously unknown to the investor. If, however, an investor is suspected of engaging in late trading, the Management Company may reject the subscription application / purchase order until the applicant has cleared up any relevant doubts.

Subscription applications of registered units and purchase orders for bearer units received by the relevant entity after the time specified in the Sales Prospectus on a valuation day will be settled at the issue price of the second following valuation day.

If the equivalent of the registered units to be subscribed is not available at the time of receipt of the complete subscription order by the registrar and transfer agent or if the subscription order is incorrect or incomplete, the subscription order shall be regarded as having been received by the registrar and transfer agent on the date on which the equivalent of the subscribed units is available and the subscription order has been submitted properly.

The bearer units are transferred to the entity where the subscriber maintains his custody account via “payment/delivery transactions” immediately upon payment of the investment amount due, after settlement has been effected with the registrar and transfer agent.

The issue price is payable at the Depository in Luxembourg in the Fund currency or, if there are several unit classes, in the respective unit class currency, within the number of banking days specified in the Annex to Fund after the corresponding valuation day.

If the equivalent is deducted from the Fund assets, in particular due to the cancellation of a payment instruction, the non-clearance of funds or for other reasons, the Management Company shall recall the issued units in the interests of the Fund. Any differences arising from the recall of units that have a negative effect on the Fund must be borne by the applicant.

#### **Article 9 – Restrictions on and the suspension of the issue of units**

1. The Management Company may at any time, at its discretion and without giving reasons, reject a subscription order or temporarily restrict or suspend or permanently discontinue the issue of units or buy back units against payment of the redemption price, if this appears necessary in the interests of the investors, of the public or for the protection of the Fund. This applies in particular if:
  - a) there is a suspicion that the respective unitholder shall, on acquiring the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units are acquired by a person with indications of a tie to the United States, the units are marketed in a country or have been acquired by a person (e.g. US citizen) in a country where the Fund is either not authorised to sell units or such an investor (e.g. US citizen) is not authorised to acquire them.
2. In such cases, the registrar and transfer agent and/or sales agent shall immediately repay any incoming payments received, without interest, for subscription orders not already processed.

#### **Article 10 – Redemption and exchange of units**

1. Investors are entitled to request the redemption of their units at any time at the unit value in accordance with Article 6(4) of these Management Regulations, less any redemption fee if applicable (“redemption price”). This redemption will only be carried out on a valuation day. If a redemption

fee is payable, the maximum amount of this fee for the Fund is listed in the Annex to this Sales Prospectus. In certain countries, the payment of the redemption price may be reduced by local taxes and other charges. The corresponding unit is cancelled upon payment of the redemption price.

2. Payment of the redemption price, as well as any other payments to the investors, shall be made via the Depositary or the paying agents. The Depositary is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depositary's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Management Company may buy back units unilaterally against payment of the redemption price if this appears necessary in the interests of investors or for the protection of the investors or the Fund, particularly when:

- a) there is a suspicion that the respective unitholder shall, on acquiring the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units are acquired by a person with indications of a tie to the United States, indications were determined after the acquisition that the investor has indications of a tie to the United States, the units are marketed in a country or have been acquired by a person (e.g. US citizen) in a country where the Fund is either not authorised to sell units or such an investor (e.g. US citizen) is not authorised to acquire them.
3. If different unit classes are offered within the Fund, units of one class may be exchanged for units of another class within the Fund, unless otherwise stipulated in the Annex to this Sales Prospectus and if the investor fulfils the conditions specified in the Annex for a direct investment in this unit class. In this case, no exchange fee is charged.

The Management Company may reject an order for the exchange of units, if this is deemed in the interests of the Fund or the unit class or the investors, in particular if:

- a) there is a suspicion that the respective unitholder will, upon acquisition of the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units are acquired by a person with indications of a tie to the United States, indications were determined after the acquisition that the investor has indications of a tie to the United States, the units are marketed in a country where the Fund or the unit class is not authorised for distribution or have been acquired by a person (e.g. US citizen) not authorised to acquire them.
4. Complete applications for the redemption or exchange of registered units can be submitted to the Management Company, Depositary, registrar and transfer agent, any sales agent and the paying

agents. The receiving agents are obliged to immediately forward the redemption or exchange orders to the registrar and transfer agent. Receipt by the registrar and transfer agent is decisive.

An order for the redemption or exchange of registered units shall only be deemed complete if it contains the name and address of the investor, the number and/or transaction value of the units to be redeemed or exchanged, the name of the Fund and the signature of the investor.

Complete sales orders for the redemption of bearer units will be forwarded to the registrar and transfer agent by the agent with whom the investor holds his custody account. Receipt by the registrar and transfer agent is decisive. The exchange of bearer units is excluded.

Complete applications for the redemption/sale of units received by the cut-off time specified in the Sales Prospectus on a valuation day are settled at the unit value of the following valuation day, less any applicable redemption fees or exchange fee. In any case, the Management Company ensures that units are redeemed or exchanged on the basis of a unit value previously unknown to the investor. Complete orders for the redemption, sale or exchange of units received after the cut-off time specified in the Sales Prospectus on a valuation day shall be settled at the unit value of the second following valuation day, less any applicable redemption or exchange fees.

The time of receipt of the redemption, sale or exchange order by the registrar and transfer agent shall be decisive.

The redemption price is payable within the number of banking days indicated in the Annex to the Fund following the valuation day in the Fund currency, or if there are several unit classes, in the respective unit class currency. In the case of registered units, payment is made to the account specified by the investor.

5. The Management Company is obliged to temporarily suspend the redemption or exchange of units due to the suspension of the calculation of the unit value.
6. Subject to prior approval from the Depositary and while preserving the interests of the investors, the Management Company shall only be entitled to process significant volumes of redemptions after selling corresponding assets of the Fund without delay. In this case, the redemption shall occur at the redemption price valid at that time. The same shall apply for orders for the exchange of units. The Management Company shall, however, ensure that the Fund has sufficient liquid funds at its disposal such that, under normal circumstances, the redemption or exchange of units may take place immediately upon application from investors.

## **Article 11 – Costs**

The Fund shall bear the following costs, provided they arise in connection with its assets:

1. In return for the management of the Fund, the Management Company receives a fee from the Fund's assets of up to 2.10% p.a. of the net fund assets. The amount, as well as calculation and payment methods for the Fund, can be found in the Annex to the Sales Prospectus. VAT shall be added to this fee, as applicable.

In addition, the Management Company or, if applicable, the investment adviser(s)/Fund Manager(s) may also receive a performance fee from the Fund's assets. The relevant percentage amount, as well as calculation and payment methods for the Fund, are contained in the Annex to the Sales Prospectus.

In return for conducting trading activities, the Management Company receives fees and expenses at the going market rate that are due for transactions in connection with the Fund assets, particularly transactions in transferable securities and other permitted assets.

2. Any investment adviser may receive a fee payable from the Fund's net assets; details of the maximum permissible amount, the calculation and the payment of this fee for the Fund are contained in the Annex to the sales prospectus. VAT shall be added to this fee, as applicable.
3. In return for the performance of their duties, the Depositary and the Central Administration Agent each receive a fee customary in the Grand Duchy of Luxembourg, which is calculated subsequently on a monthly basis and paid in arrears on a monthly basis. Details on the amount, calculation and payment are set out in the Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
4. Pursuant to the Registrar and Transfer Agent Agreement, in return for the performance of its duties, the registrar and transfer agent receives the a fee customary in the Grand Duchy of Luxembourg, which is calculated and paid in arrears as a fixed amount per investment account or per account with savings plan and/or withdrawal plan at the end of each calendar year. Furthermore, the registrar and transfer agent receives a basic annual fee, which is listed for the Fund in the Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
5. The sales agent may receive a fee payable from the Fund's assets; details of the maximum amount, calculation and payment of this fee for the Fund are listed in the Annex to the Sales Prospectus. VAT shall be added to this fee, as applicable.
6. In addition to the aforementioned costs, the Fund shall bear the following costs, provided they arise in connection with its assets:
  - a) costs incurred in relation to the acquisition, holding and disposal of assets, in particular customary bank charges for transactions in transferable securities and other assets and rights of the Fund and the safekeeping of such assets and rights, as well as customary bank charges for the safekeeping of foreign investment units abroad;
  - b) all foreign administration and safekeeping charges, which are charged by other correspondent banks and/or clearing agencies (e.g. Clearstream Banking S.A.) for the assets of the Fund, as well as all foreign settlement, dispatch and insurance fees that are incurred in connection with the transferable securities transactions of the Fund in fund units;
  - c) the transaction costs for the issue and redemption of Fund units;
  - d) the expenses and other costs incurred by the Depositary, the registrar and transfer agent and the Central Administration Agent in connection with the Fund's assets and due to the neces-

sary use of third parties are to be reimbursed. Furthermore, the Depositary also receives customary bank fees;

- e) taxes levied on the assets, income and expenses of the Fund;
- f) costs for legal advice incurred by the Management Company or the Depositary, if they have acted in the interests of investors in the Fund;
- g) auditor fees;
- h) costs for the creation, preparation, storage, publication, printing and dispatch of all documents required by the Fund, in particular any unit certificates, the Sales Prospectus, the Key Investor Information Document, the annual reports and semi-annual reports, the schedule of assets, the notices to the investors, the notices of convening of meetings, sales notifications and/or applications for approval in the countries in which units in the Fund are sold and correspondence with the respective supervisory authorities;
- i) the administrative fees, which are to be paid for the Fund to the authorities, particularly the administrative fees of the Luxembourg Supervisory Authority and supervisory authorities in other countries, as well as the fees for the filing of documents for the Fund;
- j) costs in connection with any admission to stock exchanges;
- k) advertising costs and costs incurred directly in connection with the offer and sale of units;
- l) insurance costs;
- m) fees, expenses and other costs of the paying agents, the sales agents and other agents that must be appointed abroad, which are incurred in connection with the Fund's assets;
- n) interest incurred within the scope of loans that are taken out in accordance with Article 4 of the Management Regulations;
- o) expenses of an investment committee, where applicable;
- p) expenses of the Board of Directors;
- q) costs connected with the establishment of the Fund and the initial issue of units;
- r) further administrative costs including costs for interest groups;
- s) costs for performance attribution;
- t) costs for credit assessments for the Fund by nationally and internationally recognised rating agencies and other costs of procuring information; and
- u) reasonable costs for risk control.

VAT may be charged on all the aforementioned costs, fees and expenditures.

All charges will be charged first against the Fund's ordinary income and capital gains, and then against the Fund's assets.

Costs incurred for the establishment of the Fund and the initial issue of units will be amortised over the first five financial years to the detriment of the Fund's assets. The set-up costs and the aforementioned costs are applied pro rata to the Fund's assets by the Management Company.

#### **Article 12 – Use of income**

1. The Management Company may distribute the income generated by the Fund to investors or reinvest this income in the Fund. Details on this can be found for the Fund in the Annex to the Sales Prospectus.
2. Ordinary net income and realised gains may be distributed. Unrealised gains and other assets can also be distributed, provided the amount distributed does not cause the total net assets of the Fund to fall below EUR 1,250,000.
3. Distributions are paid out on the basis of the units in circulation on the date of distribution. Dividends may be paid wholly or partially in the form of bonus units. Any fractions remaining may be paid in cash. Income not claimed five years after publication of notification of a distribution shall be forfeited in favour of the Fund.
4. Distributions to holders of registered units will be paid out via the reinvestment of the distribution amount in favour of the holders of registered units. If this is not desired, the holder of registered units may submit an application to the registrar and transfer agent, within 10 days of the receipt of the notification of the distribution, for the payment of the distribution to the account that he specifies. Distributions to the holders of bearer units shall occur in the same manner as the payment of the redemption price to holders of bearer units.

#### **Article 13 – Financial year and audit of annual accounts**

1. The Fund's financial year begins on 1 January of each year and ends on 31 December of the same year. The first financial year began with the launch of the Fund and ended on 31 December 2002.
2. The annual accounts of the Fund shall be audited by an auditor appointed by the Management Company.
3. No later than four months after the end of each financial year, the Management Company shall publish an audited annual report in accordance with the regulations applicable in the Grand Duchy of Luxembourg.
4. Two months after the end of the first half of each financial year, the Management Company shall publish an unaudited semi-annual report. Insofar as this is necessary for entitlement to distribute in other countries, additional audited and unaudited interim reports may also be drawn up.

## **Article 14 – Publications**

1. The unit value, the issue and redemption prices, as well as all other information, may be obtained from the Management Company, the Depositary, any paying agent and the sales agent. This information shall also be published in the required media in each country of sale.
2. The current Sales Prospectus, the “Key Investor Information Document” as well as the annual and semi-annual reports of the Fund can be obtained free of charge from the Management Company's website ([www.ethenea.com](http://www.ethenea.com)). The current Sales Prospectus and the “Key Investor Information Document” as well as the relevant annual and semi-annual reports of the Fund are available on hard copy free of charge at the registered office of the Management Company, the Depositary, the paying agents and any sales agent.
3. The current Depositary Agreement, the Articles of Association of the Management Company and the agreement on the assumption of the functions of Central Administration, Registrar and Transfer Agent and Paying Agent may be inspected at the registered office of the Management Company.

## **Article 15 – Merging of the Fund**

1. The Board of Directors of the Management Company may determine, on the basis of a resolution, that the Fund shall be transferred to another UCITS managed by the same Management Company or managed by another management company in accordance with the following conditions. A merger may in particular be decided on in the following cases:
  - in so far as the Fund's net assets on a valuation day have fallen below an amount which appears to be a minimum amount for the purpose of managing the Fund in a manner which is economically viable. The Management Company has set this amount at EUR 5 million.
  - if, due to a significant change in the economic or political climate or for reasons of economic viability, it does not appear to make economic sense to manage the Fund.
2. The Board of Directors of the Management Company may also decide to merge another fund or sub-fund managed by the same or by another management company into the Fund.
3. Mergers are possible between two Luxembourg funds or sub-funds (domestic merger) or between funds or sub-funds that are based in two different Member States of the European Union (cross-border merger).
4. Such a merger may only be implemented if the investment policy of the fund or sub-fund to be absorbed does not contradict the investment policy of the absorbing UCITS.
5. Mergers shall be implemented by way of the liquidation of the fund or sub-fund to be absorbed and a simultaneous takeover of all assets by the absorbing fund or sub-fund. The investors of the absorbed fund or sub-fund receive units in the absorbing fund or sub-fund; the number of these units is calculated on the basis of the ratio of the unit values of the funds or sub-funds in question at the time of merger, along with any settlement of fractional units.



6. Both the absorbing fund or sub-fund and the absorbed fund or sub-fund will inform investors of the planned merger in an appropriate manner and in line with the legal requirements of the respective countries of distribution of the absorbing or absorbed fund or sub-fund.
7. The investors in the absorbing and the absorbed Fund or sub-Fund have the right, within 30 days and at no additional charge, to request the redemption of all or part of their units at the current net asset value or, if possible, the exchange for units of another Fund with a similar investment policy managed by the same Management Company or by another company with which the Management Company is linked by common management or control or by a substantial direct or indirect holding. This right becomes effective on the date on which the unitholders of the absorbed and absorbing funds or sub-funds are informed of the planned merger, and expires five working days before the date of calculation of the exchange ratio.
8. In the case of a merger between two or more funds or sub-funds, the funds or sub-funds in question may temporarily suspend the subscription, redemption and conversion of units if such suspension is justified for reasons of the protection of the unitholders.
9. Implementation of the merger will be audited and confirmed by an independent auditor. A copy of the auditor's report will be made available at no charge to the investors in the absorbing and the absorbed funds or sub-funds, as well as to the respective supervisory authorities.

#### **Article 16 – Liquidation of the Fund**

1. The Fund is set up for an indefinite period. Notwithstanding this provision, the Fund can be liquidated by the Management Company at any time, especially if considerable economic and/or political changes have occurred since the time the Fund was launched.
2. Liquidation of the Fund shall be obligatory in the following instances:
  - (a) if the appointment of the Depositary is terminated without a new depositary being appointed within two months;
  - (b) if insolvency proceedings are instituted against the Management Company and no other management company declares itself willing to take over the Fund or if the Management Company is liquidated;
  - (c) if the Fund's assets remain below EUR 312,500 for more than six months;
  - (d) in other instances as provided under the Law of 17 December 2010.
3. If a situation occurs which leads to the liquidation of the Fund, the issue of units shall be discontinued. The redemption of units remains possible, provided that equal treatment of investors is ensured. The Depositary will distribute the liquidation proceeds (less liquidation costs and fees), upon instruction from the Management Company or, if appropriate, the liquidators appointed by the Management Company or by the Depositary in agreement with the supervisory authorities, among the investors of the Fund according to their respective claims. Any net liquidation proceeds that are not claimed by investors by the time the liquidation process has ended will be deposited by the Depositary after the liquidation process has ended at the *Caisse des Consignations* in Luxembourg for

the account of the beneficiaries. These sums are then forfeited if they are not claimed within the statutory period.

4. The investors, their heirs, creditors or successors in title may apply neither for early liquidation nor for the split of the Fund.
5. The liquidation of the Fund pursuant to this Article will be published in accordance with legal provisions by the Management Company in the RESA and at least two national daily newspapers, of which one will be the "Tageblatt".
6. The dissolution of the Fund will be published in the manner described in the Sales Prospectus under "Notices to investors".

#### **Article 17 – Limitation period**

Claims of the investors against the Management Company or the Depositary can no longer be legally asserted once a period of five years has elapsed from the date on which the claim arises. This is without prejudice to the provisions of Article 16(3) of these Management Regulations.

#### **Article 18 – Applicable law, jurisdiction and contractual language**

1. The Management Regulations of the Fund are subject to the law of the Grand Duchy of Luxembourg. The same applies to legal relations between the investors, the Management Company and the Depositary, insofar as not otherwise agreed for these legal relations. In particular, in addition to the provisions set out in these Management Regulations, the provisions of the Law of 17 December 2010 shall apply. The Management Regulations have been deposited with the Trade and Companies Register in Luxembourg. Any dispute arising between investors, the Management Company and the Depositary shall be subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg. The Management Company and the Depositary are entitled to submit themselves and the Fund to the jurisdiction and law of any country of sale, in so far as the claims involved are those of investors resident in the country in question and the matters relate to the Fund.
2. In the event of legal disputes, the German text of these Management Regulations shall prevail. With regard to units in the Fund sold to investors in non-German speaking countries, the Management Company and the Depositary may declare translations into the languages of the countries where such units are authorised for public sale to be binding upon themselves and the Fund.
3. If terms that are not defined in the Management Regulations require explanation, the provisions of the Law of 17 December 2010 shall apply. This applies in particular for the terms defined in Article 1 of the Law of 17 December 2010.

#### **Article 19 – Amendments to the Management Regulations**

1. With the consent of the Depositary, the Management Company may amend these Management Regulations at any time, in whole or in part.

2. Amendments to these Management Regulations shall be deposited with the Trade and Companies Register in Luxembourg and enter into force on the day on which they are signed, unless otherwise stipulated. The Management Regulations shall be published in the RESA.

**Article 20 – Entry into force**

These Management Regulations shall enter into force on 1 January 2020.